Offering Memorandum **Confidential**

Newcrest Finance Pty Limited

(ABN 93 0722 648 705)

US$750,000,000 4.20% Senior Guaranteed Notes due 2022
US$250,000,000 5.75% Senior Guaranteed Notes due 2041

Interest on the 2022 Notes payable on April 1 and October 1
Interest on the 2041 Notes payable on May 15 and November 15

Issue price for the 2022 Notes: 99.419%
Issue price for the 2041 Notes: 100.799%, plus accrued interest from May 15, 2012

Fully and unconditionally guaranteed by

Newcrest Mining Limited (ABN 20 005 683 625)

and guaranteed by certain of its subsidiaries (subject to certain limitations described herein)

Newcrest Finance Pty Limited (the "Issuer") is offering US$750,000,000 aggregate principal amount of 4.20% Senior Guaranteed Notes due 2022 (the "New Notes") and US$250,000,000 aggregate principal amount of 5.75% Senior Guaranteed Notes due 2041 (the "Additional 2041 Notes" and, together with the New Notes, the "Notes").

The New Notes will be issued under a new indenture (the "New Indenture"). The New Notes will mature on October 1, 2022. The Issuer will pay interest on the New Notes on April 1 and October 1 of each year, beginning on April 1, 2013.

The Additional 2041 Notes will be issued under the indenture dated November 15, 2011 (the "2041 Indenture" and, together with the New Indenture, the "Indentures") governing the Issuer's outstanding US$250,000,000 5.75% Senior Guaranteed Notes due 2041 (the "Original 2041 Notes" and, together with the Additional 2041 Notes, the "2041 Notes"). The Additional 2041 Notes constitute Additional Securities under the 2041 Indenture, will have terms identical to the Original 2041 Notes, other than with respect to date of issuance and issue price, and will be treated as a single series with the Original 2041 Notes for all purposes under the 2041 Indenture. Additional 2041 Notes issued in reliance on Rule 144A under the US Securities Act of 1933 (the "Securities Act") will be fungible with the Original 2041 Notes immediately upon issuance, and Additional 2041 Notes issued in reliance on Regulation S under the Securities Act will be fungible with the Original 2041 Notes following a period of 40 days after the later of the commencement of this offering and the date on which the Additional 2041 Notes are originally issued. Upon completion of this offering the aggregate principal amount of outstanding 2041 Notes will be US$500,000,000. The 2041 Notes will mature on November 15, 2041. The Issuer will pay interest on the Additional 2041 Notes on May 15 and November 15 of each year, beginning on November 15, 2012.

The Issuer may redeem some or all of the Notes prior to maturity at the price determined as described under "Description of the Notes and Guarantees — Optional redemption." If certain tax events occur, the Notes may be redeemed in whole but not in part at 100% of their principal amount, plus accrued and unpaid interest. In certain circumstances, holders of the Notes may require the Issuer to repurchase the Notes upon a change of control of Newcrest Mining Limited (the "Parent Guarantor") in the manner described under the heading "Description of the Notes and Guarantees — Offer to redeem upon Change of Control Triggering Event."

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally with the Issuer's existing and future unsecured and unsubordinated debt, except indebtedness mandatorily preferred by law. The Notes will be guaranteed on a joint and several basis by the Parent Guarantor and certain of its subsidiaries, currently Newcrest Operations Limited, Newcrest Singapore Holdings Pte Ltd, Newgen Pty Ltd, Cadia Holdings Pty Ltd, Newcrest PNG 1 Limited and Lihir Gold Limited (together, the "Subsidiary Guarantors" and, collectively with the Parent Guarantor, the "Guarantors"), provided that the Guarantee (as defined below) provided by Newcrest PNG 1 Limited is capped as described in "Description of the Notes and Guarantees — Guarantees and Undertakings — Guarantees — Limited amount of Newcrest PNG's Guarantee." The number and identity of the Subsidiary Guarantors may change from time to time. See "Description of the Notes and Guarantees — Guarantees and Undertakings — Guarantees." The guarantees will be unsecured and unsubordinated obligations of the Guarantors and will rank equally with all existing and future unsecured and unsubordinated debt of each Guarantor, except indebtedness mandatorily preferred by law.

See "Risk Factors" beginning on page 23 for a discussion of certain risks that investors should consider in connection with an investment in the Notes.

Neither the Notes nor the guarantees have been, or will be, registered under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only to qualified institutional buyers in the United States in accordance with Rule 144A under the Securities Act and outside the United States to persons that are not, and are not acting for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act) ("Non-U.S. Persons") in accordance with Regulation S under the Securities Act. Prospective investors that are qualified institutional buyers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "Notice to Investors." The Notes will not be listed on any securities exchange. Currently, there is no public market for trading in the Notes.

The Issuer expects that delivery of the Notes will be made to investors in book-entry only form through the facilities of The Depository Trust Company ("DTC") and its participants, including Clearstream Banking, société anonyme ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), on or about October 1, 2012.

Barclays **Credit Suisse**

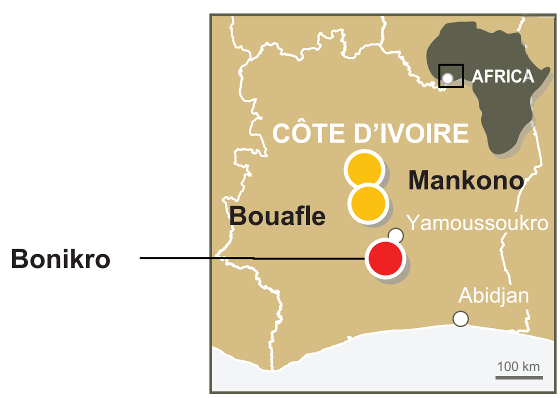
BofA Merrill Lynch **HSBC**

ANZ Securities, Inc. **CIBC** **Mitsubishi UFJ Securities** **nabSecurities, LLC** **RBC Capital Markets** **Westpac Institutional Bank**

September 24, 2012

AUSTRALIA, THE PACIFIC REGION AND ASIA

WEST AFRICA



Operation

Advanced Project

Exploration Project

Investors should rely only on the information contained in this offering memorandum. Newcrest has not authorized anyone to provide investors with different information. Newcrest is not, and Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Hongkong and Shanghai Banking Corporation Limited, ANZ Securities, Inc., CIBC World Markets Corp., Mitsubishi UFJ Securities (USA), Inc., nabSecurities, LLC, RBC Capital Markets, LLC and Westpac Banking Corporation (collectively, the "Initial Purchasers") are not, making an offer of these securities in any jurisdiction where the offer is not permitted. Investors should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

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This offering memorandum is confidential and has been prepared by Newcrest solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without Newcrest's prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies or reproductions of this offering memorandum or any documents referred to in this offering memorandum.

The Initial Purchasers and The Bank of New York Mellon, as trustee in respect of the Notes (in such capacity, the "Indenture Trustee") and as paying agent and security registrar in respect of the Notes (in such capacity, the "Agents"), make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Indenture Trustee and the Agents as to the past or future. Newcrest has furnished the information contained in this offering memorandum. The Initial Purchasers, the Indenture Trustee and the Agents assume no responsibility for the accuracy or completeness of such information. The information contained in this offering memorandum is as of the date of this offering memorandum and is subject to change, completion or amendment without notice. Neither the delivery of this offering memorandum at any time nor the offer, sale or delivery of any Note shall under any circumstances create any implication that there has been no change in the information set forth in this offering memorandum since the date of this offering memorandum.

Neither the Securities and Exchange Commission ("SEC"), any state securities commission nor any other regulatory authority, has approved or disapproved the Notes nor have any of the foregoing authorities passed judgment upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum titled "Plan of Distribution" and "Notice to Investors."

The distribution of this offering memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Newcrest and the Initial Purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see "Plan of Distribution" and "Notice to Investors." None of Newcrest, the Issuer, the Guarantors, the Initial Purchasers, the Indenture Trustee or the Agents are making any representation to any offeree or purchaser under any applicable law.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes that do not involve a public offering. Prospective purchasers are hereby notified that sellers of the Notes may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. In making a purchase, investors will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Notice to Investors."

This offering memorandum is only being distributed to, and is only directed, at persons who are located or resident outside the United Kingdom, or, in the case of persons located or resident inside the United Kingdom, to (i) investment professionals falling within Article 19(5) of the Financial Services and Market Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (ii) high net worth entities, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom this offering memorandum may otherwise lawfully be communicated in accordance with the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for Newcrest or the Initial Purchasers to produce a prospectus for such offer. None of Newcrest or the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by Initial Purchasers which constitute the final placement of the Notes.

This offering memorandum or any disclosure document (as defined in the Corporations Act 2001 of Australia ("Australian Corporations Act")) in relation to the Notes has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC") and Notes may not be offered for sale, nor may applications for the sale or purchase of any Notes be invited, in Australia (including an offer or invitation which is received by a person in Australia) and neither this offering memorandum nor any advertisement or other offering material relating to the Notes may be distributed or published in Australia unless (i) (A) the aggregate amount payable on acceptance of the offer or invitation by each offeree or invitee for the Notes is at least A$500,000 (or its equivalent in another currency, in either case, disregarding amounts, if any, lent by the person offering the Notes or making the invitation, or its associates), or (B) (i) the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Parts 6D.2 or 7.9 of the Australian Corporation Act, (ii) the offer, invitation or distribution does not constitute an offer to a "retail client" as defined for the purposes of section 761G or section 761GA of the Australian Corporations Act, (iii) the offer, invitation or distribution complies with all applicable laws and regulations relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

This offering memorandum has not been and will not be reviewed by any regulatory authority in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("SFO") and any rules made thereunder; or (ii) in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance

(Cap. 32 of the laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance. Further, no person has issued or had in its possession for the purposes of issue, or will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the offering or the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that ordinance.

This offering memorandum has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes have not and may not be offered or sold or made the subject of an invitation for subscription or purchase, and this offering memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes has not been and may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") (b) to a relevant person (which includes an accredited investor) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL"), and may not be offered or sold in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to, or for the account or benefit of, others for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL, and in compliance with the other relevant laws, regulations and ministerial guidelines of Japan.

In making an investment decision, prospective investors must rely on their own examination of Newcrest and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice nor as "financial product" advice for the purposes of Part 7 of the Australian Corporations Act. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations.

Newcrest reserves the right to withdraw this offering at any time. Newcrest and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE

THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

ENFORCEMENT OF CIVIL LIABILITIES

Each of the Issuer and the Guarantors is organized under the laws of the Commonwealth of Australia, the Independent State of Papua New Guinea or the Republic of Singapore, as applicable, in each case, with limited liability. All of the directors and executive officers of these entities and the experts named in this document reside outside the United States, principally in Australia. A substantial portion of the assets of these entities, and the assets of such directors, executive officers and experts, are located outside the United States. As a result, it may be difficult for US investors to effect service within the United States upon such directors, executive officers or experts, or to enforce against them judgments obtained in US courts predicated upon the civil liability of such persons under US federal securities laws.

In addition, there is doubt as to the enforceability in Australia in original actions or in actions for enforcement of judgments of US courts, of civil liabilities predicated upon the civil liability provisions of the federal securities laws of the United States. Also, judgments of United States courts (whether or not such judgment relates to United States federal securities laws) will not be enforceable in Australia in certain other circumstances, including where such judgments contravene local public policy, were obtained by fraud or duress, breach the rules of natural justice or general principles of fairness, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution, a declaration under the Foreign Proceedings (Excess of Jurisdiction) Act 1984 of Australia has been made, or are otherwise not final and conclusive, or involve consequential, multiple or punitive damages or where the proceedings in such courts were of a penal nature.

The courts of Papua New Guinea will not permit original actions for civil liabilities, predicated upon the civil liability provisions of the US federal securities laws. Certain judgments of certain foreign courts are recognized and enforceable in Papua New Guinea by registration under the Reciprocal Enforcement of Judgments Act (Chapter 50 of the Papua New Guinea Revised Laws). This Act is applied generally on the basis of reciprocity to prescribed countries and designated courts within those countries. The United States is a prescribed country under the Act. The designated courts in the United States are the New York State Court of Appeals and any Supreme Court of the State of New York. If a foreign money judgment is not obtained from a designated court, it may nonetheless be recognized and enforced in Papua New Guinea at common law, by commencing a separate action in the National Court of Papua New Guinea to sue on the judgment.

A US judgment cannot be registered in Singapore under the Reciprocal Enforcement of Commonwealth Judgments Act and Reciprocal Enforcement of Foreign Judgments Act as the United States is not a recognized jurisdiction under these Acts. Nevertheless, a final and conclusive judgment from a court of competent jurisdiction (i.e., the US Court had jurisdiction over Newcrest Singapore Holdings Pte Ltd because, for example, it was resident in the jurisdiction or had submitted to such jurisdiction) obtained in any civil proceedings in the United States where a sum of money is made payable under it may be enforced in Singapore under common law by suing on such judgment via a writ action in the Courts of Singapore. In such enforcement action, the judgment creditor may apply for summary judgment in accordance with Order 14 of the Singapore Rules of Court. The Courts of Singapore may refuse to enforce the judgment if the original court acted without jurisdiction, was obtained by fraud, there was a breach of natural justice in the proceedings in which the judgment was obtained or if the enforcement of the judgment would be contrary to public policy in Singapore.

The indenture pursuant to which the Notes will be issued, and the Notes and the guarantees will be governed by, and will be construed in accordance with, the laws of the State of New York. Each of the Issuer and the Guarantors has submitted to the non-exclusive jurisdiction of any New York state or US federal court sitting in the Borough of Manhattan of the City of New York, New York, over any legal action, suit, or proceeding against them or their properties, assets or revenues with respect to their obligations, liabilities or any other matter arising out of or in connection with the indenture, the Notes and the guarantees. See "Description of the Notes and Guarantees — Governing law."

Each of the Issuer and the Guarantors has appointed CT Corporation, New York, New York, as its agent for service of process in the United States in respect of any civil suit or action brought against or involving any one or more of them in a United States federal or state court located in the Borough of Manhattan of the City of New York, New York arising out of, related to or concerning the offering of the Notes and the Guarantees (as defined below).

AVAILABLE INFORMATION

Investors should rely only upon the information provided in this document. None of the Issuer, the Guarantors or the Initial Purchasers has authorized anyone to provide different information. Investors should not assume that the information in this document is accurate as of any date other than that on the front cover of the document. This document may only be used where it is legal to offer and sell the Notes.

None of Newcrest or any of the Guarantors are currently subject to the periodic reporting and other information requirements of the US Securities Exchange Act of 1934 (the "Exchange Act"). For so long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and during any period in which Newcrest or any Guarantor is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), Newcrest will furnish, upon request of any holder of a Note or of a beneficial interest in a global note, the information specified in paragraph (d)(4) of Rule 144A, to the holder or beneficial owner or to prospective investors who are qualified institutional buyers within the meaning of Rule 144A ("QIBs").

The ordinary shares of Newcrest are listed on the Australian Securities Exchange ("ASX"). As an Australian listed entity, Newcrest files annual reports and half-year reports with the ASX. Prospective investors may obtain copies of the documents filed with the ASX from its website at www.asx.com.au. In addition, Newcrest has a secondary listing of its ordinary shares on the Toronto Stock Exchange ("TSX"). Prospective investors may obtain copies of documents filed with the TSX from SEDAR at www.sedar.com. These documents are not incorporated in this offering memorandum.

None of the information on Newcrest's website is incorporated by reference herein or otherwise deemed to be a part of this offering memorandum. Any references to websites are for informational purposes only.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

This offering memorandum contains statistics relating to the Mineral Resources and Ore Reserves in properties and gold mines owned by Newcrest or in which Newcrest has an interest. The Mineral Resources and Ore Reserves referred to in this offering memorandum are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 Edition (the "JORC Code"), which has been incorporated into the ASX Listing Rules and, accordingly, governs such disclosures by companies listed on the ASX. The JORC Code differs in several significant respects from SEC Industry Guide 7, which governs disclosures of reserves in registration statements and reports filed with the SEC. Such differences include:

- SEC Industry Guide 7 does not recognize the classification referred to as "Mineral Resources" in the JORC Code. As a result, SEC registrants are permitted only to report Proven Ore Reserves and Probable Ore Reserves, and not resources;

- under SEC Industry Guide 7, a "reserve" is defined as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be estimated on the basis of current economic and legal conditions, whereas the JORC Code permits the use of "realistic" assumptions (following appropriate assessments and studies), which may include forecast prices and reasonable expectations that required permits will be granted in the future and contracts will be entered into for the sale of production; and

- SEC Industry Guide 7 requires a feasibility study in order for an undeveloped mineral deposit to be classified as a reserve (for large metal mining projects, a "bankable" feasibility study would be required). In contrast, the JORC Code does not require that a final feasibility study has been undertaken for the declaration of reserves, but it does require that appropriate studies have been carried out that have determined there is a mine plan that is technically achievable and economically viable. No formal technical/economic study is required under the JORC Code for the declaration of resources, however there needs to be a demonstrable "reasonable expectation for eventual economic extraction" of the deposit in question.

Accordingly, investors should be aware that if Newcrest was reporting in accordance with SEC Industry Guide 7, it would not be permitted to report any Mineral Resources, and the amount of reserves it has estimated may be lower. Mineral Resources would be permitted as "other mineralization not included in reserves."

Commencing with the year ended December 31, 2011, consistent with the practice followed by its global peers, Newcrest changed to a December 31 cut-off date for estimating and reporting its Mineral Resources and Ore Reserves (although it still has a June 30 fiscal year end). Newcrest releases updated estimates of Mineral Resources and Ore Reserves at the time of lodgment of its interim financial statements.

Newcrest's estimates of Mineral Resources for Lihir, Telfer, Gosowong (Kencana and Toguraci) and Golpu as at June 30, 2011 were independently reviewed by AMC Consultants Pty Ltd in July and August 2011. Newcrest's estimates of Ore Reserves for Lihir, Telfer and Gosowong (Kencana and Toguraci) as at June 30, 2011 were independently reviewed by AMC Consultants Pty Ltd in July and August 2011. In addition, the updated estimates of Ore Reserves and Mineral Resources for Golpu, released by Newcrest on August 29, 2012, were independently reviewed by AMC Consultants Pty Ltd in August 2012.

