

Newmont: When Is Red Chris Ready?

Internal ID: S&F-STR-400

Topic: Growth Strategy, Corporate Strategy, Capital Allocation

Industry: Gold

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Student case | Information cutoff: October 4, 2026, 11:59 p.m. ET

The decision

You are advising Newmont Corporation's executive team as it prepares its hypothetical FY2027 operating and project plan. The company has said it expects a full-funds investment decision (FID) for the Red Chris Block Cave project in the second half of 2026. Should Newmont continue toward that decision on the expected timetable, preserve the project while sequencing current execution and reliability work first, or use additional stage gates before releasing further commitments?

This is a planning exercise, not a description of an actual board assignment. Decide what evidence and conditions should govern the sequence. A permit, a feasibility study, an FID, construction authorization, and completed construction are different milestones.

A portfolio at a decision point

Newmont is one of the world's largest gold producers and also operates copper-producing mines. After a major portfolio reshaping, the company describes its strategy as focused on Tier 1 assets and disciplined capital allocation. Mine development, sustaining work, and reliability may draw on some of the same managerial attention and specialized people, contractors, or equipment. Public disclosures do not establish or quantify a portfolio-wide resource conflict.

Red Chris, in British Columbia, is an existing open-pit copper-gold mine that Newmont operates through its 70% interest. A subsidiary of Imperial Metals owns the remaining 30%. Newmont is studying a block-cave expansion intended to access deeper ore and extend the mine's life. In February 2026, Newmont described Red Chris as its next major project under review, with a definitive feasibility study (DFS) underway and a full-funds decision expected in H2 2026.

By June, three distinct British Columbia approvals had been announced: an amendment to Red Chris's Environmental Assessment Certificate (EAC), an amendment to its Mines Act permit, and an amendment to its Environmental Management Act permit. The EAC decision followed an assessment process that considered a Tahltan risk assessment and notice. The Tahltan Central Government Board's consent was given within that EAC amendment process. Government materials described 27 legally binding EAC conditions, 12 co-developed with Tahltan. The full permit instruments and schedules, and every other associated authorization, were not available in the reviewed public record.

In its June 19 release, Newmont said it was still completing the DFS and detailed cost estimate. It continued to describe FID as a future decision. Canada and British Columbia announced a CA\$500 million contribution for Red Chris on July 2. Newmont said the support strengthened the business case. The public releases reviewed do not provide the contribution agreement,

payment schedule, or disbursement conditions. The project therefore has important regulatory and public-support milestones, but public evidence leaves material questions about final design, cost, schedule, funding conditions, partner governance, infrastructure, and execution readiness.

What else is underway

Red Chris would enter a portfolio with ongoing operating and development demands. Newmont's February 2026 guidance described development work at Tanami Expansion 2 and Cadia Panel Caves, mine-life investments at Lihir and Cerro Negro, and sustaining work involving tailings, water, ventilation, equipment, and infrastructure. Its July Q2 release continued to describe these projects and gave full-year capital guidance.

The operating record makes reliability and readiness legitimate topics, but it does not establish that the projects compete for the same resources or that one caused problems at another.

In February, a worker died following an incident at Tanami. Newmont's initial statement said authorities had been notified and site activity suspended; it did not identify the project phase or cause. The company's 2025 Sustainability Report, published April 30, 2026, later identified the Tanami Expansion project and said the authorities' investigation was ongoing as of the report. Newmont's 2026 proxy refers to Tanami Expansion 2. No completed investigation or root-cause report was located in the evidence available for this case.

Cadia experienced separate seismic events in April and June. Newmont reported that the April event paused underground operations for inspection. Its April 16 update described the results as initial inspections and reported no significant underground damage at that time. Newmont later said mining and processing restarted progressively in mid-June. The company reported a separate June 19 seismic event with no injuries or damage and a staged restart. Its Q2 Form 10-Q recorded \$28 million of incremental nonproductive direct operating costs at Cadia in Q2 and H1 associated with downtime. These statements do not establish a final independent geotechnical conclusion or connect Cadia's events or the Tanami fatality to Red Chris or portfolio choices.

Production and capital context

For Q2 2026, Newmont reported 1.293 million attributable gold ounces; first-half production was 2.594 million attributable ounces. The company said it remained on track for 2026 guidance of 5.260 million attributable ounces, shown as approximately 5.3 million in the headline. The annual figure is management guidance, not an achieved result.

"Attributable" does not mean the same thing as directly operated or consolidated production. Newmont's attributable total includes its 40% interest in Pueblo Viejo and 32% interest in Lundin Gold's Fruta del Norte (FDN), both equity-method investments; FDN is reported on a quarter lag. Newmont's 38.5% interest in Nevada Gold Mines has a separate non-managed/proportionate-consolidation boundary. Q2 release headlines for silver and copper primarily cover managed operations. Comparing these measures without their ownership and accounting definitions can misstate the portfolio's output.

