MPC MARKETS

MINING

RECOMMENDATION

Newmont™

NEM:ASX

November 2024

NEWMONT CORP
NEM:ASX

MINING RECOMMENDATION - GOLD

Newmont Corp NEM:ASX

Newmont Corporation stands as the world's largest gold mining company, with a diverse portfolio of operations spanning North America, South America, Australia, and Africa. In 2023, the company demonstrated its production prowess by delivering 5.9 million ounces of gold and 1.3 billion pounds of copper. Newmont's strategic advantage lies in its world-class portfolio of Tier 1 assets situated in favorable mining jurisdictions. This positioning not only ensures stable long-term production but also generates robust free cash flow. The company's global footprint allows it to mitigate geopolitical and operational risks while capitalizing on regional opportunities. Newmont's focus on operational excellence and cost management has consistently placed it among the industry's top performers in terms of efficiency and profitability. The recent acquisition of Newcrest Mining has further solidified Newmont's position as the gold industry leader, expanding its asset base and enhancing its production profile. This strategic move is expected to unlock significant synergies and create additional value for shareholders in the coming years.

THE NEW
Sustainability Standard

- Executing safety refresh at all managed operations; reinvigorated approach to safety
- Safely restarted operations at Cerro Negro
- Published 2023 Climate Performance Update

WORLD-CLASS
Portfolio

- Produced 1.6M attributable ounces of gold* and 477k GEOs from co-products**
- Generated $1.4B in cash flow from operations and $594M in Free Cash Flow**
- Monetizing Batu Hijau contingent payments; expect to receive $197M for the year

DELIVERING
Synergies

- Delivered $205M in synergies to date from the Newcrest acquisition
- Progressing Full Potential deployments at acquired assets
- On track to realize $500M in annual synergies by end of 2025**

DRIVING
Capital Allocation

- Advanced key near-term projects – Tanami Expansion 2, Ahafo North and Cadia Block Caves
- Retired $250M in debt
- Returned ~$540M to shareholders in regular dividends and share repurchases**