The differences between reserves and resources are more fully described under "Reserves and Resources." However, prospective investors should be aware that the Ore Reserves Newcrest declares are estimates of the material it believes it will be able to profitably mine, taking into account the economic, legal and technical factors in its extraction and sale, while the Mineral Resources classification is primarily based on geological factors (although such a declaration implies that there are reasonable prospects for the eventual economic extraction of the resource). Accordingly, prospective investors should not assume that Newcrest will be able to profitably extract the Mineral Resources estimated in this offering memorandum, particularly that portion of the estimated Mineral Resources identified as "Inferred Resources." Newcrest reports the Ore Reserve figures (tonnage and grade) as a subset of the Mineral Resource figures (tonnage and grade), so reported Mineral Resources and Ore Reserves are not additive.

Estimates of reserves and resources depend significantly on the interpretation of geological data obtained from drill holes and other sampling techniques, which is extrapolated to produce estimates of the size, shape, depth and grade of the mineralization. In addition, to calculate Newcrest's Ore Reserves, Newcrest makes estimates and assumptions regarding a number of economic and technical factors, such as production costs, grades, recoveries, metal prices, exchange rates and transport and realization costs. These economic and technical estimates and assumptions may change in the future in ways that affect the quantity of Newcrest's Ore Reserves. Newcrest generates additional geological data as it mines, which may not be consistent with the data on which it based its Ore Reserve and Mineral Resource estimates, resulting in revisions to those estimates. No assurance can be given that the Ore Reserves and Mineral Resources presented in this offering memorandum will be recovered at the quality or yield presented.

In late 2011, the ASX and the Joint Ore Reserves Committee ("JORC") separately commenced a review of reserves, resources and exploration results disclosure rules for mining and oil and gas companies, and a related consultation process. On September 18, 2012, following extensive consultation with interested parties, the ASX released a further consultation paper setting forth draft ASX Listing Rules and Guidance Notes for Enhanced Disclosure. Concurrently with the release of the ASX consultation paper, the JORC released an exposure draft of amendments to the JORC Code. Submissions on the draft ASX Listing Rules and JORC Code may be made to the ASX and the JORC by October 26, 2012.

The draft ASX Listing Rules incorporate new reporting requirements for production targets at the company level and production targets for material projects. The draft rules also provide for enhanced disclosure obligations (including an obligation to provide additional information) when a listed entity reports Exploration Results for material projects, or new or updated estimates of Ore Reserves and Mineral Resources for material projects. The amendments to the JORC Code are intended to be aligned with the draft ASX Listing Rules, but also incorporate new provisions relating to the role of the competent person, the reporting of exploration targets, the reporting of metal equivalents and the reporting of in-ground values. The JORC Code amendments also expand key definitions used in the JORC Code.

The implementation of the proposed changes will affect the form and level of detail required when Newcrest reports its Ore Reserves, Mineral Resources and Exploration Results. The ASX is currently proposing a 12 month transition period for companies to comply with the new reporting requirements once they become operative. If material changes are made to the requirements for reporting of Mineral Resources and Ore Reserves in the JORC Code, this may result in Newcrest being unable to report all of its Ore Reserves and/or Mineral Resources as presented in this offering memorandum.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking" statements within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe," "continue," "objectives," "outlook," "guidance," or other similar words and include, without limitation, statements regarding estimated reserves and resources, certain plans, strategies and objectives of management, anticipated production or construction commencement dates, expected costs or production outputs, outlook, and anticipated productive lives of projects and mines.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Newcrest's actual results, performance and achievements or industry results to differ materially from any future results, performance or achievements, or industry results, expressed or implied by these forward-looking statements. These factors include, among others:

- fluctuations in the market and forward price of gold and copper and certain other commodities (such as silver, fuel and electricity);
- changes in economic and market conditions;
- fluctuations in currency markets;
- changes in national and local government legislation, taxation, controls, regulations, policy and political or economic developments in Australia, Papua New Guinea, Indonesia, Côte d'Ivoire and Fiji or other countries in which Newcrest does or may carry on business in the future;
- anticipated lives of Newcrest's operations and mines, including its ability to profitably produce and transport the gold and copper extracted to applicable markets;
- success of business and operating initiatives and development projects;
- operating or technical difficulties in connection with mining or development activities;
- geological and metallurgical assumptions;
- the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits and contests over title in properties;
- availability of, and increased costs associated with, mining inputs and labor;
- diminishing quantities or reserve grades;
- the impact of global liquidity and credit availability;
- the performance of businesses that Newcrest has acquired or intends to acquire and Newcrest's ability to successfully integrate acquisitions to realize anticipated benefits;
- employee or contractor relations;
- unforeseen geological, physical and/or meteorological conditions;
- other risks and hazards associated with mining operations;
- litigation;

- adverse changes in Newcrest's credit rating; and
- other factors identified in the description of the "Risk Factors" below.

Forward-looking statements are based upon management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Newcrest's business and operations in the future. Newcrest cannot give investors any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that Newcrest's business and operations will not be affected in any substantial manner by other factors not currently foreseen or foreseeable by management or beyond its control. Accordingly, investors should not place undue reliance on any forward-looking statement. Any forward-looking statements contained in this offering memorandum speak only as of the date of this offering memorandum. Newcrest disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this offering memorandum or to reflect any change in management's expectations with regard thereto after the date hereof of any change in events, conditions or circumstances on which any such statement is based.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

Newcrest publishes its consolidated financial statements in Australian dollars. In this offering memorandum, unless otherwise specified or the context otherwise requires, references to "US$" or "US dollars" are to United States dollars and references to "A$" or "$" are to Australian dollars.

For the convenience of the reader, this offering memorandum contains translations of certain Australian dollar amounts into US dollars at the rate or rates indicated. Unless otherwise indicated, these convenience translations of Australian dollars to US dollars in this offering memorandum have been made at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "noon buying rate") on June 30, 2012, which was A$1.00 = US$1.0236. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted in US dollars at the rate indicated.

The following table sets forth exchange rate information expressed in terms of US dollars at the noon buying rate for A$1.00.

	At Period End	Average Rate[1]	High	Low
Year ended June 30, 2008	US$0.9562	US$0.9042	US$0.9644	US$0.7860
Year ended June 30, 2009	0.8055	0.7423	0.9797	0.6073
Year ended June 30, 2010	0.8480	0.8829	0.9369	0.7751
Year ended June 30, 2011	1.0732	0.9997	1.0970	0.8380
Year ended June 30, 2012	1.0236	1.0388	1.1026	0.9453
Month ended				
May 2012			1.0345	0.9709
June 2012			1.0236	0.9688
July 2012			1.0522	1.0131
August 2012			1.0591	1.0301
September 2012[2]			1.0561	1.0195

1. For the years indicated, the average of the noon buying rates on the last day of each month during the year.
2. Through September 14, 2012. On September 14, 2012, the noon buying rate was A$1.00 = US$1.0561.

EXCHANGE CONTROLS

Australia

The Australian dollar is freely convertible into US dollars and other currencies at market-determined rates. However, the Autonomous Sanctions Regulations 2011 promulgated under the Autonomous Sanctions Act 2011 of Australia, the Charter of the United Nations Act 1945 of Australia and other regulations in Australia restrict or prohibit payments, transactions or other dealings with assets having a proscribed connection with certain countries or named individuals or entities subject to financial sanctions or identified with terrorism. The Australian Department of Foreign Affairs and Trade maintains a list of all persons and entities having a proscribed connection with terrorism or subject to autonomous sanctions (including economic sanctions) which is available to the public at the Department's website at www.dfat.gov.au/icat/UNSC_financial_sanctions.html.

Singapore

Currently, no foreign exchange control restrictions exist in Singapore. However, under the Monetary Authority of Singapore (Anti-Terrorism Measures) Regulations 2002, no financial institution in Singapore shall (a) provide funds to any person by any means, directly or indirectly, or (b) collect funds for any person by any means, directly or indirectly, if it knows or has reasonable grounds to believe that the funds will be used to commit any terrorist act or facilitate the commission of any terrorist act.

Papua New Guinea

The Papua New Guinea Kina (the "PNG kina") is freely convertible into US dollars and other currencies at market-determined rates. Exemptions to the Banking (Foreign Exchange and Gold) Regulation promulgated under the Central Banking Act 2000 apply to all persons, except for residents who, without the consent of the Central Bank, open an offshore bank account or grant a guarantee in favor of a non-resident. Where the exemptions apply, there are no foreign exchange controls on the transmission of payments into and out of Papua New Guinea.

Remittances out of Papua New Guinea in excess of an aggregate of 200,000 PNG kina in a calendar year require a tax clearance certificate issued by the Internal Revenue Commission. In the case of notified tax havens, a tax clearance certificate is required for a remittance of any amount.

CERTAIN DEFINITIONS AND REFERENCE CONVERSIONS

In this offering memorandum, all references to "Newcrest," "Newcrest Group," the "Company," "we," "us," "our" and similar expressions refer to, collectively, Newcrest Mining Limited (ABN 20 005 683 625) and its controlled subsidiaries. This offering memorandum also includes a glossary of defined terms and conversions. See the "Glossary" in Schedule A.

FINANCIAL INFORMATION PRESENTATION

The audited full-year consolidated financial statements of Newcrest included in this offering memorandum comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Australian Corporations Act and comply with applicable accounting standards and other authoritative pronouncements of the Australian Accounting

Standards Board ("AASB"). IFRS differ from generally accepted accounting principles in the United States ("US GAAP"), and those differences may be material to the financial information contained in this offering memorandum. Prospective investors should consult with their own advisers as to potential tax, financial and related consequences.

Presentation of Newcrest historical financial information

Newcrest's fiscal years end on June 30 of each year, with the next fiscal year beginning July 1. In this offering memorandum, references to the "2012 Fiscal Year" are to the year ended June 30, 2012, references to the "2011 Fiscal Year" are to the year ended June 30, 2011 and references to the "2010 Fiscal Year" are to the year ended June 30, 2010. Earlier and later periods are referred to in a similar manner.

On August 30, 2010, Newcrest consummated the acquisition, by way of a court-approved scheme of arrangement, of Lihir Gold Limited. As a result of this acquisition, the financial information presented in this offering memorandum for the 2012 Fiscal Year includes financial information of Lihir Gold Limited for the full twelve months, but only includes financial information of Lihir Gold Limited for the 2011 Fiscal Year from August 30, 2010 to June 30, 2011. The former Lihir Gold Limited mining operations were Lihir, Bonikro and Mt Rawdon. Accordingly, Newcrest's financial information and financial statements for the 2012 Fiscal Year and the 2011 Fiscal Year included in this offering memorandum are not directly comparable and, further, these periods are not directly comparable with Newcrest's financial information and financial statements for the 2010 Fiscal Year and prior years, as such financial statements and financial information do not include any financial information of Lihir Gold Limited.

On November 2, 2011, Newcrest completed the sale of its 70% interest in the two unincorporated joint ventures that held the Cracow gold mine and surrounding exploration interests ("Cracow"), and its 100% interest in the Mt Rawdon mine and surrounding exploration interests ("Mt Rawdon") to Evolution Mining Limited ("Evolution Mining"), in exchange for an initial equity interest of 38.95% in Evolution Mining, which was subsequently diluted to 32.96% following an equity raising in which Newcrest did not participate. Accordingly, investors should be aware that the financial information contained in this offering memorandum for the 2011 Fiscal Year and prior periods includes the contributions from Cracow (for the entire period) and Mt Rawdon (from the acquisition of Lihir Gold Limited on August 30, 2010), which is not directly comparable with the financial information contained in this offering memorandum for the 2012 Fiscal Year, which includes the contributions from Cracow and Mt Rawdon for the four months from July 1, 2011 to November 2, 2011, together with the equity accounted contribution of Evolution Mining for the period of November 2, 2011 to June 30, 2012. Newcrest's investment in Evolution Mining is accounted for using the equity method of accounting.

Non-GAAP measures

Investors should be aware that certain of the financial data included in this offering memorandum may be considered "non-GAAP financial measures." The definitions of certain non-GAAP financial measures included in this offering memorandum may vary significantly from those of other gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. An investor should not consider these financial items in isolation or as alternatives to any measure of financial performance presented in accordance with IFRS or as a financial (or operating) measure comparable to other gold mining companies.

Cash costs

In this offering memorandum, Newcrest presents certain financial items, such as "cash costs," "cash cost per ounce," "production costs" and "production cost per ounce," that are not measures under generally accepted accounting principles but have instead been determined in accordance with The Gold Institute Production Cost Standard, an industry standard promulgated by The Gold Institute. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that included leading North American gold producers. The Gold Institute ceased operations in 2002, but The Gold Institute Production Cost Standard remains the standard reporting method used in the gold mining industry. Under The Gold Institute Production Cost Standard, companies may report on a by-product, co-product or equivalent ounce co-product basis. Newcrest reports on a by-product basis. In other words, copper and silver is accounted for as a by-product at Newcrest's mines whereby revenue from copper and silver is deducted from operating costs in the calculation of cash cost per ounce.

Cash costs calculated and reported by Newcrest include mine specific costs for all mining, processing, administration, royalties and production taxes, as well as contributions from by-products, excluding hedge gains/(loss) on copper by-products, but exclusive of depreciation, depletion and amortization, rehabilitation, restructure and other significant items and other non-cash costs. Cash costs have been calculated on a consistent basis for all years presented. However, cash costs in the 2009 Fiscal Year do not include the additional Telfer gas disruption cost.

Production costs as calculated and reported by Newcrest comprise cash costs, plus depreciation, depletion and amortization. Production costs per ounce are calculated by dividing attributable production costs by attributable ounces of gold produced. Production costs have been calculated on a consistent basis for all years presented.

Cash costs and production costs should not be considered by investors in isolation or as alternatives to mine cost of sales, net profit/(loss), profit/(loss) before income tax expense, net cash provided by operating activities or any other measure of financial performance presented in accordance with IFRS. While The Gold Institute previously provided definitions for the calculation of "cash costs," "cash costs per ounce," "production costs" and "production costs per ounce," the definitions of certain non-GAAP financial measures included in this offering memorandum may vary significantly from those of other gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. However, Newcrest believes that cash costs and production costs in total, by mine and per unit by mine are useful indicators to investors and management of a mine's performance because they provide:

- an indication of a mine's profitability, efficiency and cash flows;
- the trend in costs as the mine matures over time and on a consistent basis; and
- a benchmark of performance to allow for comparison against other mines, both within Newcrest and with regard to other gold mining companies.

EBITDA and Underlying Profit

In addition, this offering memorandum contains references to EBITDA and Underlying Profit. EBITDA means profit before income tax, and after adding back finance income and finance costs, depreciation and amortization, hedge restructures and other significant items. Other significant items comprise hedge close-out related costs, business acquisition/integration costs and business divestment gain. Underlying Profit means profit after tax and non-controlling interest before hedge restructures and other significant items. Newcrest believes that EBITDA and Underlying Profit provide useful information regarding Newcrest's results as it permits investors to examine the underlying performance of its business. These measures should not be considered as an indication of, or alternative to, operating or net profit as an indicator of operating performance or as an alternative to cash flows from operating activities as a measure of liquidity, in each case determined in accordance with IFRS. EBITDA and Underlying Profit are included for convenience only and may not be comparable to similarly titled measures reported by other companies. A reconciliation of EBITDA and Underlying Profit to profit after income tax from continuing operations as included in Newcrest's financial statements for each of the years ended June 30, 2012, 2011 and 2010, is presented below under "Selected Historical Consolidated Financial Information."

SUMMARY

This summary highlights selected information from this offering memorandum and may not contain all of the information that investors should consider before investing in the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. Prospective investors should read this entire offering memorandum carefully, including the sections entitled "Forward-Looking Statements," "Risk Factors," "Operating and Financial Review," "Business Description" and the financial statements of Newcrest and related notes, before making an investment decision. For discussion of industry terms, see the "Glossary."

Company overview

Newcrest is the largest gold producer listed on the ASX and one of the top five gold mining companies globally by reserves and market capitalization. In addition to gold, Newcrest also produces copper and silver as by-products. Newcrest has operations and other interests in Australia, the Pacific region, Asia and Africa. As at September 10, 2012, Newcrest had a market capitalization of A$21 billion.

Newcrest has a substantial Ore Reserve and Mineral Resource base. Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2004 Edition). Mineral Resources are quoted inclusive of Ore Reserves. As at December 31, 2011, Newcrest had Ore Reserves containing 79.1 million ounces ("Moz") of gold and 8.46 million tonnes ("Mt") of copper and Mineral Resources containing 149.7 Moz of gold and 20.0 Mt of copper. On August 29, 2012, Newcrest updated its Ore Reserves and Mineral Resources estimates for Wafi and Golpu, following completion of the technical pre-feasibility study for the Golpu deposit (and advancement of the concept study for the Wafi deposit) by the Wafi-Golpu unincorporated joint venture parties. The Golpu deposit is estimated to have Ore Reserves containing 12.4 Moz of gold and 5.4 Mt of copper (100% terms). The deposits at Wafi-Golpu (Wafi, Golpu and Nambonga) are estimated to have Mineral Resources containing 28.5 Moz of gold and 9.06 Mt of copper (100% terms). Newcrest has a 50% beneficial interest in the Wafi-Golpu Ore Reserves and Mineral Resources. References to 100% terms are to amounts that have not been adjusted for Newcrest's proportional ownership interest. See "Reserves and Resources" for further information.

During the 2012 Fiscal Year, Newcrest generated total sales revenue of A$4,416 million, EBITDA of A$2,151 million, Underlying Profit of A$1,084 million and profit after tax from continuing operations attributable to members of the parent entity of A$1,117 million. During the 2012 Fiscal Year, Newcrest produced 2,285,917 ounces of gold at a cash cost of A$603 per ounce of gold. Gold revenue represented 84.7% of Newcrest's overall sales revenue for the 2012 Fiscal Year. In the 2012 Fiscal Year, Newcrest also produced 76,015 tonnes of copper.

Newcrest's portfolio is comprised of predominantly low cost, long life mines and a strong pipeline of brownfields and greenfields exploration projects. Newcrest has interests in operating mines in four countries, with a geographic focus mainly on Australia, the Pacific region and Asia. As at June 30, 2012, Newcrest had over 8,300 employees across these regions and Africa. As at December 31, 2011, 50% of Newcrest's gold Ore Reserves were located in Australia, 43% were located in Papua New Guinea and the remainder were located in Indonesia, Côte d'Ivoire and Fiji. After taking into account the updated Ore Reserves for the Golpu deposit discussed above, but without taking into account depletion of Ore Reserves in the period since December 31, 2011, 46% of Newcrest's gold Ore Reserves are located in Australia, 47% are located in Papua New Guinea and the remainder are located in Indonesia, Côte d'Ivoire and Fiji.