Newmont reported H1 sustaining capital of \$819 million and development capital of \$524 million. Its full-year guidance remained \$1.95 billion for sustaining capital and \$1.40 billion for development capital, on an attributable basis and excluding capitalized interest. Separately, the SEC filing reported \$1.360 billion of H1 cash-flow capital expenditures/additions to property, plant and mine development, including capitalized interest. These are different company and accounting measures. None identifies a pool of cash, workers, contractors, or engineering capacity that could be redirected to Red Chris.

Newmont attributed lower Q2 gold production at Cadia to the April seismic effects, and lower production at Ahafo South, Peñasquito, and Yanacocha to lower grades from planned mine sequencing. Lihir, Boddington, and Pueblo Viejo partly offset declines. The company's operating explanations are not an independent attribution study. Planned grade and mine sequencing effects should be distinguished from an unplanned interruption.

Decision paths

Consider at least three credible approaches:

1. **Continue toward the expected FID timetable.** Complete feasibility, cost, partner, and execution work; move to FID when the defined approval and readiness requirements are met, while continuing current operating and development commitments.
2. **Sequence Red Chris behind current execution and reliability work.** Continue the study and work needed to preserve the project, but wait for stronger evidence on cost and schedule, current-project execution, operating reliability, safety learning, and available project capacity before making a full-funds commitment.
3. **Use conditional stage gates.** Continue selected work that resolves uncertainties or preserves options, and release additional commitments as specific technical, cost, schedule, partner, permit, safety, workforce, and infrastructure conditions are satisfied.

These paths are not permission to trade away safety, law, Indigenous rights, environmental protections, water and tailings requirements, or permit conditions. Explain which items are hard constraints, which are uncertain facts, and which are choices about timing and sequencing. A staged approach may preserve flexibility while adding coordination and delay; advancing may preserve timing while increasing exposure to unresolved risks. The record does not determine which effect dominates.

Questions for discussion

1. What precisely is the decision Newmont must make, and which commitments are reversible or irreversible at each stage?
2. What does the sequence of EAC, Mines Act, and Environmental Management Act approvals establish-and what does it leave unresolved? How should the 30% JV interest and the CA\$500 million contribution affect the decision without assuming their terms?
3. What minimum evidence should be required before FID? Separate project design/cost/schedule readiness from operational reliability, workforce capacity, partner process, and regulatory/consent conditions.
4. How should Newmont weigh Red Chris against ongoing sustaining work and current development projects when public capital categories do not identify fungible resources or project returns?
5. What safety and reliability evidence is relevant? What conclusions cannot be drawn from the Tanami fatality, Cadia events, and the public incident summaries?
6. Which metrics would you monitor over the next two planning gates, and what result would lead you to proceed, pause, or revise the sequence?

Selected exhibits

Measure / milestone	Public record by cutoff	Scope and interpretation
Red Chris ownership	Newmont 70%; Imperial Metals subsidiary 30%	Newmont-operated JV; full JV governance terms not reviewed.
Permits	EAC amendment decision June 18; Mines Act and Environmental Management Act permit amendments announced June 19, 2026	Three separate approvals; full instruments/schedules and all other authorizations not verified. EAC consent is scoped to that process.
FID / DFS	H2 2026 FID expected in February guidance; June company release said DFS and detailed cost estimate remained in progress	Company forecast/status, not FID or construction authorization.
Public contribution	CA\$500m announced by Canada and B.C. July 2	Agreement, timing, conditions, and payment status not established in reviewed releases.
Gold production	Q2 1.293 Moz; H1 2.594 Moz attributable	Actuals; attributable includes equity-method interests and is not identical to managed/consolidated output.
FY2026 gold guidance	5.260 Moz attributable, rounded to 5.3 Moz headline; +/-5%	Management forecast as of Q2, not a result.
H1 capital	\$819m sustaining; \$524m development; \$1.360bn SEC cash-flow capital expenditures/additions including capitalized interest	Differently defined measures; not interchangeable or a measure of project-level resource availability.
Cadia	\$28m incremental nonproductive direct operating costs reported for Q2/H1 downtime	SEC filing figure; not total event cost or long-run impact.

Source notes

- Newmont [Q2 2026 earnings release](#), pp. 1-7 and project/guidance tables; complete release reviewed.
- Newmont [Q2 2026 Form 10-Q](#), Note 4 p. 14 and MD&A capital expenditures/project tables pp. 50-51; section-focused review, with key totals cross-checked to the release.
- Newmont [February 2026 guidance and project update](#).
- British Columbia [EAC amendment decision](#) and [Mines Act / EMA permit announcement](#); Newmont [June Red Chris update](#).
- Canada [CA\\$500 million contribution announcement](#) and Newmont [July response](#).
- Newmont [Tanami incident statement](#); [Cadia April update](#), [April operations update](#), and [June operations update](#).

Cutoff discipline: This case uses public information available through October 4, 2026. Newmont's Q3 results were scheduled for October 22 and are excluded. It does not assume a

later FID, project outcome, incident finding, or realized benefit.