INVESTMENT CONSIDERATIONS

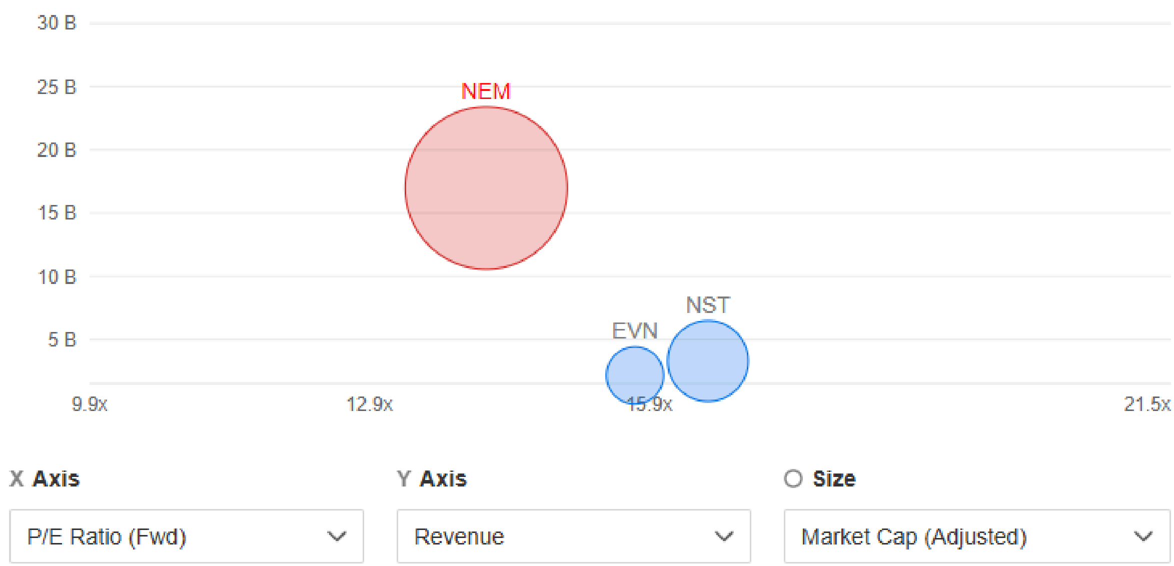
Leadership

Tom Palmer, Newmont Corporation's CEO, leads with over 30 years of mining experience, driving strategic vision and operational excellence. Under his leadership, Newmont consistently meets production targets while prioritizing safety and environmental responsibility. The management team excels in navigating market complexities and executing large projects. Their disciplined capital allocation balances growth investments with shareholder returns. The recent appointment of Natascha Viljoen as COO strengthens Newmont's operational model, bringing expertise in efficiency and innovation. This leadership transition reflects Newmont's commitment to improvement and adaptation, positioning the company for long-term success in the evolving mining industry.

Valuation

From a valuation perspective, Newmont currently presents an attractive investment opportunity. The stock trades at 8.5x forward EV/EBITDA, which represents a notable discount to its 5-year average of 9.8x. This valuation gap suggests that the market has not fully priced in the potential benefits of the Newcrest acquisition and the company's improved production profile. Newmont's compelling dividend yield of 4.4% stands out in the current low-yield environment, offering investors a steady income stream. This dividend is well-supported by the company's strong free cash flow generation, reflecting management's commitment to shareholder returns. The current share price does not appear to fully reflect Newmont's enhanced scale, operational synergies, and growth potential following the Newcrest integration. As the company realizes synergies and optimizes its expanded portfolio, there is significant potential for multiple expansion. Additionally, Newmont's robust balance sheet and disciplined financial management provide flexibility for future growth initiatives and capital returns, further supporting the case for valuation upside.

Relative Value vs Peers



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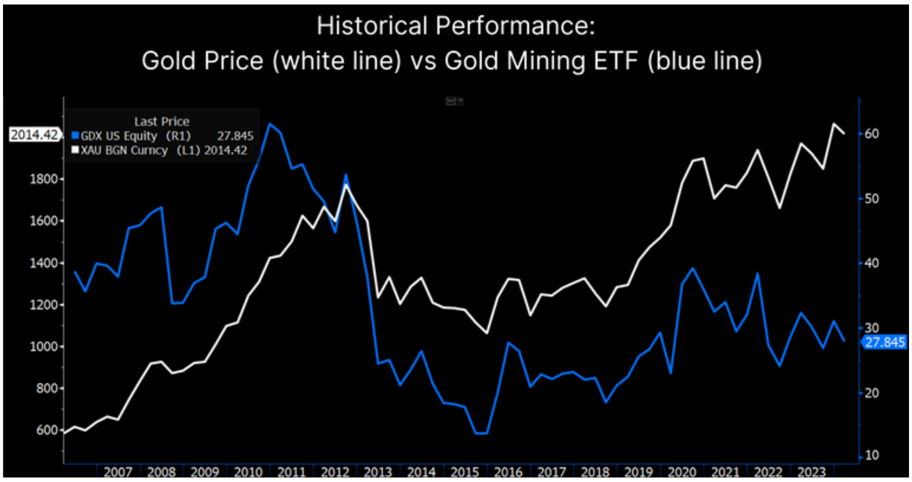
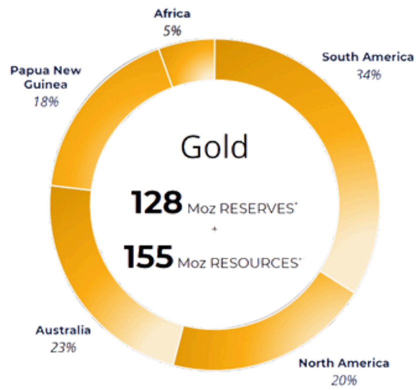
UNDERLYING - GOLD & COPPER