Newcrest has development and exploration projects at various stages of advancement in Australia, Papua New Guinea, Indonesia, Fiji and Côte d'Ivoire. A key objective of Newcrest's exploration and development activities is to continue to pursue control of large mineral districts or "provinces." Newcrest seeks provinces that support predominantly low cost, long term mining operations and that allow Newcrest to grow its reserves and resources by leveraging its exploration expertise, and existing mining techniques and its existing production facilities or by developing mining techniques through its research and development capabilities and putting in place scaleable central infrastructure in a cost effective manner.

Newcrest has a strong track record over 15 years of discovering major deposits and developing these assets, including, for example, the mining operations and development projects generated in the Cadia Valley province. Newcrest's current operating provinces are Cadia Valley, Lihir, Telfer and Gosowong.

Newcrest uses a range of predominantly low cost bulk open pit and underground mining methods to optimize recovery of lower grade ore, as well as selective underground mining methods to optimize recovery of higher grade epithermal deposits. Newcrest has experience in developing and commissioning both large scale and smaller operations. Newcrest's technological and operational capability across each phase of the mining value chain allows it to pursue varied growth opportunities and maintain a strong project pipeline.

Mining operations

Newcrest's mining operations comprise the following operating mines located in Australia, Papua New Guinea, Indonesia and Côte d'Ivoire:

- the Cadia Valley operations, 100% owned by Newcrest and located in central western New South Wales, Australia, which comprise the Cadia Hill open pit mine (Newcrest has suspended mining as planned in the open pit and placed the mine on care and maintenance, but continues to process stockpiles) and the Ridgeway underground mine. Both mines produce gold doré and copper-gold concentrate with an elevated gold content. The Cadia East underground mine project (the "Cadia East Project"), located on the eastern edge of Cadia Hill, is in the final stages of development, with commercial production of gold doré and copper-gold concentrate expected to commence in the second quarter of the 2013 Fiscal Year;

- the Lihir operation, 100% owned by Newcrest, acquired in August 2010 and located on the island of Niolam, Papua New Guinea, one of the world's largest gold deposits by reserves, which produces gold doré;

- the Telfer mines, 100% owned by Newcrest and located in Western Australia, Australia, comprise the Telfer open pit mine ("Telfer Open Pit") and the Telfer underground mine ("Telfer Underground" and, together with the Telfer Open Pit, the "Telfer mines"). The Telfer mines produce gold doré and copper-gold concentrate with an elevated gold content;

- the Gosowong operation, located on the island of Halmahera in eastern Indonesia, currently operating the high grade Kencana and Toguraci underground mines and the lower grade

Gosowong open pit, which produce gold doré. Gosowong is owned and operated by PT Nusa Halmahera Minerals ("PTNHM"), an incorporated joint venture company that is 82.5% owned by Newcrest, with the remaining 17.5% interest held by PT Aneka Tambang;

- the Hidden Valley operation, located in the Morobe Province in Papua New Guinea, which produces gold doré. The operation is owned by the Hidden Valley mine unincorporated joint venture, one of three unincorporated 50% interest joint ventures between subsidiaries of Newcrest and subsidiaries of Harmony Gold Mining Company Limited, which own assets in the Morobe Province of Papua New Guinea; and
- the Bonikro gold mine, located in the central-southern portion of Côte d'Ivoire, which produces gold doré. The mine is owned and operated by LGL Mines CI SA, in which Newcrest holds an 89.89% interest, the government of Côte d'Ivoire has a 10% interest and the remaining interest is held by a minority shareholder.

Set out in the tables below is gold and copper production and sales information for Newcrest and each of its mining operations for the years ended June 30, 2012, 2011 and 2010, respectively.

Gold production and sales by site

	Year ended June 30,					
	2012		2011		2010[1]	
	Production	Sales	Production	Sales	Production	Sales
	(ounces)					
Cadia Hill[2]	241,430	262,458	364,196	353,575	325,712	311,552
Ridgeway	223,314	225,149	147,904	151,297	171,974	170,887
Cadia East[3]	8,451	8,451	3,320	3,320	—	—
Telfer	540,114	569,640	621,291	588,724	688,909	701,261
Lihir[4]	604,336	595,184	639,256	635,610	—	—
Gosowong	439,384	439,446	463,218	465,900	442,525	437,059
Hidden Valley (50%)[5]	88,801	89,290	100,232	102,689	61,148	52,916
Bonikro[4],[6]	92,102	91,654	41,235	29,867	—	—
Mt Rawdon[4],[7]	24,198	27,256	75,494	75,644	—	—
Cracow (70%)[7]	23,787	24,686	71,206	71,006	71,932	71,455
Total	**2,285,917**	**2,333,214**	**2,527,352**	**2,477,632**	**1,762,200**	**1,745,130**

1. Production and sales figures for the 2010 Fiscal Year do not include the former Lihir Gold Limited assets, which comprised the Lihir, Bonikro and Mt Rawdon operations.
2. Production was suspended as planned during the 2012 Fiscal Year on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.
3. Production includes pre-production ounces from the Cadia East Project during development of 8,451 ounces in the 2012 Fiscal Year and 3,320 ounces in the 2011 Fiscal Year. These gold ounces have been capitalized and excluded from the unit cost calculations and profit and loss reporting. Commercial production is expected to commence in the second quarter of the 2013 Fiscal Year.
4. Production and sales figures for the former Lihir Gold Limited assets, which comprised the Lihir, Bonikro and Mt Rawdon operations, for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.

5. Production includes pre-production ounces from Hidden Valley during development of 46,209 ounces in the 2010 Fiscal Year.

6. Newcrest suspended operations at Bonikro as a precaution due to civil unrest in Côte d'Ivoire following the presidential elections in November 2010. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal Year includes approximately six months of production. During the period in which operations were suspended, the mine was placed on care and maintenance.

7. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "Operating and Financial Review — Description of Newcrest" below for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year include four months of production only, for the period from July 1, 2011 to November 2, 2011.

Gold production during the 2012 Fiscal Year was 10% lower than the 2011 Fiscal Year as a result of a number of unplanned events that impacted on production at a number of Newcrest's operations. Extreme rainfall experienced on the east coast of Australia and in Papua New Guinea affected open pit mining at the Cadia Valley operations in New South Wales and the Lihir operation and Hidden Valley operation in Papua New Guinea. A decline in the availability of the Lihir operation processing plant, associated with planned maintenance activities as well as unplanned interruptions resulting from long-term underinvestment in fixed plant maintenance, compounded the production shortfall. Newcrest has undertaken a detailed review of the integrity of the Lihir processing plant in order to identify, assess and prioritize the improvements necessary to improve plant reliability. Critical works were initiated during the 2012 Fiscal Year and significant progress has been made. Reliability improvement will remain a continuing priority at the Lihir operation, with further initiatives planned for the 2013 and 2014 Fiscal Years. See "Business Description — Mining Operations — Lihir operation — Production and plant reliability" for further information.

Copper production and sales by site

	Year ended June 30,					
	2012		2011		2010	
	Production	Sales	Production	Sales	Production	Sales
	(tonnes)					
Cadia Hill[1]	14,076	15,060	23,449	23,708	29,110	28,804
Ridgeway	29,901	30,050	19,788	19,811	22,891	22,955
Cadia East[2]	801	801	316	316	—	—
Telfer	31,237	32,602	32,078	30,095	34,815	35,117
Total	**76,015**	**78,513**	**75,631**	**73,930**	**86,816**	**86,876**

1. Production was suspended as planned during the 2012 Fiscal Year on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.

2. Production includes pre-production copper tonnes from the Cadia East Project during development of 801 tonnes in the 2012 Fiscal Year and 316 tonnes in the 2011 Fiscal Year. These copper tonnes have been capitalized and excluded from the unit cost calculations and profit and loss reporting. Commercial production is expected to commence in the second quarter of the 2013 Fiscal Year.

Newcrest also produces some silver, which represented 1% of its sales revenue for the 2012 Fiscal Year. See "Operating and Financial Review — Overview of production and sales" for further information.

Development projects

Newcrest aims to develop its existing gold assets into large operating provinces by growing their reserves and resources. Newcrest currently has two major development projects, the Cadia East Project and the Lihir million ounce plant upgrade project (the "Lihir MOPU Project"), which are in the final stages of development and are expected to be completed in the second quarter of the 2013 Fiscal Year, and an interest in a major exploration project at Wafi-Golpu, each as described further below:

- The Cadia East Project, which has involved the development of the Cadia East deposit located on the eastern edge of the Cadia Hill ore body into an underground panel cave mine and expansion of the existing Cadia Valley processing plant capacity. As at December 31, 2011, Cadia East had a Mineral Resource of 2,300 Mt containing 33.10 Moz of gold and 6.58 Mt of copper, along with an Ore Reserve containing 22.20 Moz of gold and 3.67 Mt of copper. Newcrest expects that Cadia East will underpin its production from the Cadia Valley province for at least the next 30 years. Development of the Cadia East deposit is progressing on schedule. Capital costs to achieve commercial production at Cadia East are expected to be within 10% above the original estimated capital cost of A$1,900 million (with the increase in capital cost against original budget due to lower than anticipated production from the panel cave before commencement of commercial production resulting in lower revenue credited against capital costs) and as at June 30, 2012, capital costs totaling A$1,753 million had been incurred. As at June 30, 2012, an additional A$154 million in capital costs had also been incurred as expansionary capital to develop the broader mine footprint. The Cadia East Project is on schedule to achieve commercial production in the second quarter of the 2013 Fiscal Year.

- The Lihir MOPU Project, which has involved a major plant expansion that is expected to increase total annual gold production from the Lihir operation by approximately 240,000 ounces per annum. The project is expected to cost approximately US$1,300 million (as at June 30, 2012, project costs totaling US$1,182 million had been incurred). The project is progressing on schedule and on budget. Newcrest expects to commence commissioning and ramp up of production in the second quarter of the 2013 Fiscal Year.

- The Wafi-Golpu exploration project, which is located in the Morobe Province of Papua New Guinea, approximately 65 kilometers west of the town of Lae. The project is owned by the Wafi-Golpu unincorporated joint venture, one of the three unincorporated Morobe Mining Joint Ventures in which subsidiaries of Newcrest and Harmony Gold Mining Company Limited each own a 50% interest. On August 29, 2012, Newcrest released updated Ore Reserves and Mineral Resources estimates for Wafi and Golpu following completion of the technical pre-feasibility study for Golpu (and advancement of the concept study for the Wafi deposit). The Golpu technical pre-feasibility study supports an updated Ore Reserves estimate for the Golpu deposit containing 12.4 Moz of gold and 5.4 Mt of copper (100% terms) and confirms Golpu as a world-class deposit with an expected mine life of 26 years. The Golpu technical pre-feasibility study identifies the underground block caving method as the mining method for the Golpu deposit, with ore treated by flotation to produce a copper-gold concentrate. The total capital cost for 100% of the Golpu project is estimated at US$4.8 billion for establishing the mine, supporting infrastructure and utilities and achieving first commercial production, which is anticipated around 2019. This total capital cost includes US$800 million of pre-execution phase expenditure for the period from

July 1, 2012 to December 31, 2014, for, among other matters, resource definition drilling and studies, access decline and advanced exploration works and contractor and owner costs. Only resource definition drilling and studies costs of US$240 million (100% terms) have been committed for the 2013 Fiscal Year. See "Reserves and Resources" and "Business Description — Development projects — Wafi-Golpu" for further information.

Newcrest expects that its capital expenditure for the 2013 Fiscal Year, including capital commitments for project studies, development and construction costs, and capital costs to sustain operations, will be in the range of A$1,800 million to A$2,000 million, of which A$425 million to A$475 million relates to sustaining capital expenditure. Actual expenditures may be different. For a discussion of some of the factors that may cause actual expenditures to be different from expectations, see "Forward-Looking Statements" and "Risk Factors."

Exploration

Discovery of new ore bodies remains an important element in Newcrest's strategy. A key objective of Newcrest's exploration activities is to control large mineral districts, or provinces, in order to secure long-term mining operations, while enhancing the potential for further discoveries. The principal targets are large porphyry related gold-copper deposits, epithermal gold-silver deposits plus orogenic and sediment hosted gold deposits. Newcrest has a strong track record over 15 years of discovering major deposits, including the deposits at Cadia Hill, Cadia East, Ridgeway, Gosowong and O'Callaghans.

Newcrest is currently evaluating two major prospects with significant metal endowments, namely Wafi-Golpu in Papua New Guinea and Namosi in Fiji. Greenfield exploration activities are also ongoing at other sites in Australia, Indonesia, Papua New Guinea, Fiji and Côte d'Ivoire.

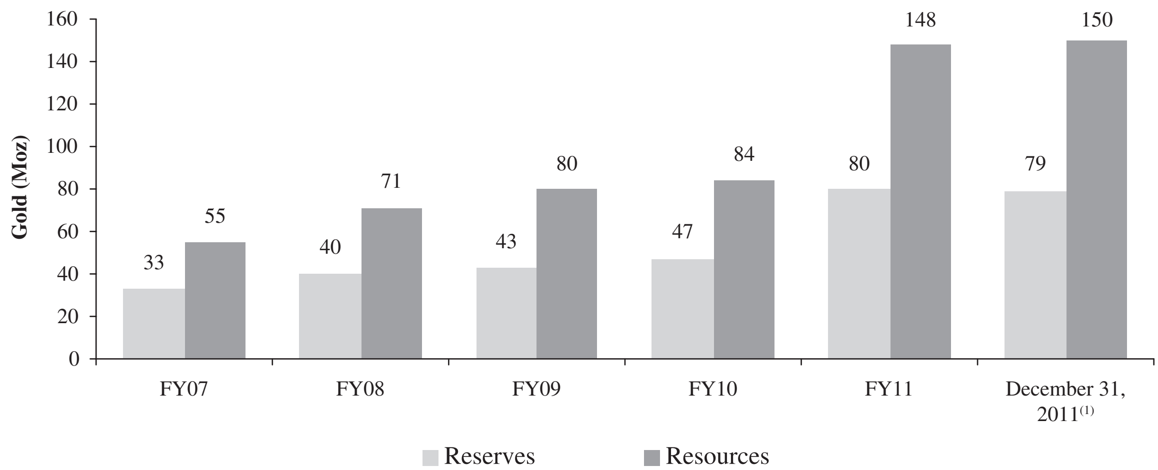
Newcrest expects that its exploration, discovery and resource definition expenditure will be in the range of A$150 million to A$160 million for the 2013 Fiscal Year. Actual expenditures may be different. For a discussion of some of the factors that may cause actual expenditures to be different from expectations, see "Forward-Looking Statements" and "Risk Factors."

Competitive strengths

Portfolio of cost competitive mines. Newcrest has developed and acquired predominantly low cost mines that it operates with a sustained focus on operational efficiency. Newcrest's cost profile benefits from economies of scale, copper and silver by-product credits and cost reduction and efficiency enhancement initiatives. Newcrest believes its cost profile compares favorably to the industry. Newcrest's cash costs for the 2012 Fiscal Year were A$603 per ounce of gold produced. Newcrest believes that its mines are internationally competitive in terms of cash costs and that this should help to mitigate the effect of adverse commodity price movements if they arise. Newcrest also believes that a portfolio of predominantly low cost mines helps to enhance margins, which assists in allowing Newcrest to fund its exploration and development activities through cash flow from operations.

Long reserve life. Newcrest has a substantial reserve and resource base. Based on Newcrest's 2012 Fiscal Year production levels, Newcrest's gold Ore Reserves would support more than 35 years of production. Newcrest has delivered strong reserve growth with contained gold in Ore Reserves growing by 138% from June 30, 2007 to December 31, 2011, which is partly as a result of acquisitions. The following graph shows the growth in Newcrest's contained gold in Ore Reserves and Mineral Resources over the last five and a half years.

Gold Reserves & Resources Growth



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1. During the 2012 Fiscal Year, Newcrest changed to a December 31 cut off date for reporting its Mineral Resources and Ore Reserves estimates. The Mineral Resources and Ore Reserves estimates shown in the graph as at December 31, 2011 exclude the updated Mineral Resources and Ore Reserves estimates for the deposits at Wafi and Golpu that were released on August 29, 2012. These updated estimates added further Mineral Resources totaling 1.0 Moz of contained gold and further Ore Reserves totaling 5.5 Moz of contained gold. See "Reserves and Resources" for further information.

Exploration, development and operational excellence. Newcrest has significant expertise in each phase of the mining value chain:

- Exploration — Newcrest has a track record of more than 15 years of successful gold resource discovery through exploration. To date, this has led to successful discoveries of deposits at Cadia Hill, Cadia East and Ridgeway in Australia and Gosowong in Indonesia, and the expansion of exploration activities to Papua New Guinea and Fiji and, following the acquisition of Lihir Gold Limited, Côte d'Ivoire.

- Development — Newcrest has developed a significant number of its mining operations, including underground and open pit mines, from exploration to operation, including Telfer, Cadia Valley and Gosowong. Newcrest uses an internal toll-gating and assessment process that segregates each component of the mining value chain into key categories of concept, pre-feasibility, feasibility and execution, to permit critical analysis of each stage of project development in order to understand uncertainties, evaluate risks and areas of optimization and ensure that viable investment opportunities are identified and pursued.

- Operations — Newcrest operates all of the open pit and underground mines it owns (including using deep underground bulk mining methods) and the associated metallurgical plants and infrastructure, other than at Hidden Valley which is operated by a company jointly owned by Newcrest and its joint venture partner, a subsidiary of Harmony Gold Mining Company Limited. Newcrest also manages the joint venture operations at Gosowong. Newcrest believes that its breadth of direct operational experience and technical expertise, across a range of mining and metallurgical processes, enhances its ability to operate its existing mine portfolio and future mines which it may develop or acquire.

Growth potential supported by significant project pipeline. Newcrest's exploration approach has provided it with a significant project pipeline. The use of brownfields exploration in large operating provinces where it already has production facilities enables Newcrest to bring in incremental or replacement production with lower additional capital expenditure and allows for new deposits to be brought into production more quickly than would be the case at a greenfields site. This approach has been successful to date, with Newcrest's current major development of the Cadia East Project being the result of exploration in Cadia Valley, one of Newcrest's large operating provinces. In addition, Newcrest maintains an extensive greenfields exploration program. The Telfer, Cadia Valley and Gosowong mines were all developed as a result of successful greenfields and continuing brownfields exploration.

Management expertise. Newcrest's management team has extensive experience in the mining and resources industries, as well as strategic, operational and financial management skills, and a track record of successfully executing exploration, development and operational projects at Newcrest. Newcrest's Chief Executive Officer, Greg Robinson, Chief Financial Officer, Gerard Bond, Chief Operating Officer, Greg Jackson, Executive General Manager — Minerals, Colin Moorhead, Executive General Manager — Australian Operations, Peter Smith, Executive General Manager — PNG and Indonesian Operations, Brett Fletcher, Executive General Manager — Commercial and West Africa, Lawrie Conway and Executive General Manager — Strategy, Step Change and Technology, Andrew Logan, each have more than 20 years' experience in the global mining and resources and finance industries.

Strong financial position. Newcrest maintains a strong balance sheet underpinned by conservative financial risk management and gearing, and has delivered consistent positive operating cash flows. As of June 30, 2012, Newcrest had total assets of A$20,509 million. For the 2012 Fiscal Year, Newcrest's EBITDA was A$2,151 million, Underlying Profit of A$1,084 million and cash flow from operations of A$1,726 million. Newcrest believes that its prudent risk management policies are also represented by net debt (borrowings less cash) of A$2,166 million, low gearing of 12.5% and net debt to EBITDA of 1.0 times as at June 30, 2012.

Business strategy

Newcrest's business strategy is to continue to build its portfolio of predominantly low-cost, long-life gold assets, primarily through both exploration and strategic merger and acquisition activities, with a focus mainly on Australia, the Pacific region and Asia. Newcrest's business model is to optimize performance at each phase of the gold mining value chain and harness its technical expertise across a wide range of mining and processing methods. Newcrest seeks to achieve its goals with the following strategies:

Maintain focus on gold. Newcrest intends to continue to be primarily focused on the exploration for, and production of, gold. For the 2012 Fiscal Year, A$3,740 million of its revenues were attributable to sales of gold, A$613 million to sales of copper and A$63 million to sales of silver.

Continue to develop long-life operations. Newcrest focuses on developing its larger assets by growing their reserves and resources and increasing their production. A key component of Newcrest's strategy is securing and maintaining large mineral deposits in order to establish long-term mining operations and the efficient use of its existing infrastructure and capital. Newcrest focuses on advancing the development of its current pipeline of projects in a timely manner to maximize the utilization of existing infrastructure over the long term. Newcrest's major development of the Cadia East Project is expected to underpin Newcrest's production from the Cadia Valley province for at least the next 30 years. The Lihir MOPU Project is expected to upgrade the production capacity of one of the world's largest gold deposits by reserves. The technical pre-feasibility study for the Golpu deposit confirms Golpu as a world-class deposit with an expected mine life of 26 years.

Sustain and grow its reserves and resources. Newcrest remains committed to the discovery of gold resources and reserves through its exploration activities. For the 2013 Fiscal Year, Newcrest expects to spend approximately A$150 million to A$160 million on exploration, discovery and resource definition drilling. Newcrest is pursuing both brownfields exploration of known gold districts in Australia, Papua New Guinea, Indonesia and Côte d'Ivoire and greenfields exploration in Papua New Guinea, Indonesia, Fiji and Côte d'Ivoire. Newcrest will also consider expanding its reserve and resource base through strategic merger and acquisition opportunities whether in existing mining operations in known gold regions or through equity investments in early-entry exploration projects. Potential acquisition targets need to fit within Newcrest's overall strategy, including maintaining a conservative balance sheet and providing Newcrest with predominantly long-life, low cost operations with reserve and resource growth potential and opportunities to optimize operating methodology.

Continue to focus mainly on Australia, the Pacific region and Asia. As at December 31, 2011, 99% of Newcrest's gold Ore Reserves were located in Australia, the Pacific region and Asia, with 50% of Newcrest's gold Ore Reserves in Australia and 43% in Papua New Guinea. After taking into account the updated Ore Reserves estimate for the Golpu deposit discussed above, but without taking into account depletion of Ore Reserves in the period since December 31, 2011, 46% of Newcrest's gold Ore Reserves are located in Australia, 47% are located in Papua New Guinea and the remainder are located in Indonesia, Côte d'Ivoire and Fiji. Newcrest believes that the Pacific region and Asia remain attractive for exploration and are highly prospective with the potential for significant gold discoveries. Having a significant proportion of its operations in Australia, the Pacific region and Asia brings operational benefits to Newcrest through economies of scale resulting from knowledge and understanding of these regions and facilitates centralized management of its core technical skill sets, commercial functions, and exploration and projects.

Maximize the benefit of integrated capabilities across operations. Newcrest believes that developing and integrating expertise across its exploration, development and mining operations provides a competitive advantage when assessing opportunities. Key elements of integrated expertise include the following:

- *Applying effective project development and management practices* - Newcrest recognizes the importance of applying effective project management practices to its development projects, in order to deliver its development projects in accordance with the agreed project scope, delivery schedules and budget. Newcrest's Projects group works closely with the team overseeing mining operations during feasibility and execution phase to facilitate a smooth production ramp-up. This is underpinned by Newcrest's rigorous investment toll-gating process to permit critical analysis of each stage of project development. Newcrest's Projects group is responsible for concept, pre-feasibility, feasibility and execution phases. Newcrest has a track record of developing its projects on time and on budget, with both the Gosowong extension project and Ridgeway Deeps project being commissioned on time and under budget. Newcrest's current major development projects, the Cadia East Project and the Lihir MOPU Project, remain on schedule for commencement of commercial production and commissioning (respectively) during the second quarter of the 2013 Fiscal Year and are expected to be on budget, in the case of the Lihir MOPU Project, and within 10% above budget, in the case of the Cadia East Project.

- *Capitalizing on specialist mining expertise* - Newcrest believes that capability in underground bulk mining methods will become progressively more valuable, with such capabilities underpinning the viability of potential projects. Newcrest's strategy is to continue to develop expertise across a broad range of operational technology and mining techniques. In recent years, Newcrest has placed significant focus on investing in strategic research and development of underground bulk-mining technologies from early concept studies to full-scale trials. Through this investment, Newcrest has advanced the technical development of caving mining methods with current application at Ridgeway, Telfer and Cadia East, and planned application at Wafi-Golpu. Newcrest believes that this focused approach to research and development, and its existing experience, allows it to extract value from existing operations and positions it to take advantage of projects requiring technological expertise.

- *Optimizing operating costs and production efficiencies* - Newcrest is focused on operational improvement. Newcrest identifies key improvement initiatives through its planning processes, assigns delivery teams and monitors improvement around excavation, haulage and milling processes, as well as financial and operational performance of individual assets. Newcrest benchmarks its operational performance internally and against other global mining industry players.

Maintain a sound financial position and remain an unhedged gold producer. Newcrest adheres to prudent financial management policies with the objective of maintaining its cash generative and conservative leverage position. Newcrest's financial management policies are aimed at allowing net cash flows from operations to meet financial commitments and maintaining sufficient capacity under its financing arrangements to fund project development, exploration and acquisitions. Newcrest intends to remain an unhedged producer of gold having closed-out its gold hedge contracts (covering approximately 4 Moz of gold) in the 2008 Fiscal Year at a cost of A$1,700 million that was funded through an equity entitlement offer.

Maintain and strengthen its commitment to employees, contractors and local communities. Newcrest considers the capability and wellbeing of its employees and contractors as paramount in delivering its strategy. Newcrest is focused on succession planning, talent management and training and development of its employees and contractors and views such efforts as an important component of instilling Newcrest's values throughout the organization and retaining continuity in its workforce. Safety and health are fundamental to Newcrest's business. Newcrest has implemented a "target zero" program across the Newcrest Group over the last five years, designed to foster best practices in workplace safety and is continuing to roll out Safety ReNew, a program involving the reviewing and revitalizing of safety practices and procedures across all of Newcrest's operations. Newcrest is a signatory to the Australian Minerals Industry sustainability code (called "Enduring Value") and prepares a sustainability report detailing its environmental and social performance each year. Newcrest also has an ongoing commitment to work with local communities to improve infrastructure, particularly in health and education, support local businesses, and provide venues for leisure activities and other opportunities for further development.

Recent developments

In July 2012, Newcrest appointed Craig Jones and Scott Langford to the positions of Executive General Manager — Projects and Studies and General Counsel, respectively. Mr. Langford was appointed Company Secretary in August 2012. See “Board and Management — Executive Officers.”

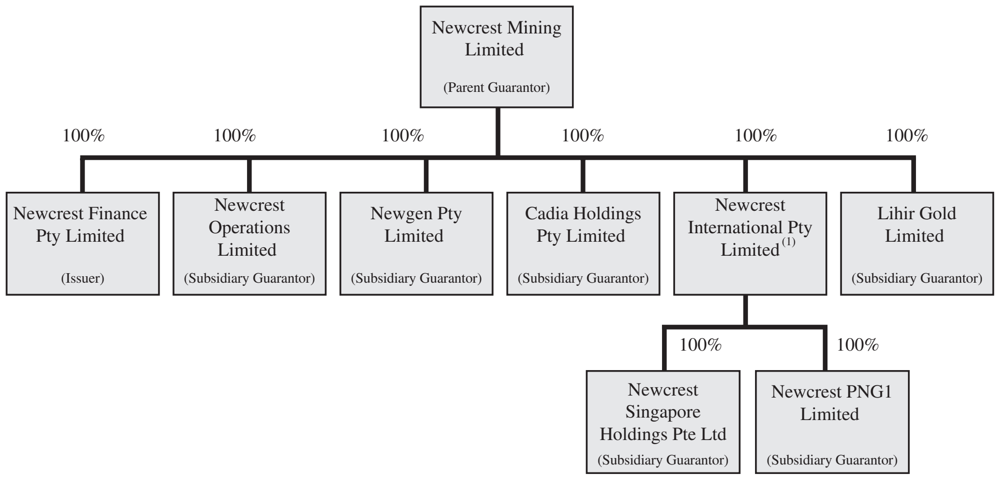
On August 29, 2012, Newcrest updated its Ore Reserves and Mineral Resources estimates for Wafi and Golpu following completion of the technical pre-feasibility study for the Golpu deposit (and advancement of the concept study for the Wafi deposit). See “Reserves and Resources” and “Business Description — Development projects — Wafi-Golpu” for further information.

On September 3, 2012, Newcrest finalized the renewal of its US dollar bilateral loan facilities (the “2009 US Dollar Bilateral Loan Facilities”), which comprised eight bilateral facility agreements for US$250 million with eight lenders for an aggregate amount of US$2 billion, and were due to mature on a rolling basis from late 2012 to early 2013. The new US dollar bilateral loan facilities (the “New US Dollar Bilateral Loan Facilities”) comprise bilateral facility agreements with ten lenders for US$250 million each over terms of three and five years (for a total aggregate amount of US$2.5 billion). As at September 20, 2012, the New US Dollar Bilateral Loan Facilities have been partially drawn down and Newcrest has given notice to its lenders that the 2009 US Dollar Bilateral Loan Facilities will be cancelled. See “Operating and Financial Review — Liquidity and Capital Resources — Capital Resources — US Dollar Bilateral Loan Facilities” for further information.

On September 21, 2012, Newcrest announced that the Lihir operation temporarily reduced production to approximately 25% of plant capacity due to an issue with the electrical system in the main oxygen plant which supplies oxygen to the autoclaves to facilitate the pressure oxidation process, which enables gold recovery from the ore feed. Full production is expected to be restored within 10 days and the issue is not expected to impact the Lihir MOPU Project, which is expected to be completed in the second quarter of the 2013 Fiscal Year. On September 13, 2012, Newcrest announced that mining operations at the Ridgeway mine were temporarily suspended following a failure of a section of the conveying system, with repairs expected to take up to 15 days. While repairs are underway, Newcrest will continue to process lower grade stockpile material.

Corporate information

The following chart shows Newcrest's condensed corporate ownership structure for the Issuer and the Subsidiary Guarantors of the Notes.



1. Newcrest International Pty Limited is not a guarantor of the Notes. It is the owner of the Subsidiary Guarantors indicated.

Newcrest's principal executive offices are located at Level 8, 600 St. Kilda Road, Melbourne VIC 3004, Australia. Newcrest's telephone number is +61-3-9522-5333. Its shares are listed on the ASX and the Port Moresby Stock Exchange, with a secondary listing of Newcrest's shares on the TSX obtained in March 2012.

Newcrest Finance Pty Limited is the issuer of the Notes. Newcrest Finance Pty Limited is a wholly-owned finance subsidiary of Newcrest Mining Limited. Its assets consist primarily of loans made to other members of the Newcrest Group and it has no subsidiaries. The registered office address of Newcrest Finance Pty Limited is Level 9, 600 St. Kilda Road, Melbourne VIC 3004, Australia. Newcrest Finance Pty Limited's directors are Gerard Bond and Scott Langford.

The Offering

Notes being offered	4.20% Senior Guaranteed Notes due 2022 (the "New Notes") and 5.75% Senior Guaranteed Notes due 2041 (the "Additional 2041 Notes" and, together with the New Notes, the "Notes").
Issuer	Newcrest Finance Pty Limited.
Parent Guarantor	Newcrest Mining Limited
Subsidiary Guarantors	Newcrest Operations Limited, Newcrest Singapore Holdings Pte Ltd, Newgen Pty Ltd, Cadia Holdings Pty Ltd, Newcrest PNG 1 Limited and Lihir Gold Limited. See "Description of the Notes and Guarantees — Guarantees and Undertakings — Guarantees — Original Subsidiary Guarantees."
The Offering	The Notes are being offered in the United States only to qualified institutional buyers in reliance on Rule 144A and to Non-U.S. Persons outside the United States in accordance with Regulation S under the Securities Act.
Principal amount	New Notes: US$750,000,000 aggregate principal amount.
	Additional 2041 Notes: US$250,000,000 aggregate principal amount.
Maturity date	New Notes: October 1, 2022
	Additional 2041 Notes: November 15, 2041
Interest rate	The New Notes will bear interest at the rate of 4.20% per year from October 1, 2012, based upon a 360-day year consisting of twelve 30-day months. The Additional 2041 Notes will bear interest at the rate of 5.75% per year from May 15, 2012, based upon a 360-day year consisting of twelve 30-day months.
Interest payment dates	Interest on the New Notes will be payable semi-annually in arrears on April 1 and October 1 of each year, commencing April 1, 2013. Interest on the Additional 2041 Notes will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2012.
Guarantees	The Parent Guarantor will fully and unconditionally guarantee the obligations of the Issuer under the Notes, including the payment of the principal of, premium, if any, and interest on the Notes (the "Parent Guarantee"). In

	addition, each of the Subsidiary Guarantors will fully and unconditionally guarantee, on a joint and several basis, the obligations of the Issuer under the Notes (the "Subsidiary Guarantees" and, together with the parent guarantee, the "Guarantees"), subject to certain limitations on the Guarantee of Newcrest PNG 1 Limited described herein. See "Description of the Notes and Guarantees — Guarantees and Undertakings — Guarantees — Limited amount of Newcrest PNG's Guarantee." In certain circumstances, any or all of the Subsidiary Guarantors may be released from their respective Guarantees of the Notes. See "Description of the Notes and Guarantees — Guarantees and Undertakings — Guarantees — Release of Original Subsidiary Guarantees and Springing Guarantees."
Ranking	The Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank at least equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Issuer (other than obligations mandatorily preferred by applicable law). Each Guarantee will constitute unsecured and unsubordinated obligations of the relevant Guarantor and will rank at least equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of each Guarantor (other than obligations mandatorily preferred by applicable law).
Use of proceeds	The Issuer anticipates that the net proceeds from the issue and sale of the Notes will be US$992,077,500 after deducting estimated underwriting discounts and commissions and before deducting estimated offering expenses payable by Newcrest. The Issuer expects to use the net proceeds to repay existing unsecured indebtedness of Newcrest and for general corporate purposes, as described in "Use of Proceeds."
Further issues	The Issuer may from time to time, without notice to or without the consent of the registered holders of the Notes, create and issue additional debt securities having the same terms as and ranking at least equally and ratably in all respects with its Notes sold in this offering, as described more fully in "Description of the Notes and Guarantees — General."
Additional amounts	In the event that withholding taxes are required to be withheld or deducted from payments on the Notes or under the Guarantees, the Issuer and the Guarantors will, subject

	to certain exceptions described in this offering memorandum (including an exception for United States withholding taxes), pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of such Notes or under the Guarantees had no such withholding or deduction been required. See "Description of the Notes and Guarantees — Payment of Additional Amounts."
Optional redemption for tax reasons	The Notes may be redeemed at the option of the Issuer in whole but not in part, at 100% of the principal amount thereof plus accrued interest and any additional amounts due on the date fixed for redemption if certain events occur that would cause the Issuer or any Guarantor to become obligated to pay additional amounts as described under "Description of the Notes and Guarantees — Redemption for changes in withholding taxes."
Optional redemption	The Issuer may redeem the Notes at any time in whole or from time to time in part at a price equal to 100% of the principal amount of the Notes plus a make-whole amount, and accrued and unpaid interest. See "Description of the Notes and Guarantees — Optional redemption."
Change of control	Upon a change of control that is accompanied by a ratings downgrade of the Notes so that such Notes cease to have an investment grade rating, each holder of the Notes may require the Issuer to repurchase such holder's Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued but unpaid interest to the purchase date, as described under "Description of the Notes and Guarantees — Offer to redeem upon Change of Control Triggering Event."
Form and denomination	It is expected that delivery of the Notes will be made on or about October 1, 2012. All Notes sold in the offering will be delivered against payment in immediately available funds. Except as described below, the Notes will be issued only in registered form without coupons and in denominations of US$2,000 principal amount and integral multiples of US$1,000 thereafter.
	Notes sold in the United States in reliance on Rule 144A will be evidenced by Notes in global form (the "Restricted Global Notes"), which will be deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes sold

	outside the United States in reliance on Regulation S will be evidenced by a separate Note in global form (the "Regulation S Global Notes"), which also will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.
Transfer restrictions	The Notes and the Guarantees have not been registered under the Securities Act and are subject to restrictions on transfers. See "Notice to Investors."
Restrictive covenants	The Issuer has agreed in the Indentures that govern the Notes to observe certain covenants, including, among other things, a covenant limiting the incurrence of liens and a covenant limiting certain sale and leaseback transactions. See "Description of the Notes and Guarantees — Limitation on liens" and "Description of the Notes and Guarantees — Limitation on sales and leasebacks."
Indenture Trustee	The Bank of New York Mellon is the trustee under the Indentures.
Paying Agent	The Bank of New York Mellon is the paying agent under the Indentures.
Security Registrar	The Bank of New York Mellon is the security registrar under the Indentures.
Governing law	The Notes, the Guarantees and the Indentures will be governed by the laws of the State of New York.
Risk factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this offering memorandum and, in particular, the information set forth under "Risk Factors" before making an investment in the Notes.
Ratings of the Notes	BBB+ (Standard and Poor's) (stable); Baa2 (Moody's) (stable).
	A security rating is not a recommendation to buy, sell or hold securities in so far as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances warrant. Newcrest is under no obligation to update information regarding such ratings should they change over time.