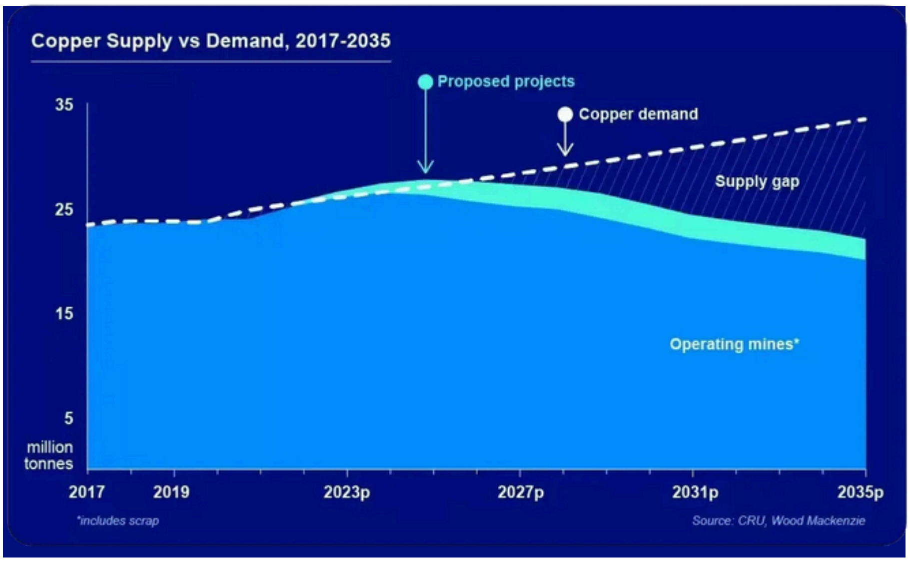
Underlying Commodity Outlook:

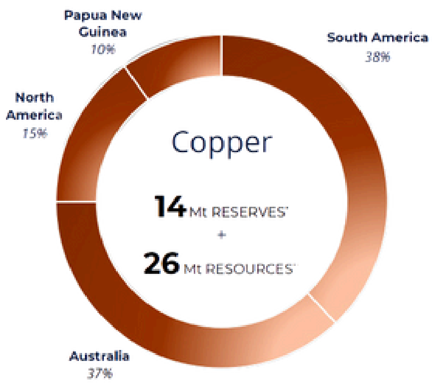
The outlook for Newmont's key commodities, gold and copper, remains positive. For gold, we forecast an average price of $2,100/oz in 2025 and $2,200/oz in 2026. This bullish outlook is underpinned by several factors. Ongoing geopolitical tensions continue to drive safe-haven demand for gold. Persistent inflation concerns in major economies are likely to support gold prices as investors seek inflation hedges. Central bank gold purchases, particularly from emerging markets looking to diversify reserves, provide a solid demand floor. In the copper market, we project prices to average $4.25/lb in 2025 and $4.50/lb in 2026. This positive outlook is driven by the growing demand from renewable energy infrastructure and electric vehicle adoption. The global push towards decarbonization is expected to significantly increase copper intensity in the economy. On the supply side, constrained growth due to underinvestment in new projects and declining ore grades at existing mines supports higher prices. Newmont's exposure to both gold and copper positions it well to benefit from these favorable commodity price trends.



Nemont reserves







RISKS

Risks

It's important to consider potential risks. The primary risk factor is the inherent volatility in gold and copper prices, which can significantly impact the company's profitability and cash flows.

Operational challenges or cost inflation at key mines could affect production targets and margins. Geopolitical risks in certain operating jurisdictions, particularly in emerging markets, pose potential threats to asset values and operational continuity.

The execution of the Newcrest integration and realization of projected synergies carries some risk, as large-scale mergers in the mining sector have historically faced challenges.

Environmental regulations and social license to operate are increasingly important factors that could impact Newmont's operations and development projects. While the company has a strong track record in these areas, evolving standards and community expectations require ongoing attention and investment. Currency fluctuations, particularly in key operating regions, can affect costs and reported earnings. Lastly, the cyclical nature of the mining industry and potential global economic slowdowns could impact demand for Newmont's products.