There are references in this offering memorandum to credit ratings. Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Australian Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this offering memorandum and any person who receives this offering memorandum is advised that they must not distribute it to any person who is not entitled to receive it.

Summary Historical Consolidated Financial Information

The following tables set forth summary historical consolidated financial information of Newcrest for the periods ended and at the dates indicated below.

The summary historical consolidated financial information for each of the years in the three-year period ended June 30, 2012 and as at the end of each year in the three-year period ended June 30, 2012 has been derived from Newcrest's consolidated financial statements and related notes for those periods, which has been audited by Ernst & Young, independent auditors, and are included elsewhere in this offering memorandum. The summary historical consolidated financial information set forth below is not necessarily indicative of future results of operations or financial condition of Newcrest.

The summary historical consolidated financial information for the 2012 Fiscal Year includes financial information of Lihir Gold Limited for the full twelve months, however, the summary consolidated historical information for the 2011 Fiscal Year includes financial information of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011. Accordingly, Newcrest's financial information and financial statements for the 2012 Fiscal Year and the 2011 Fiscal Year are not directly comparable and, further, these periods are not directly comparable with Newcrest's financial information and financial statements for the 2010 Fiscal Year and prior years, as such financial information and financial statements do not include any financial information of Lihir Gold Limited.

In addition, the summary historical consolidated financial information for the 2011 Fiscal Year and prior periods includes the contributions from Cracow (for the entire period) and Mt Rawdon (from the acquisition of Lihir Gold Limited on August 30, 2010), which is not directly comparable with the summary historical consolidated financial information for the 2012 Fiscal Year, which includes the contributions from Cracow and Mt Rawdon for the four months from July 1, 2011 to November 2, 2011 (the date on which Newcrest sold its interests in Cracow and Mt Rawdon to Evolution Mining), together with the equity accounted contribution of Evolution Mining for the period from November 2, 2011 to June 30, 2012.

The summary historical consolidated financial information should be read in conjunction with Newcrest's historical consolidated financial statements and the notes thereto included elsewhere in this offering memorandum, along with "Financial Information Presentation," "Risk Factors" and "Operating and Financial Review."

Summary income statement
(in millions, except earnings per share)

	Year ended June 30,			
	2012	2012[1]	2011[2]	2010
	US$[3]	A$	A$	A$
	(unaudited)			
Operating sales revenue	4,520	4,416	4,102	2,802
Cost of sales	(2,669)	(2,607)	(2,401)	(1,569)
Gross Profit	1,851	1,809	1,701	1,233
Exploration expenses	(82)	(80)	(55)	(33)
Corporate administration expenses	(143)	(140)	(93)	(78)
Other revenue	—	—	1	1
Other income/(expenses)	(14)	(14)	(10)	16
Share of profit of associate	15	15	—	—
Losses on restructured and closed-out hedge contracts	(7)	(7)	(153)	(295)
Other close-out related costs	—	—	(3)	(12)
Business acquisition and integration costs	(11)	(11)	(52)	(12)
Gain on business divestment	47	46	—	—
Foreign exchange gain on US dollar borrowings	—	—	—	12
Profit before interest and income tax	1,656	1,618	1,336	832
Finance income	2	2	9	12
Finance costs	(44)	(43)	(45)	(33)
Profit before income tax	1,614	1,577	1,300	811
Income tax expense	(411)	(402)	(334)	(209)
Profit after income tax	1,203	1,175	966	602
Profit after tax attributable to:				
- Owners of the parent	1,144	1,117	908	557
- Non-controlling interest	59	58	58	45
	1,203	1,175	966	602
Earnings per share (Australian cents)				
- Basic		146.0	126.4	115.2
- Diluted		145.8	126.2	114.9

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.

Summary statement of financial position
(in millions)

	Year ended June 30,			
	2012	2012	2011	2010
	US$(1)	A$	A$	A$
	(unaudited)			
ASSETS				
Current assets				
Cash and cash equivalents	248	242	185	643
Total current assets	1,499	1,464	1,542	1,411
Non-current assets				
Inventories	1,121	1,095	710	153
Property, plant and equipment	4,467	4,364	3,310	1,764
Exploration, evaluation and development	9,003	8,795	7,675	2,556
Goodwill	3,848	3,759	3,621	—
Total non-current assets	19,494	19,045	15,740	4,923
Total assets	20,993	20,509	17,282	6,334
LIABILITIES				
Total current liabilities	2,039	1,992	817	327
Non-current liabilities				
Borrowings	1,237	1,208	684	421
Provisions	315	308	232	88
Deferred tax liabilities	1,952	1,907	1,674	488
Total non-current liabilities	3,504	3,423	2,590	997
Total liabilities	5,543	5,415	3,407	1,324
Net assets	15,450	15,094	13,875	5,010
EQUITY				
Issued capital	13,881	13,561	13,569	3,640
Retained earnings	2,958	2,890	2,171	1,492
Reserves	(1,511)	(1,476)	(1,964)	(178)
Parent entity interest	15,328	14,975	13,776	4,954
Non-controlling interest	122	119	99	56
Total equity	15,450	15,094	13,875	5,010

1. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236

Summary statement of cash flows
(in millions)

	Year ended June 30,			
	2012	2012[1]	2011[2]	2010
	US$[3]	A$	A$	A$
	(unaudited)			
Net cash provided by operating activities	1,767	1,726	1,729	1,303
Net cash used in investing activities[4]	(2,820)	(2,755)	(2,294)	(886)
Net cash (used in)/provided by financing activities	1,116	1,090	131	(131)
Net (decrease)/increase in cash and cash equivalents	63	61	(434)	286
Cash and cash equivalents at the beginning of the year	189	185	643	366
Effect of exchange rate changes on cash held	(4)	(4)	(24)	(9)
Cash and cash equivalents at the end of year	248	242	185	643

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.
4. Newcrest acquired Lihir Gold Limited for total purchase consideration of A$10,480 million. This comprised the issuing of 280,987,564 new Newcrest shares at A$35.40 per share and cash consideration of A$533 million. Cash acquired from Lihir Gold Limited under the transaction was A$261 million. Net cashflows in the above statement include the cash component of the transaction and the equity based component of the transaction is included in the balance sheet.

Operating and other data

	Year ended June 30,		
	2012[1]	2011[2]	2010
Production			
Gold (ounces)	2,285,917	2,527,352	1,762,200
Copper (tonnes)	76,015	75,631	86,816
Silver (ounces)	1,997,247	1,895,610	1,369,790
Gold price realized (A$/oz)	1,609	1,378	1,252
Cash cost (A$/oz)	603	493	347
Capital expenditure[3](A$ millions)	2,556	1,890	785
EBITDA[4]	2,151	2,059	1,448
Underlying Profit[5]	1,084	1,058	776
Gearing (net debt/net debt plus equity)[6]	12.5%	4.2%	(4.5)%

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Comprises payments for property, plant and equipment; mine under construction, development and feasibility expenditure; and information system developments. See "Operating and Financial Review — Liquidity and capital resources — Cash flows — Investing activities" for further information on Newcrest's historical capital expenditures.
4. EBITDA is a non-GAAP measure and means profit before income tax, and after adding back finance income and finance costs, depreciation and amortization, hedge restructures and other significant items. Other significant items comprise hedge close-out related costs, business acquisition/integration costs and business divestment gain. EBITDA is not an IFRS measure of profitability or liquidity. See "Financial Information Presentation — Non-GAAP measures" for additional details on non-GAAP financial measures contained in this offering memorandum. See footnote 4 under "Selected Historical Consolidated Financial Information — Operating and other data" for a reconciliation from the IFRS measure of profit before income tax to Newcrest's EBITDA.
5. Underlying Profit is a non-GAAP measure and means profit after tax and non-controlling interest before hedge restructures and other significant items. Underlying Profit is not an IFRS measure of profitability and liquidity. See "Financial Information Presentation — Non-GAAP measures" for additional details on non-GAAP financial measures contained in this offering memorandum. The 2010 Fiscal Year has been restated from A$764 million to A$776 million due to the exclusion of business acquisition costs incurred in the 2010 Fiscal Year to align with current year disclosure. See footnote 5 under "Selected Historical Consolidated Financial Information — Operating and other data" for a reconciliation from the IFRS measure of profit after tax attributable to owners of the parent to Newcrest's Underlying Profit.
6. Net debt is borrowings less cash.

RISK FACTORS

Investors should carefully consider each of the following risk factors and all of the other information set forth in this offering memorandum before making any investment decision. The risks described below are not the only risks that Newcrest faces. Additional risks and uncertainties not presently known to management or that management currently believes to be immaterial may also adversely affect Newcrest's business. Any of these risks may have a material adverse effect on the business, financial condition, results from operations, asset carrying values and cash flows of Newcrest, and may materially impact Newcrest's ability to make payments of interest on, and principal of, the Notes. In such a case, investors may lose all or part of their investment in the Notes offered hereby. Investors should carefully consider the following risk factors and all other information contained in this offering memorandum before deciding to purchase any Notes.

Risks relating to Newcrest's business and industry

Newcrest may be materially adversely affected by a substantial or extended decline in gold or copper prices, particularly as Newcrest is not hedged in respect of commodity prices.

Newcrest's performance is dependent on the market prices of gold and, to a lesser extent, copper and silver, which are volatile and are affected by numerous factors beyond Newcrest's control. Factors that tend to affect the price of gold include:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold as an investment;
- actual or expected sales or purchases of gold by central banks and the International Monetary Fund;
- changes in the demand for gold used in fabrication (including for design, jewelry and for other industrial uses), including as a result of prevailing economic conditions;
- changes in the supply of gold from production, divestment and scrap;
- financial market expectations regarding the rate of inflation;
- strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- gold hedging and de-hedging by gold producers;
- financial and banking instability;
- global or regional political or economic events; and
- the cost of gold production in major gold producing countries.

While the US dollar price of gold has risen strongly at times over the three years ended June 30, 2012, volatility has remained high over that period. In particular, in the 2012 Fiscal Year the price of gold dropped 19% from its high of US$1,900 per ounce on September 5, 2011 to US$1,540 per ounce on May 16, 2012, before increasing to US$1,771 per ounce on September 14, 2012. See "Operating and Financial Review — Factors affecting Newcrest's results of operations — Fluctuations in gold and copper prices" for a table showing the closing spot gold prices for the three years ended June 30, 2012 in US dollars and Australian dollars.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. In addition, the shift in gold demand from physical demand to investment and speculative demand has exacerbated and may continue to exacerbate the volatility of gold prices.

Unlike gold, global demand for copper metals is mainly related to industrial activity. Global copper supply comes primarily from mine production, with a significant amount of mine production being in the form of concentrate. Copper-gold concentrate is produced by Newcrest's mines at Telfer and Cadia Valley. Unlike copper metal, there is no terminal market for concentrate, so it is smelted into copper metal for end sale. Factors tending to affect the price of copper include: the worldwide balance of copper demand and supply; rates of global economic growth; trends in industrial production and conditions in the housing and automotive industries, all of which correlate with demand for copper; economic growth and political conditions in China, which has become the largest consumer of refined copper in the world, and other major developing economies; speculative investment positions in copper and copper futures; the availability and cost of substitute materials; currency exchange fluctuations, including the relative strength of the US dollar; and availability and cost of appropriate smelting and refining arrangements and recovery rate through the smelting and refining processes. As with gold, the price of copper has also risen substantially in the past decade, from US$1,809 per tonne (US$0.82/lb) on January 1, 2001 on the London Metals Exchange to US$7,577 per tonne (US$3.44/lb) on August 31, 2012, primarily as a result of increasing demand from emerging markets. More recently, the price of copper has been volatile and has decreased 34% from its high of US$10,180 per tonne (US$4.62/lb) on February 14, 2011 to US$6,722 per tonne (US$3.05/lb) on October 20, 2011 on the London Metals Exchange, before rising to US$8,363 per tonne (US$3.79/lb) on September 14, 2012.

While Newcrest has entered into short term copper quotational period fixes via simple vanilla swaps for periods up to four months, it has otherwise been unhedged on its gold and copper revenues since closing-out of its gold hedge book (of 4 Mozs) in the 2008 Fiscal Year, which resulted in a cost of A$1,700 million. Newcrest has no current intention to enter into any derivative instrument to protect itself against low gold prices with respect to its gold production. Therefore, any drop in the price of gold or copper will adversely impact Newcrest's revenues, profits and cash flows.

Depending on the market price of the relevant metal, Newcrest may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of its current projects, as applicable, which could have an adverse impact on Newcrest's financial performance and results of operations. In such a circumstance, Newcrest may also curtail or suspend some or all of its exploration activities, with the result that depleted reserves are not replaced. In addition, the market value of Newcrest's gold or copper inventory may be reduced and existing reserves may be reduced to the extent that ore cannot be mined and processed economically at the prevailing prices.

Foreign exchange fluctuations could have a material adverse effect on Newcrest's operational results and financial condition.

Gold and copper are each sold throughout the world based principally on the US dollar price, and most of Newcrest's revenues are realized in, or linked to, US dollars while production costs are largely incurred in the local currency where the relevant operation is located. Newcrest is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar, which is the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities, the US dollar, which is the functional currency of Newcrest's non-Australian operations, the PNG kina and, to a lesser extent, the Indonesian rupiah, the West African franc and the Fiji dollar. As most of Newcrest's operating costs are denominated in local currencies, in the absence of other changes, if the various local currencies strengthen (in particular, the Australian dollar) in value relative to the value of the US dollar, Newcrest's financial results are likely to be adversely affected. For example, a one cent strengthening of the Australian dollar against the US dollar would, all other factors remaining equal, result in a decrease in Newcrest's budgeted 2013 Fiscal Year earnings before interest and tax of approximately A$36 million. Conversely, a weakening of local currencies (in particular, the Australian dollar) relative to the US dollar will have a favorable impact on Newcrest's financial results. The strength of the local currencies in Newcrest's operating regions in the last two years relative to the US dollar has materially impacted its operating costs, in particular labor and energy costs. In addition, the strengthening of the PNG kina against the Australian dollar negatively impacted costs at the Lihir and Hidden Valley operations by approximately A$36 million in the 2012 Fiscal Year. For further information on the impact of foreign exchange fluctuations on Newcrest's historical results, see "Operating and Financial Review — Factors affecting Newcrest's results of operations — Foreign currency exchange rates."

Newcrest does not hedge its foreign exchange revenue or operating expenses to the US dollar (although it does hedge major capital expenditure to the functional currency of the project or operation), instead utilizing natural hedges across Newcrest and maintaining its debt in US dollar denominated loans. Because exchange rates are volatile and unpredictable, Newcrest is exposed to significant uncertainty with regard to its cash flows and earnings.

Increased costs and demand for production inputs could adversely affect Newcrest's profitability.

Costs at any particular mining location are frequently subject to variations from one year to the next due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans in response to the physical shape and location of the ore body. In addition, operating costs and capital expenditure are, to a significant extent, driven by the cost of commodity inputs consumed in mining (including fuel, chemical reagents, explosives, tires, electricity and steel), labor costs and also by credits from by-products, such as copper and silver. Oil-based products, fuels and consumables (including chemicals, explosives, lubricants, heavy fuel oil and diesel) are a large operating cost to Newcrest. Such commodities are subject to volatile price movements, including increases that could make production at certain operations less profitable. In particular, recent increases in commodity prices and labor costs have led to increases in capital project and operating related costs, such as the costs of concrete, fuel, steel, heavy equipment tires and contract personnel. See "Operating and Financial Review — Results of operations" for a discussion of factors that have affected Newcrest's mine production costs over the three fiscal years to June 30, 2012. Further material increases in costs could have a material adverse effect upon the profitability of existing mining operations, Newcrest's ability to lower its cost profile and meet projected operating cost targets at its mines and the returns anticipated from new mining projects and could make certain mines or projects uneconomic.

Due to an increase in economic activity after the global financial crisis in the first half of the 2009 Fiscal Year, increased demand for most mineral commodities has been experienced over the last few years and consequently there has been significant demand for many mining and processing inputs. Recently, many input costs (particularly, labor, energy and fuel costs) in the resources sector have risen at a disproportionate rate, adversely affecting the economics of current operations and increasing the cost of Newcrest's capital expansion projects. Newcrest, like most other mining and processing operations worldwide, has faced shortages and delays in the procurement of some required parts and supplies. These market pressures have been reflected in increased costs and increased lead times for certain inputs. If this continues, Newcrest could have significant increases in capital and operating costs over the next several years in connection with the development of new projects and in sustaining existing operations.

Newcrest anticipates further capital expenditures over the next several years in connection with the development of new projects, including the Cadia East Project and the Lihir MOPU Project, expected to be completed in the second quarter of the 2013 Fiscal Year, and continued investment in the Wafi-Golpu exploration project, along with sustaining capital expenditure on remediating plant reliability issues at Lihir and additional capital expenditure at Lihir for projects that will enhance available ore sources for the mine. See "Operating and Financial Review — Liquidity and capital resources — Cash flows — Investing activities." Operating costs and costs associated with capital expenditure have escalated on an industry-wide basis over the past several years and there is no assurance that they will not continue to escalate. This may have a material adverse impact on Newcrest's costs to complete the development of the Cadia East Project and the Lihir MOPU Project, costs to develop the Wafi-Golpu exploration project or other new mines, or the timing and success of developments.

Newcrest faces risks related to the development of its mining projects that may adversely affect its results of operations and profitability.

The profitability of mining companies depends partly on the actual costs of developing and operating mines, which may differ significantly from estimates determined at the time the relevant project was approved following completion of its feasibility study. Development of mining projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating costs of the relevant project.

Exploration and mining activity is speculative in nature and requires a significant financial investment to fund the exploration drilling necessary to quantify the grades of mineralized material. If mineralization is discovered, it may take additional time and further financial investment to determine whether an Ore Reserve exists and to commission a feasibility study for the project. Newcrest's decision to develop a mineral property is typically based, in the case of an extension or in the case of a new development, on the results of a feasibility study, which estimates anticipated economic returns from the project. These estimates are based on assumptions regarding, among other things:

- future prices of gold, copper and, to a lesser extent, silver;
- future currency exchange rates;
- grades and metallurgical characteristics of ore to be mined and processed;
- the tonnage of ore to be mined and processed;
- anticipated recovery rates of gold, copper and, to a lesser extent, silver, extracted from the ore;
- anticipated capital expenditure and cash operating costs; and
- the required return on investment and Newcrest's cost and availability of capital.

Newcrest has two major development projects to deliver during the 2013 Fiscal Year, the Cadia East Project in New South Wales, Australia, and the Lihir MOPU Project in Papua New Guinea.

In addition, Newcrest has an interest in the Wafi-Golpu exploration project owned by the Wafi-Golpu unincorporated joint venture, one of the Morobe Mining Joint Ventures in which subsidiaries of Newcrest and Harmony Gold Mining Company Limited each hold a 50% interest.

There are a number of uncertainties inherent in the development and construction of a new mine or the expansion of an existing mine. In addition to those discussed above, these uncertainties include:

- timing and cost of construction of mining and processing facilities, which can be considerable;
- availability and cost of skilled labor and equipment;
- availability and cost of infrastructure, including power, water, transportation and other infrastructure, which Newcrest may have to acquire from third parties or construct itself;
- availability and cost of appropriate smelting and refining arrangements;
- government regulation and changes thereto (including regulations regarding prices, cost of consumables, royalties, duties, taxes, foreign exchange restrictions, expatriation and restrictions on production quotas for exportation);
- title and land claims;
- local community relations;
- weather events;
- political, social and economic conditions;
- obtaining the necessary mining permits, leases and licenses, and necessary environmental and other governmental permits;
- accuracy of project assumptions;
- capital costs; and
- availability of funds to finance construction and development activities, including the availability of financing for Newcrest's joint venture partners (including government interests) to fund their proportionate share of construction and development costs.

The remote location of mineral deposits, delays in obtaining mining permits, leases or licenses, and social or political opposition to mining may increase the cost, timing and complexity of mine development and construction. New mining operations could experience unexpected problems and delays during development, construction, commissioning, leading to delays to commencement of production. The global demand for mining and processing equipment may result in shortages or long lead times for the supply of such equipment. Finally, operating cost and capital expenditure estimates could fluctuate considerably over time, including as a result of changes in the prices of commodities consumed and mining equipment used in the construction and operation of mining projects.

These factors may have an adverse impact on Newcrest's ability to successfully deliver development projects or other new mines and/or the timing and success of such developments. Newcrest's future development activities may not result in the expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all. Newcrest's operating results and financial conditions are directly related to the success of its development projects. A failure of Newcrest's ability to develop and operate mining projects in accordance with, or in excess of, expectations could negatively impact its results of operations, as well as its financial condition and prospects.

See also "—Newcrest's operations are dependent on maintaining landowner and local community relations."

Newcrest is exposed to a number of operating risks and hazards inherent in the mining industry.

Newcrest is susceptible to events that may adversely impact a mining company's ability to produce gold and other metals and meet production targets. These events include, but are not limited to:

- unanticipated ground conditions, including unexpected geological formations;
- fall-of-ground events in either underground or open pit mining operations, and other industrial incidents;
- failure of, or issues in connection with, infrastructure and equipment, including water dams, waste storage, tailings storage facilities, roads, bridges and power sources;
- seismic activity;
- landslide risks;
- fire and water ingress;
- process interruptions due to asset integrity issues, power interruptions, and process water shortages;
- legal and regulatory restrictions or changes;
- shortages of principal supplies needed for mining operations, including power, explosives, fuels, chemical reagents, water, equipment parts and lubricants, plant and equipment failure;
- the inability to process certain types of ores;
- labor disputes;
- safety-related stoppages;
- interruptions and delays due to community issues;
- transportation and aviation issues;
- mining related environmental incidents, including discharge of metals, chemicals and pollutants; and
- natural phenomena, such as floods, droughts or inclement weather conditions.

A key operational risk for Newcrest is the availability of sufficient power and water supplies to support mining operations. Large amounts of power and large volumes of water are used in the extraction and processing of minerals and metals. Certain of Newcrest's properties are located in remote, undeveloped areas and the availability of infrastructure and key inputs, such as water and power, at a reasonable cost, cannot be assured. Power and water are integral requirements for exploration, development and production facilities on mineral properties. Even a temporary power or water supply interruption could adversely affect an operation. There is no guarantee that Newcrest will secure power, water and access rights to land going forward or on reasonable terms.

Seismic activity is of particular concern to mining operations. Newcrest's operations in Indonesia and Papua New Guinea are in areas known to be seismically active and are subject to risks of earthquakes and the related risks of tidal surge and tsunamis. There were a number of large seismic events close to the island of Niolam, where the Lihir operation is located, in 2000 and 2005. There was also a significant seismic event at the Hidden Valley operation in 2011, although this did not have an adverse impact on the Hidden Valley operation. Naturally occurring events, such as earthquakes, volcanic eruptions and tsunamis, are difficult to predict, and no assurance can be given that Newcrest's operations will not be adversely affected by seismic activity (including resulting tidal surge and tsunamis).

These risks could result in damage to, or destruction of, mineral properties, production facilities, equipment or other properties, personal injury or death of employees or third parties, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability. Any of these outcomes could have a material adverse effect on Newcrest's financial and operating results.

Changes in rain patterns and other climatic effects may adversely impact Newcrest's operations.

The effects of changes in rainfall patterns and intensities, water shortages and changing storm patterns have from time to time adversely impacted, and may in the future adversely impact, the cost, production levels and financial performance of Newcrest's operations. For example, Newcrest's operations at Cadia Valley and Lihir have experienced droughts, which resulted in process plant water shortages and lower processed volumes. There is no guarantee that there will be sufficient future rainfall to support Newcrest's future water demands in relation to its sites and operations, and this has and could adversely affect production or Newcrest's ability to develop or expand projects and operations in the future. In addition, there can be no assurance that Newcrest will be able to obtain alternative water sources on commercially reasonably terms or at all in the event of prolonged drought conditions.

Conversely, some of Newcrest's sites and operations have been, and may in the future be, subject from time to time to severe storms and high rainfalls leading to flooding and associated damage. This has resulted, and may result in, delays to, or loss of production and development of some of its sites, projects or operations. For example, extremely heavy rainfall at Cadia Valley, Lihir, Hidden Valley and Bonikro during the 2012 Fiscal Year resulted in landslips which prevented access to parts of the operating sites and/or inundation of open pit mining areas which continued until de-watering was completed, in each case adversely impacting on Newcrest's production. Extreme rain and flood conditions may also exceed site water diversion and storage capacity with the potential for involuntary release by way of overflow from tailings storage facilities. At Hidden Valley, following heavy rainfall in the Morobe Province of Papua New Guinea in late 2011, rainfall and runoff water accumulated on the surface of the tailings storage facility and temporary authorization was obtained from the Papua New

Guinea Department of Environment and Conservation to increase the volume of ponded water from the surface of the tailings storage facility that the Hidden Valley operation was permitted to release from the site, for a period of up to six months, subject to strict water monitoring and water quality conditions.

Newcrest's operations are affected by law and regulation.

Existing and new mining operations, development projects and exploration that Newcrest carries out in the various jurisdictions in which it operates are subject to various national and local laws, policies and regulations governing the prospecting, developing and mining of mineral deposits, taxation and royalties, import and export duties and restrictions, exchange controls, foreign investment approvals, employee and social community relations, environmental and other matters.

If Newcrest is not able to obtain or maintain necessary permits, authorizations, agreements or licenses to undertake exploration, implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal or fiscal regimes or the governing political authorities change materially, Newcrest's results of operations or financial position could be adversely affected. No guarantee can be given that the necessary permits, authorizations, agreements or licenses will be issued to Newcrest or, if they are issued, that they will be renewed, or that Newcrest will be in a position to comply with all conditions that are imposed. In addition, nearly all mining projects require government approval, and there can be no certainty that these approvals will be granted to Newcrest in a timely manner, or at all.

On July 1, 2012, an emissions trading scheme commenced operation in Australia. For the first three years of the scheme, carbon permits are sold by the Clean Energy Regulator to liable entities at a fixed price, following which the scheme will transition to a cap and trade scheme on July 1, 2015. The scheme imposes liability for direct emissions of greenhouse gases, including emissions arising in the course of mining activities. In addition, certain liquid fossil fuels, some of which are used by Newcrest in its operations (including petroleum and diesel), will also face an effective carbon price through changes to the fuel tax system.

The Clean Energy legislation, which implements these changes, will therefore increase the cost of a range of energy and emissions intensive inputs, such as electricity, natural gas and diesel, many of which are used in Newcrest's operations. Newcrest expects that this cost increase will place further upward pressure on energy and consumable costs, estimated to equate to between 1% and 3% of Newcrest's net profit after tax during the initial three-year period. The Clean Energy legislation may also make Australia a relatively less attractive site for major project developments by Newcrest in the future. See "Business Description — Regulation, health, safety, environment and community — Health, safety and environment" for more information.

Also, on July 1, 2012, the mineral resources rent tax, a tax on profits generated from the exploitation of non-renewable resources in Australia, commenced. While the mineral resources rent tax does not currently apply to the gold sector, there can be no assurance that the Australian government or any state government will not apply such tax or other extraordinary taxes to Newcrest in the future.

In May 2012, the Western Australian government announced a review of royalties in Western Australia which will occur over a three year period. While it is not yet known what, if any, changes the Western Australian government may propose to royalties payable in Western Australia, or the impact of proposed changes on the Telfer operations, there can be no assurance that the government of

Western Australian or any other jurisdiction in which Newcrest operates will not increase royalty rates or impose new royalties. In addition, the Papua New Guinea government is considering imposing royalties on the extraction of geothermal resources. At Newcrest's Lihir operation, part of the site's power requirements is met by geothermal power generation. While it is not known at this stage what, if any, regulations the Papua New Guinea government may propose in connection with geothermal royalties, or whether such royalties would apply to the Lihir operation given its operating approvals, if geothermal royalties were imposed on the Lihir operation, this could impact Newcrest's financial performance.

Newcrest is subject to the laws of several jurisdictions. Any changes to legislation, regulations or government policies, in any of those jurisdictions (including at both the federal and state level, if applicable) may have an adverse impact on Newcrest's results, operations or financial position.

Some of Newcrest's resources and reserves, deposits and mining operations are, and may in future be, located in countries that face political, economic, social, security and other risks.

Newcrest has production, development and exploration operations in Indonesia, Papua New Guinea and Côte d'Ivoire, and exploration activities in Fiji, which are developing countries that are subject to political, economic, social, security and other risks and uncertainties. These risks and uncertainties vary from country to country and include but are not limited to:

- civil rebellion;
- expropriation and/or nationalization;
- increases in equity interests in projects held by local governments, and associated risks and uncertainty regarding the ability of government interests to fund their proportionate share of project costs;
- requests from governments and other stakeholders for direct participation in mining projects and increased benefits derived from mining projects;
- land ownership disputes;
- tenement access issues or tenement disputes;
- disputes with local communities;
- local civil unrest (including demonstrations) and damage to property;
- terrorist or illegal activities;
- renegotiation or nullification of existing concessions, licenses, permits and contracts;
- restrictions on foreign exchange and repatriation;
- the occurrence of infections and diseases, such as malaria and HIV;
- unpredictable government actions concerning the economy, taxation, royalties or the operation and regulation of mining facilities; and
- the imposition of international sanctions or border closures

each of which could have a significant adverse effect on Newcrest. See also "—Newcrest's operations are dependent on maintaining landowner and local community relations."

The formulation or implementation of government policies in these countries may be unpredictable in certain areas, including laws, policies and regulations that impact Newcrest's operations. Any existing and new mining and exploration operations and projects that Newcrest carries out in these countries will continue to be subject to various national and local laws, policies and regulations governing ownership (including government ownership), prospecting, development and mining of mineral deposits, taxation and royalties, exchange controls, import and export duties and restrictions, foreign investment approvals, employee and social community relations, access, environmental and other matters.

Risks associated with governments in developing countries include the potential for nationalization of private assets without adequate compensation. There is also a risk that a new government could review decisions such as the grant of tenements. If, in one or more of these countries, Newcrest were not able to obtain or maintain necessary permits, authorizations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal, ownership, fiscal (including royalties and duties), exchange controls, employment, environmental and social laws and regimes, or the governing political authorities change materially resulting in changes to such laws and regimes, this could have a material adverse affect on Newcrest's operating results and financial condition.

Set out below are certain specific examples of how such political, economic, social and security risks may impact Newcrest's production, development and exploration operations in Papua New Guinea, Indonesia and Côte d'Ivoire, and exploration activities in Fiji.

Papua New Guinea

In Papua New Guinea, it is the current administrative practice of the State to reserve the right to purchase an equity interest of up to 30% in mining projects. The right to purchase such an interest, recorded as a condition in exploration licenses, is exercisable by the State once at any time prior to commencement of mining. If the State exercises this right, the purchase price is a pro rata share of the historical exploration costs. Once the right is exercised, the State becomes responsible for its proportionate share of ongoing exploration and project development costs. The State has indicated that it would be likely to exercise its option in connection with the Wafi-Golpu exploration project, through a nominated subsidiary of State-owned company, Petromin PNG Holdings Limited. The option has not been exercised to date. If the State chooses to take up the full 30% interest, Newcrest's interest in the Wafi-Golpu exploration project would be reduced, pro rata with Harmony, to 35%. Despite the indications from the State, it is not possible to determine whether the State will exercise the option to purchase an equity interest in the Wafi-Golpu exploration project, or, if the State does so, whether it will seek to actively participate in the management of the project or have diverging interests from those of Newcrest, each of which may impact adversely on Newcrest's interests in the Wafi-Golpu exploration project.

The past twelve months in Papua New Guinea has seen a period of significant uncertainty, following political actions which resulted in a series of legal constitutional challenges and action taken against members of the Papua New Guinea judiciary, as well as proposals for changes to the legal ownership of mineral resources. In August 2011, the Sir Michael Somare/Sam Abal-led government of Papua New Guinea was replaced by the Mr. Peter O'Neill/Belden Namah-led government by a vote of the national parliament, following the prolonged absence from parliament of Sir Michael for health reasons.

This change of government was the subject of a number of legal challenges by Sir Michael and his supporters in the Papua New Guinea courts, with successive decisions of the Supreme Court finding that the removal of the Somare government was unconstitutional. Following the first decision of the Supreme Court ordering the reinstatement of Sir Michael, the O'Neill government passed legislation which sought to reverse the effect of the decision of the Supreme Court, and otherwise validate the replacement of the Somare government. Following the second decision in favor of Sir Michael, the continuing political and constitutional crisis escalated further, with two of the judges who ruled in favor of Sir Michael being placed under arrest on allegations of judicial bias.

Despite the political and constitutional impasse, the Papua New Guinea national elections proceeded during July and August 2012 and, on the whole, were peaceful. The elections saw the return of Mr. Peter O'Neill as prime minister, with his party winning the highest numbers of seats in parliament and being invited to form a majority for government. The O'Neill/Dion government (the "New Government") comprises a coalition between Mr. Peter O'Neill's party and several other parties, including the party led by Sir Julius Chan (the Governor of New Ireland Province, in which Newcrest's Lihir operation is located) and the party led by former prime minister, Sir Michael. Mr. Belden Namah, deputy Prime Minister prior to the elections, is the leader of the opposition. For practical purposes, the election outcome has resolved the political stand-off between Mr. O'Neill and Sir Michael and provides a level of stability for the next 18 months as a vote of no confidence cannot be introduced for that period in accordance with the constitution.

The Minister for Mining under the O'Neill government prior to the elections, Mr. Byron Chan, has been reappointed as Minister for Mining under the New Government. Early in his tenure as Minister for Mining and prior to the recent elections, Mr. Chan announced proposed changes to the Mining Act of 1992 (the "Papua New Guinea Mining Act"), including that mineral ownership, currently the property of the State, would be transferred to landowners. At that time, Mr. O'Neill moved quickly to reassure the industry that there would be no rapid changes to the Papua New Guinea Mining Act, and the Mining Minister subsequently made public statements that there would be no immediate changes to the Papua New Guinea Mining Act to alter the current resource ownership. Since the election of the New Government in August 2012, the New Government has indicated that its agenda includes the reform of the Papua New Guinea Mining Act but it has not made any proposed changes public yet, although it has indicated it will establish a consultation process. There is also continuing focus on the transfer of benefits from resources (both oil and gas and minerals) to customary landowners.

More broadly, mineral ownership under the Papua New Guinea Mining Act remains a high profile social and political issue in Papua New Guinea. In the context of the Ramu Nickel mine project and the PNG LNG gas project (which are projects unrelated to Newcrest), certain landowner clans sought, through proceedings in the Papua New Guinea National Court, to question the constitutional validity of the State of Papua New Guinea's assertion of property rights in petroleum and minerals, such as the State's right to grant petroleum and mining tenements over specified customary land under petroleum and mining legislation. These proceedings, while dismissed, highlight the risk of landowners in Papua New Guinea taking action which could have a material adverse impact on mining developments and operations.

There can be no certainty as to what changes, if any, will be made to the Papua New Guinea Mining Act under the New Government. Material changes to the Papua New Guinea Mining Act may have a material adverse impact on Newcrest's ability to own or operate its respective properties and to conduct its business in Papua New Guinea.