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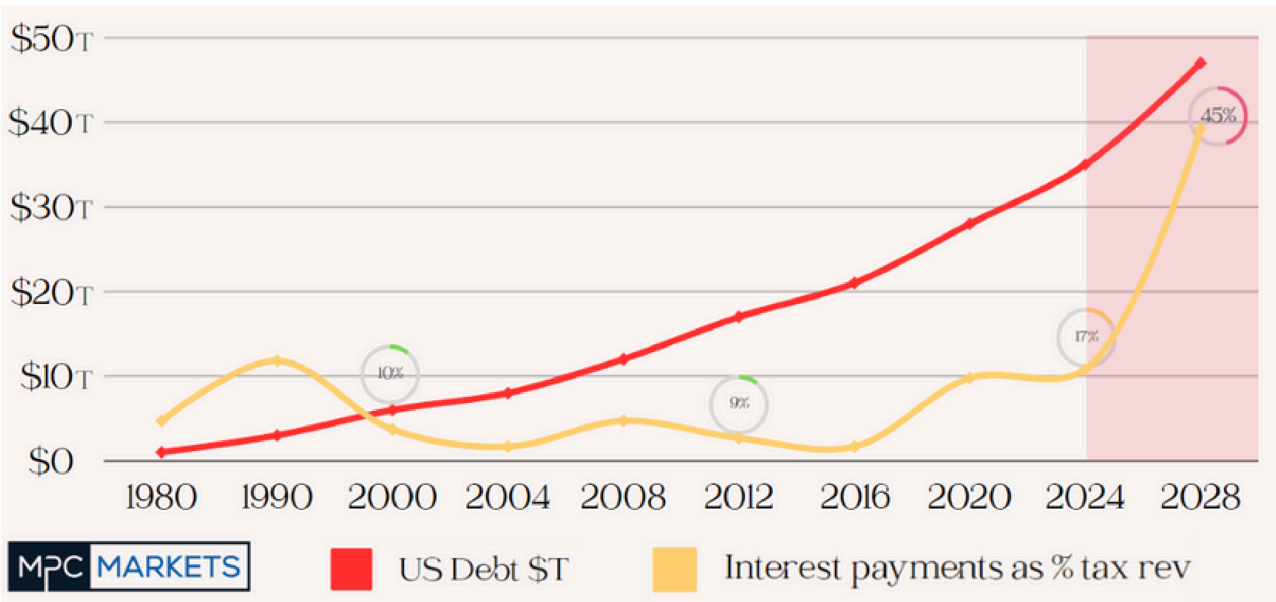
WHY HOLD THE COMPANY?

We recommend Newmont for several factors that position the company for long-term value creation.

1. **World-class asset portfolio**, now enhanced by the Newcrest acquisition, provides exposure to 10 Tier 1 operations. This expanded portfolio offers decades of profitable production, providing investors with sustainable long-term growth potential. The company's track record of operational excellence and cost management supports consistent performance across commodity price cycles.
2. **Cost synergy** potential from the Newcrest integration is substantial. Newmont is on track to deliver $500 million in annual synergies, with the potential for further upside as integration efforts progress. This cost optimization will drive margin expansion and enhance free cash flow generation. Newmont maintains a strong balance sheet with $3.0 billion in cash and a conservative net debt to adjusted EBITDA ratio of 0.9x. This financial flexibility allows for strategic investments in growth projects while maintaining robust shareholder returns.
3. **Commitment to shareholder returns** is evident in its attractive dividend yield and the authorization of an additional $2 billion share repurchase program.
4. **Leadership in ESG practices** positions it favourably in an industry facing increasing scrutiny on sustainability issues. This leadership not only mitigates risks but also opens opportunities in responsible mining practices. Lastly, while primarily a gold producer, Newmont offers investors exposure to copper, a critical metal for the clean energy transition. This diversification provides a hedge against gold price volatility and positions the company to benefit from the growing demand for copper in renewable energy and electric vehicle technologies.
5. **US Debt spiral** could trigger a return to “Store of value” trades if the USD is downgraded



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Our Commitment

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