In addition, disagreements between national and regional governments in Papua New Guinea have historically created an uncertain business environment for Newcrest and may increase its costs of business. Papua New Guinea has a system of 19 provincial level governments, most of which are funded almost entirely by direct grants from the national government. In the past, there have been disagreements between the national government and the provincial level governments of Papua New Guinea, primarily in relation to power sharing and revenue arrangements, and such disagreements may resurface in the future. These inter-government disputes could adversely affect Newcrest's operations in Papua New Guinea. In particular, the New Ireland provincial government exchanged its equity participation option in the Lihir operation with the Papua New Guinea national government for undertakings by the national government to provide an annual support grant to the New Ireland province for expenditure on infrastructure projects. A failure of the national government to fulfill these undertakings could have an adverse effect on the relationship between the national and provincial governments and this could result in the New Ireland provincial government taking steps that may have negative consequences for the Lihir operation.

Newcrest also faces environmental, legal, regulatory and community risks in Papua New Guinea. For example, with respect to the Ramu Nickel project (unrelated to Newcrest), a group of landowners brought proceedings against the developers of the Ramu Nickel mine project (in the Madang province of Papua New Guinea) and the State, seeking to permanently restrain the mine's use of deep sea tailings placement, which disposes tailings in the ocean, and which had been approved by the State. During the proceedings, the landowners obtained a temporary injunction which delayed final commissioning of the project by more than a year. In July 2011, the Court, while finding in favor of the landowners on many aspects of their claims (including the availability of a claim in nuisance), declined to grant a permanent injunction restraining deep sea tailings placement and the interim injunction was dissolved. The landowners appealed the decision not to grant a permanent injunction and the defendants (the developer and the State) cross-appealed the findings against them, including the finding that a case in nuisance had been made out. The court's decision on the appeal was handed down in December 2011, with the court rejecting the landowners' appeal and reversing a number of the elements of the first judgment, including the finding that a case in nuisance had been made out.

See "Business Description — Regulation, health, safety, environment and community — Papua New Guinea regulation" below for further information in relation to these matters.

Indonesia

In Indonesia, rights were previously granted to foreign investors to explore for and to develop mineral resources within defined areas through a "Contract of Work" entered into with the Indonesian government. Royalties and taxes are payable to the Indonesian government in connection with the Contract of Work covering the Gosowong operation (the "Gosowong Contract of Work"). See "Business Description — Mining operations — Gosowong". Under the transitional provisions of the new mining law which commenced in 2009 (the "New Mining Law"), such Contracts of Work will remain valid until the expiry of the contract, being 2029 in the case of the Gosowong Contract of Work. The transitional provisions of the New Mining Law specify that existing contracts must be "adjusted". The respective parties to the Gosowong Contract of Work have entered into discussions under the consultative provisions of the contract to consider whether any of its terms require revision by agreement. It is not possible to predict what adjustments, if any, may be made to royalty rates and fiscal or other terms.

The New Mining Law requires holders of mining business permits and special mining business permits whose shares are owned by foreign parties to divest a portion of their shares to the central government, regional governments, state owned enterprises, region owned enterprises or national companies ("Indonesian Participants"). Until recently, implementing regulations of the New Mining Law required that a minimum 20% shareholding be divested to Indonesian Participants after five years of production. However, the government has recently issued an amendment to such implementing regulations requiring that a minimum 51% shareholding be progressively divested to Indonesian Participants after five years of production, with at least 20% divested in the sixth year; 30% in the seventh year; 37% in the eighth year; 44% in the ninth year; and 51% in the tenth year.

These divestment requirements do not automatically apply to Contract of Work holders, such as PTNHM, which owns and operates the Gosowong mine. The issue of divestment may be raised in the negotiations referred to above in relation to PTNHM's Contract of Work and any change to the existing divestment requirements in PTNHM's Contract of Work would need to be agreed by PTNHM. If the Indonesian government seeks to impose any new divestment requirements in respect of PTNHM, it could adversely affect Newcrest.

Furthermore, Indonesia has historically experienced economic, political and social instability, including a process of democratic change since its independence in 1945 that has resulted in changes in national leadership, the secession of East Timor (one of its former provinces) and subsequent periods of political instability; the Asian economic financial crisis that was characterized in Indonesia by devaluations of its currency and high interest rates; and outbreaks of political and religious violence and acts of terrorism, each of which has resulted in social unrest and changes in government policy, such as fuel subsidy reductions, privatizations of state assets, anti-corruption measures, decentralization and provincial autonomy and increases in tariffs. These factors heighten the risk of abrupt changes in the national policy toward foreign investors and foreign companies operating in Indonesia, including Newcrest, which could result in government actions, including unilateral modification of concessions or contracts, increased taxation, changes to foreign ownership and investment requirements, denial of permits or permit renewals or expropriation of assets or increased costs through changes in policy and the imposition of foreign exchange control restrictions, which may have a material adverse effect on Newcrest's operations. For example, Bank Indonesia, being the central bank of Indonesia, has issued regulations requiring exporters (including PTNHM) receiving export proceeds and debtors receiving offshore loans (in a foreign currency) to receive or deposit the proceeds in a domestic bank (including a branch office of a foreign bank) in Indonesia. There is no requirement at this stage for the funds to remain in Indonesia for any specified length of time. However, no assurance can be given that further restriction on the repatriation of funds may not be imposed. If such restrictions were imposed, this may have a material adverse impact on Newcrest's financial performance.

Also in Indonesia, there is a risk that changes in the forestry laws and/or policies (for example the recent two year primary forest moratorium), and how they are applied and administered by the government, could have a material adverse impact on Gosowong's operations by causing permitting delays or restricting accessible areas.

See "Business Description — Regulation, health, safety, environment and community — Indonesian regulation" below for further information in relation to these matters.

Côte d'Ivoire

Following the civil unrest resulting from the presidential election held in November 2010, operational disruptions were experienced at Newcrest's Bonikro gold mine. See "Business Description — Mining operations — Bonikro gold mine" below for further information. Sanctions imposed by the United States in 2006 to block the property of persons contributing to political or social unrest in Côte d'Ivoire, which are administered by the US Treasury Department's Office of Foreign Assets Control ("OFAC"), are still in force. The United Nations Security Council has also imposed targeted sanctions against persons associated with the former government and has recently adopted a resolution extending the 2004 arms embargo and the ban on the export of rough diamonds until April 30, 2013. These UN sanctions have been incorporated into the domestic laws of numerous UN states, including Australia. More recently, Côte d'Ivoire has regained some political and social stability since parliamentary elections were held in February 2012 and the parliament has commenced activities in April 2012. While no expropriation from, or damage to, the Bonikro gold mine occurred as a result of the civil unrest in November 2010, and the mine returned to full operation, international sanctions remain in place and the process of restoring law and order, national reconciliation and economic recovery continues and there can be no assurance that civil unrest will not erupt again or that further international sanctions will not adversely affect the Bonikro gold mine and Newcrest's exploration activities in Côte d'Ivoire.

The new government in Côte d'Ivoire is in the process of considering the introduction of a new mining code and reviewing existing exploitation and exploration permits to check that current title holders have complied with their obligations and to prevent the freezing of minerals deposits. It is not possible to predict at this stage what the new mining code will include and the effect it will have on Newcrest's exploitation and exploration rights in Côte d'Ivoire. The government of Cote d'Ivoire is considering imposing an additional profits tax on gold mining companies. Newcrest understands that the rate of this tax will vary depending on the prevailing gold price. This tax should not apply to Newcrest without its consent, as the Mining Convention with the state of Côte d'Ivoire provides that Newcrest should not be penalized by any change in legislation resulting in an increase in its tax, financial and customs expenses and that, in the event of a change to the laws and/or regulations significantly altering the project economics, the state of Côte d'Ivoire and Newcrest will seek in good faith to reach an agreement to modify the Mining Convention. However, there can be no assurance that the state of Côte d'Ivoire will not seek to apply such tax or other extraordinary taxes to Newcrest.

See "Business Description — Regulation, health, safety, environment and community — Côte d'Ivoire regulation" below for further information in relation to these matters.

Fiji

Fiji has a history of political change and is currently subject to significant economic, social and political reform. Following a military coup in 2006, the elected national government was removed and parliament suspended. A subsequent decision by the Fiji Court of Appeal in April 2009 declared the coup illegal: this resulted in a constitutional crisis and ongoing political uncertainty. A process has been established for the formulation of a new constitution and electoral reform is currently underway, with general elections planned to be held in 2014. However, Fiji may experience further political change. Any political and constitutional instability in Fiji could have a material adverse effect on Newcrest's ability to continue its exploration activities at Namosi. Furthermore, the outcome of such elections is uncertain and may also result in changes of law which could adversely affect Newcrest's ability to operate in Fiji (for example, it could impact tenements and approvals, alter taxation arrangements, such as the recent introduction of a 10% capital gains tax, affect the enforceability of legal rights or nationalize private assets with or without adequate compensation).

See "Business Description — Regulation, health, safety, environment and community — Fiji regulation" below for further information in relation to these matters.

Newcrest's operations are dependent on maintaining landowner and local community relations.

Newcrest's relationship with the communities in which it operates is critical to ensuring the success of its existing operations and the construction and development of its projects. The location of existing and proposed mining operations often coincides with the location of existing towns and villages, natural water courses and other infrastructure. Mining operators are typically required under local legislation to enter into various agreements with local communities regarding agreed levels of compensation for any adverse impact the mining operations may have on such communities and to ensure developmental outcomes, supplemented by regular stakeholder engagement and consultation, are implemented. Management of relationships with local communities remains a key focus for Newcrest because of the potential impact that community discontent may have on continuing operations, project development and exploration activities. For example, at the Lihir operation, in late August 2012, a dispute with a landowner representative group resulted in the suspension of mining and production activities for two days. Similarly, at Namosi in Fiji, landowner concerns regarding environmental issues associated with historical exploration activity resulted in the suspension of exploration activities pending resolution of landowner concerns. Following the successful implementation of an agreed accelerated rehabilitation program, the Fiji government has advised that exploration activities can recommence with an anticipated start date in October 2012.

In Papua New Guinea, land is available for mineral exploration and extraction under the Papua New Guinea Mining Act, subject to compensation arrangements being made with the customary owners, who own approximately 97% of the land in Papua New Guinea. Customary ownership is often not formally recorded and must generally be determined by genealogical enquiries and social mapping. As a result, determining the correct owners is a difficult task and, where there is a mining project involved, often remains a subject of dispute for many years. For example, in relation to Wafi-Golpu, there has been an ongoing dispute for more than 15 years between landowner groups regarding the respective proportionate interests in land within the area of the Wafi-Golpu exploration project. See "Business Description — Regulation, health, safety, environment and community — Papua New Guinea regulation" below for further information.

The compensation agreements in place with customary landowners in relation to Newcrest's Papua New Guinea operations are subject to periodic review, with the compensation agreement for the Lihir operation currently under review and the compensation agreement for the Hidden Valley operation scheduled for review in the 2013 Fiscal Year. See "Business Description — Regulation, health, safety, environment and community — Community" below for further information. There can be no assurance that disputes will not arise with the customary landowners in connection with these negotiations, which, if prolonged, could lead to disruptions to Newcrest's projects and operations while Newcrest is negotiating these arrangements.

Each of Newcrest's operations has a community development program based on site-specific community agreements and commitments with local communities at all of its operating sites, other than at Bonikro in Côte d'Ivoire which delivers a program based on community and government concerns. Any failure to adequately manage community and social expectations may lead to local dissatisfaction, which in turn may lead to disruptions of Newcrest's projects and operations, including through land blockades. Contributing factors may include concerns or disputes over royalty and compensation arrangements, employment and business opportunities. These may result in unfavorable community standing which can also lead to civil unrest, government intervention and potentially loss of a license to operate.

In addition, there is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities which may result in unfavorable community standing and have a reputational impact on Newcrest. For example, in February 2012, following a period of heavy rainfall in the Morobe Province of Papua New Guinea, where the Hidden Valley operation is located, villagers located some 160 kilometers from the Hidden Valley operation reported a number of dead fish in the Markham River. An investigation conducted by environmental officers at the Hidden Valley operation found no evidence to link the fish deaths to the Hidden Valley operation, and a subsequent inspection by the Papua New Guinea Department of Environment and Conservation and independent study found that, while the cause of death was unknown, there was no identified link to the Hidden Valley operation and the cause of death was suspected to be natural causes. Notwithstanding this, media reports and certain non-governmental organizations ("NGOs") sought to link the fish deaths to the Hidden Valley operation.

Certain NGOs, including increasingly international NGO and ethical investment advisory bodies and other similar institutions, are vocal critics of the mining industry and its practices, including in relation to the use of cyanide (which is used by Newcrest in gold processing at some of Newcrest's operating sites), and other hazardous substances in processing activities, and the use of deep sea tailings placement (which is used by Newcrest at the Lihir operation). See the discussion of production processes and metallurgy and environmental matters, as applicable, for Newcrest's Lihir, Telfer, Gosowong and Hidden Valley operations under "Business Description — Mining operations" below. Adverse publicity generated by such NGOs or others relating to extractive industries generally, or Newcrest's operations specifically, could have an adverse effect on Newcrest's reputation or financial condition and may impact its relationship with the communities in which it operates. No assurance can be provided that incidents will not arise that generate community concern, which may cause operational disruptions until they are resolved.

Gold and copper mining companies are subject to extensive environmental laws and regulations.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products, and Newcrest's operations are subject to extensive environmental laws and regulations in the various jurisdictions in which it operates.

Environmental laws and regulations require significant expenditures for environmental protection equipment, compliance and land rehabilitation requirements. Newcrest is required to close its operations and rehabilitate the lands that it mines in accordance with applicable environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs are based principally on current legal and regulatory requirements and actual costs may vary materially. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations, which could have an adverse effect on Newcrest's financial condition. In August 2012, the government of Western Australia, where Newcrest's Telfer mines are located, introduced legislation in parliament to implement a mine rehabilitation levy. If the legislation is passed, most mining tenement holders in Western Australia will pay an annual levy, calculated as a fixed rate (yet to be determined) per hectare of land disturbed, in the State-wide fund which will be held by the State to apply to mine rehabilitation costs where the government determines to intervene. If the legislation is passed, it is proposed that the levy will apply from July 1, 2013. Other than in limited circumstances, it is expected that the levy will replace the requirement to have unconditional performance bonds for future mine closure liabilities, but will not limit a developer's responsibility for mine closure and rehabilitation.

In addition, Newcrest's operations may create a risk of exposure to hazardous materials. Newcrest uses hazardous materials (for example, cyanide) and generates waste product that must be disposed in a manner that must comply with environmental laws and regulations. Mining operations can also impact flows and water quality in surface and ground water bodies and remedial measures may be required to prevent or minimize such impacts. The management of run-off water and the potential impacts of acid metaliforous drainage is an important part of developing and operating mines, so as to mitigate the risk of entrained contaminants and sediment being disbursed into the receiving environment including rivers and ground water reservoirs. This is particularly relevant in areas where high rainfall and high levels of groundwater are present, such as is the case in the Morobe Province of Papua New Guinea, where the Hidden Valley operation and the Wafi-Golpu exploration project are located.

Most mining licensing and permitting regimes typically require the preparation of an environmental impact statement prior to the granting of a mining tenement that describes the nature and extent of physical and social environmental impacts which are likely to result from the development of a proposed project, including with respect to alienation of land used by local communities due to the construction and development of a project, air emissions, wastewater storage, discharges to land and water, and the generation, handling, treatment and disposal of waste materials (including tailings and hazardous or toxic materials). The occurrence of an environmental incident has the potential to cause significant adverse reactions in the local community, which may impact Newcrest's reputation, result in additional costs to Newcrest, lead to disruptions of Newcrest's operations and projects or lead to regulatory action, which may include financial penalties.

In addition, environmental laws and regulations are continually changing. A number of governments or governmental bodies have introduced or are contemplating regulatory change in response to the potential impacts of climate change, including mandatory renewable energy targets or potential carbon trading or carbon tax regimes. See "— Newcrest's operations are affected by law and regulation" above for information on the Clean Energy legislation recently introduced in Australia.

If Newcrest's environmental compliance obligations were to change as a result of changes in the laws and regulations, or if unanticipated environmental conditions were to arise at any of Newcrest's projects or developments, its expenses and provisions may increase, and its production may decrease, to reflect these changes. If material, this could adversely affect Newcrest's results of operations and financial condition.

Newcrest faces uncertainty and risk in its exploration, feasibility studies and other project evaluation activities.

Newcrest's ability to sustain or increase its current level of production in the longer term is in part dependent on the success of its exploration activities in replacing gold and copper reserves depleted by production, the development of new projects and the expansion of existing mining operations.

Exploration activities are speculative in nature. These activities often require substantial expenditure on exploration drilling to establish the presence, extent and grade (metal content) of mineralized material. Newcrest undertakes feasibility studies to assess the technical and economic viability of mining projects and to determine appropriate mining methods and metallurgical recovery processes.

Once mineralization is discovered it may take several years to determine whether adequate Ore Reserves exist, during which time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including:

- future prices of metals and other commodities;
- future foreign currency exchange rates;
- required return on investment as based on the cost and availability of capital; and
- future cost of extraction, including development and ongoing operation.

Feasibility studies also include activities to estimate anticipated:

- grades and metallurgical characteristics of the ore to be mined and processed;
- recovery rates of gold and copper from the ore; and
- capital expenditure and cash operating costs.

These estimates depend on assumptions made on the basis of available data which is usually limited. Ore Reserve estimates are not precise calculations and depend on the interpretation of limited information on the location, shape, continuity and metal concentration of the mineral occurrence and on the available sampling results. Further exploration and feasibility studies can result in new data becoming available that may change previous Ore Reserve estimates which will impact the technical and economic viability of production from the project. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Ore Reserves resulting in revisions to previous Ore Reserve estimates. These revisions could impact depreciation and amortization rates, asset-carrying values, provisions for close-down, restoration and environmental clean-up costs. In addition, Newcrest may need to acquire expertise in areas of extraction that it currently does not have, which may be costly and take time to acquire.

As a result of these uncertainties, exploration by Newcrest may not result in it being able to maintain or increase its Ore Reserves, which could negatively impact its results of operations, as well as its financial condition and prospects.

The estimated amount of Newcrest's Ore Reserves may not be recoverable in full.

Mineral Resource and Ore Reserve estimates are necessarily imprecise and involve subjective judgments regarding the grade distribution of mineralization and the ability to economically extract and process the mineralization, including regulatory permission, future commodity prices, operating costs, transport costs, capital expenditures and royalties and other costs. Such estimates also depend to some extent on statistical analysis, which may subsequently prove unreliable or flawed. Should Newcrest encounter mineralization or geological or mining conditions at any of its mines or development projects materially different from those estimated or predicted from historical drilling, sampling and similar examinations, mining plans may have to be altered and gold or copper recovered from identifiable reserves areas and revenues and expenditures with respect to Newcrest's reserves may vary materially from estimates in each case in a way that might adversely affect Newcrest's operations and reduce its Ore Reserves.

Newcrest undertakes annual updates to its Ore Reserve and Mineral Resource estimates based upon actual resource definition drilling and production results, depletion, new information on geology and historical production data, economic assumptions and operating and other costs. These factors may result in reductions in the Ore Reserve estimates, which could adversely affect the life-of-mine plans and, consequently, the total value of Newcrest's mining asset base. Ore Reserve restatements could negatively affect Newcrest's results of operations, as well as its financial condition and prospects.

The JORC Code differs in several significant respects from SEC Industry Guide 7, which governs disclosures of reserves in registration statements and reports filed with the SEC. SEC Industry Guide 7 does not recognize the classification referred to as "Mineral Resources" in the JORC Code. As a result, SEC registrants are permitted only to report proven and probable reserves, and not resources. Furthermore, while Newcrest can declare Proved Ore Reserves and Probable Ore Reserves under the JORC Code, Newcrest may not be permitted to declare Proved Ore Reserves and Probable Ore Reserves under SEC Industry Guide 7. Before a mineral deposit can be classified as a reserve under SEC Industry Guide 7, it must be demonstrated to be capable of being technically, legally and economically extracted. In addition, SEC Industry Guide 7 requires a feasibility study in order for an undeveloped mineral deposit to be classified as a reserve. Accordingly, if Newcrest was preparing this offering memorandum in accordance with SEC Industry Guide 7, it would not be permitted to report any Mineral Resources, and the amount of Ore Reserves it has estimated may be lower.

No assurance can be given that the Ore Reserves or Mineral Resources presented in this offering memorandum will be recovered at the quality or yield presented or that downgrades of reserves and resources will not occur and there is no assurance that Measured and Indicated Resource estimates are capable of being directly reclassified as Ore Reserves under the JORC Code. The inclusion of resource estimates should not be regarded as a representation that these amounts can be economically exploited and investors are cautioned not to place reliance on resource estimates, particularly Inferred Mineral Resource estimates. For a further discussion of these considerations, see "Reserves and Resources" and "Cautionary Note Regarding Reserves and Resources."

In addition, in late 2011, the ASX and JORC separately commenced a review of reserves, resources and exploration results disclosure rules for mining and oil and gas companies, and a related consultation process. On September 18, 2012, following extensive consultation with interested parties, the ASX released a further consultation paper setting forth draft ASX Listing Rules and Guidance Notes for Enhanced Disclosure. Concurrently with the release of the ASX consultation paper, the JORC released an exposure draft of amendments to the JORC Code. Submissions on the draft ASX

Listing Rules and JORC Code may be made to the ASX and the JORC by October 26, 2012. The ASX is currently proposing a 12 month transition period for companies to comply with the new reporting requirements once they become operative. The implementation of the proposed changes will affect the form and level of detail required when Newcrest reports its Ore Reserves, Mineral Resources and Exploration Results. See "Cautionary Note Regarding Reserves and Resources" for further information on the proposed changes. If material changes are made to the requirements for reporting of Mineral Resources and Ore Reserves in the JORC Code, this may result in Newcrest being unable to report all of its Ore Reserves and/or Mineral Resources as presented in this offering memorandum.

Newcrest competes with other mining companies for projects to replace reserves.

The increased demand for gold and other commodities, combined with a declining rate of discovery of new gold deposits has, in recent years, resulted in accelerated depletion of existing Ore Reserves across the global gold sector. Newcrest therefore faces intense competition for the acquisition of attractive exploration and mining properties to replace its reserves. From time to time, Newcrest evaluates the acquisition of mineral deposits, exploration or development properties and operating mines, either as stand-alone assets or as part of companies. Newcrest's decision to acquire these properties has been, and will be, based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent of mineralization and Ore Reserves, cash and other operating costs, gold prices, projected economic returns and evaluations of existing or potential liabilities associated with the relevant property and its operations and how these factors may change in future. Other than historical operating results, these factors are uncertain and could have an impact on revenue, cash and other operating costs, as well as the process used to estimate Ore Reserves. As a result of this competition, exploration and acquisitions by Newcrest may not result in it being able to maintain or increase its Ore Reserves, which could negatively impact its results of operations, as well as its financial condition and prospects.

Newcrest faces geotechnical, geothermal and hydrological challenges, which could adversely impact Newcrest's production and profitability.

Newcrest and the mining industry face continued geotechnical challenges, in particular due to the trend toward mining deeper pits, more complex deposits and the use of underground block and panel caving methods. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical instability and hydrological impacts. As Newcrest's operations are maturing, the open pits at its sites are getting deeper and Newcrest is pursuing mining of significant underground deposits and may experience geotechnical failures at some of its mines.

There are a number of risks and uncertainties associated with the block caving and panel caving mining methods, including that a deposit may not cave as anticipated, the wide spans needed give rise to a risk of unplanned ground movement due to changes in stresses in the surrounding rock and the risk of unplanned release of material and/or water through drawbells and ventilation shafts. Block caving is used to mine Ridgeway Deeps and Newcrest is also using the panel caving mining method at Cadia East.

In addition, the success of Newcrest at some of its operations, including the Lihir operation, depends, in part, upon the implementation of Newcrest's engineering solutions to particular hydrological and geothermal conditions. Significant removal of both groundwater and sea water inflow and geothermal control is required before and during mining. A failure to resolve any unexpected problems relating to these conditions at a commercially reasonable cost could adversely affect the economics, safety or feasibility of Newcrest's operations.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions will not occur in the future or that such events will be detected in advance. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, injury or death of employees or third parties, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause one or more of Newcrest's projects or operations to be less profitable than currently anticipated and could result in a material adverse effect on its results of operations and financial position.

Newcrest relies on contractors to conduct aspects of its operations and projects and is exposed to risks related to their activities.

Some aspects of Newcrest's operations and construction projects are conducted by contractors. As a result, Newcrest's operations are subject to a number of risks, some of which are outside its control, including:

- negotiating agreements with contractors on acceptable terms;
- reduced control over those aspects of operations which are the responsibility of contractors;
- failure of contractors to perform under their agreements, including failure to comply with safety systems and standards;
- failure of contractors to comply with applicable legal and regulatory requirements; and
- problems with contractors in connection with management of their workforce, labor unrest or other employment issues.

In addition, Newcrest may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could adversely affect Newcrest's results of operations and financial position.

Newcrest may be unable to generate sufficient operating earnings or raise additional capital to meet ongoing operating or capital expenditure requirements.

Newcrest's operating cash flows may not be sufficient to fund its operations and capital expenditure, and Newcrest may from time to time be required to draw down under its available debt facilities. To the extent that Newcrest's operating cash flows and credit facilities are insufficient to meet its requirements for ongoing operations and essential capital expenditure requirements, Newcrest may need to seek to fund these requirements through asset divestitures, further equity or debt issues or additional bank debt, or it may need to defer capital expenditure. Newcrest's ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, future gold and copper prices, its operational performance and its cash flow and debt position at the time, among other factors. In these circumstances, if Newcrest is unable to obtain additional financing on acceptable terms or at all, its financial condition and ability to continue operating may be adversely affected.

Newcrest has significant joint venture arrangements and may experience disputes or difficulties with its joint venture partners.

Newcrest has the following material joint venture interests through its subsidiaries:

- a 50% interest in the Morobe Mining Joint Ventures, comprising the Hidden Valley mine unincorporated joint venture, which holds the Hidden Valley operation in Papua New Guinea, the Wafi-Golpu unincorporated joint venture, which holds the Wafi-Golpu exploration project and related exploration tenements in Papua New Guinea, and the Morobe exploration unincorporated joint venture, which holds a portfolio of exploration tenements in the Morobe Province in Papua New Guinea. The other 50% interest in each of the Morobe Mining Joint Ventures is held by subsidiaries of Harmony Gold Mining Company Limited;

- an 82.5% interest in PTNHM, which is an incorporated joint venture company that operates the Gosowong operations in Indonesia. PT Aneka Tambang holds the remaining 17.5% interest;

- an 89.89% interest in LGL Mines CI SA, which is an incorporated joint venture company that owns and operates the Bonikro gold mine. The government of Côte d'Ivoire has a 10% interest and the remaining interest is held by a minority shareholder;

- a 69.94% interest in the Namosi unincorporated joint venture, which is a project to explore for porphyry copper-gold and epithermal style gold mineralization in the Namosi region of Fiji. The remaining interests are held by a subsidiary of Mitsubishi Materials Corporation and Nittetsu Mining Co. Ltd; and

- certain joint venture interests in exploration joint ventures, including a 70% interest in the Tandai exploration project in Sumatra, Indonesia, and a 64.8% interest in the Manus Island exploration project in Papua New Guinea.

Newcrest's interest in these properties is subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on Newcrest's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on Newcrest's future cash flows, earnings, results of operations, financial condition and prospects: (i) disagreement with joint venture partners on how to develop and operate the mines or projects efficiently; (ii) inability of joint venture partners to meet their obligations, including funding for capital expenditure, to the joint venture or third parties; (iii) litigation between joint venture partners regarding joint venture matters; and (iv) the particular risks associated with joint ventures where a sovereign State holds an interest, including the extent to which the State intends to engage in project decision making and the ability of the State to fund its proportionate share of project costs.

Newcrest may experience problems in identifying, financing and managing new acquisitions and integrating them with its existing operations.

Acquiring mining operations involves a number of risks, including:

- the ability to identify appropriate assets for acquisition or to negotiate acquisitions on favorable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining financial and strategic focus while integrating the acquired business;
- adequately addressing any pre-existing liabilities or claims involving the acquired businesses;
- unexpected increases in costs;
- historical underinvestment in sustaining capital expenditure;
- local requirements regarding the acquisition of mining interests (including foreign investment controls); and
- the ability to successfully integrate the acquired business, including by implementing uniform standards, controls, procedures and policies.

Business combinations and acquisitions entail a number of risks including the effective integration of acquisitions to realize synergies, significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities, including unforeseen plant and equipment reliability issues. Newcrest may also be liable for the acts or omissions of predecessors or otherwise be exposed to liabilities it has assumed that are unforeseen or greater than anticipated.

Newcrest's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any of such acquisitions could have a material adverse effect on its business, operating results and financial condition.

Gold and copper mining operations are subject to extensive health and safety laws and regulations.

Newcrest's mining operations are subject to a variety of general workplace and industry-specific health and safety laws and regulations. Changes in these laws and regulations could result in material additional expenditure or material interruption to Newcrest's operations or production, including as a result of any temporary failure to comply with applicable regulations, which could adversely affect Newcrest's results of operations and financial condition. Failure to comply with health and safety laws and regulations could result in enforcement action which, if successfully prosecuted, could result in monetary penalties or suspension or closure of Newcrest's operations. In addition, Newcrest's reputation as a responsible company and employer could be damaged by any significant governmental investigation or enforcement of health and safety requirements. Any of these factors could have a material adverse effect on Newcrest's results of operations and financial condition.

Newcrest's operations are dependent on it maintaining good title to its mineral properties.

While Newcrest has investigated title to all of its mineral properties and believes title to all of its properties is in good standing, the properties may be subject to prior unregistered agreements or transfers, and title may be revoked, expropriated, subject to legal dispute, significantly altered to Newcrest's detriment or affected by undetected defects. There may be valid challenges to the title of Newcrest's properties, which, if successful, could impair development or operations. Newcrest cannot give any assurance that title to its properties will not be challenged. In addition, mining and exploration tenure is subject to renewal. There can be no certainty that renewals will be granted, including in a timely manner. For example, the Wafi-Golpu unincorporated joint venture parties have experienced unexpected delays in receiving confirmation of renewal of exploration licenses for the Wafi-Golpu exploration project. Similarly, there can be no assurance that Newcrest will be able to successfully convert exploration tenure into mining tenure to support future mining operations. The failure to secure renewal of mining and/ or exploration tenure, or to successfully convert exploration tenure into mining tenure, could have an adverse impact on Newcrest's ability to successfully maintain its exploration and mining interests and deliver development projects. See "Business Description — Development projects — Wafi-Golpu," "Business Description — Regulation, health, safety, environment and community" and "Business Description — Legal and regulatory matters" below for further information on these matters.

Although Newcrest to date has been able to negotiate commercially reasonable and acceptable arrangements with native title claimants or land owners where it operates, there can be no assurance that claims will not be lodged in the future, including upon expiry of current mining leases, which may impact Newcrest's ability to effectively operate in relevant geographic areas.

Newcrest competes with mining and other companies for key human resources.

Newcrest competes with mining and other companies to attract and retain key executives and other employees and third party contractors with appropriate technical skills and managerial experience necessary to continue to operate its business. The hiring and retention of staff, particularly in certain key mining disciplines, is challenging in the regions in which Newcrest conducts its operations due to the relatively strong resources employment market and competition for skilled employees and contractors. This has resulted in some shortages in certain core mining disciplines, including mining engineering and geology. There can be no assurance that Newcrest will be able to attract and retain skilled and experienced employees and, should Newcrest lose any of its key personnel or fail to attract qualified personnel, its business may be harmed and its results of operations and its financial condition could be adversely affected.

Newcrest's operations are subject to industrial relations risks.

Newcrest may be impacted by industrial relations issues in connection with its employees and the employees of contractors and suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints, claims of unfair practices or other industrial activity. Any such activity could cause production delays, increased labor costs and adversely impact Newcrest's ability to deliver on production forecasts. As a result, operating results may be materially adversely affected.

At the Cadia Valley operations and the Telfer mines, negotiations are underway to replace the existing employee collective agreements which were put in place in 2007 for a nominal five year term. In the event that new agreements cannot be reached prior to the nominal expiry of the existing arrangements, under Australian legislation, employees may seek to take protected industrial action. If protected industrial action is taken, Newcrest's business and operating results could be adversely affected.

The occurrence of events for which Newcrest is not insured or for which its insurance is inadequate may adversely affect its cash flows and overall profitability.

Newcrest maintains a comprehensive insurance program, including policies for property damage and business interruption designed to protect it against events which could have a significant adverse effect on its operations and profitability. The insurance policies carry deductibles and limits which apply in the event of a claim which may lead to Newcrest not recovering the full monetary impact of an insured event.

Newcrest's insurances do not cover all potential risks associated with its business. Newcrest may elect not to insure, or to self-insure against certain risks, where the premiums associated with insuring against those risks are considered to be excessive or for various other reasons, including an assessment that the risks are remote. The occurrence of events for which it is not insured may adversely affect Newcrest's cash flows and overall profitability.

Risks relating to the Notes

The Issuer is a finance subsidiary with no independent assets and operations except for the loans it makes to other members of the Newcrest Group. Therefore, the Issuer is dependent upon loan repayments to be able to make payments under the Notes.

The Issuer, Newcrest Finance Pty Limited, is a wholly-owned finance subsidiary of Newcrest Mining Limited. The assets of the Issuer consist principally of loans made to other members of the Newcrest Group. Therefore, the Issuer is dependent on loan repayments or intercompany transfers of funds it receives from such entities in order to meet its obligations under the Notes.

Since the Parent Guarantor conducts its operations through subsidiaries, your right to receive payments on the Guarantee of the Parent Guarantor is dependent on the payment of dividends, interest payments on intercompany loans or other intercompany transfers to the Parent Guarantor from its respective subsidiaries.

Newcrest Mining Limited is a holding company and substantially all of its operations are carried on through its subsidiaries. Its principal source of income is dividends and interest on intercompany loans it makes to its subsidiaries and other intercompany transfers, and its ability to meet its financial obligations is dependent on the level of dividends, loan repayments and other intercompany transfers of funds it receives from its subsidiaries. In addition, the ability of the directors of a subsidiary of Newcrest Mining Limited to declare dividends or the amount of dividends they may pay will depend on that subsidiary's operating results and will be subject to applicable laws which may limit such payments.

Claims of creditors of such subsidiaries generally have priority to the assets of such subsidiaries over the claims of Newcrest Mining Limited as shareholder in such subsidiaries. Consequently, the claims of the holders of the Notes guaranteed by Newcrest Mining Limited are structurally subordinated, in the event of the insolvency of Newcrest Mining Limited, to the claims of the creditors of their respective subsidiaries which are not guarantors (other than to the extent Newcrest Mining Limited is itself a creditor of such subsidiaries).

Your right to receive payment under the Notes will effectively rank behind the creditors of our subsidiaries not guaranteeing the Notes.

In addition to the Parent Guarantor, only the Subsidiary Guarantors will initially guarantee the Notes. The provisions in the Indentures which will govern the Notes permit the Guarantee of a Guarantor to be released if such Guarantor ceases to be a guarantor in relation to certain other indebtedness of the Newcrest Group. In addition, the provisions of the Indentures which will govern the Notes permit Newcrest's non-Guarantor subsidiaries to incur indebtedness without having to provide guarantees on the Notes. Consistent with the terms under 2009 Newcrest's US Dollar Bilateral Loan Facilities, under the New US Dollar Bilateral Loan Facilities, project subsidiaries (as defined therein) may incur limited recourse debt or non-recourse debt, which debt may be secured against such subsidiaries' assets or its equity, with respect to a new project or development. It is possible that the subsidiary that holds Newcrest's investment in any exploration and development project may, in the future, be designated as a project subsidiary. Such project subsidiaries, which would also become Project Subsidiaries (as defined herein) under the Existing Notes and the Notes, would not be required to provide guarantees under the New US Dollar Bilateral Loan Facilities or the Notes, and would not be required to become undertaking subsidiaries (if relevant) under the Notes. A Guarantor under the Notes is not able to be designated as a Project Subsidiary unless the Guarantee provided by such Guarantor is able to be, and is, released in accordance with the terms of the Indenture. As of June 30, 2012, Newcrest's subsidiaries that do not guarantee the Notes had total indebtedness of US$0.8 million (excluding indebtedness owing to other Group members), which represented less than 1% of Newcrest's consolidated total finance debt. In the event that any of Newcrest's non-Guarantor subsidiaries become insolvent, liquidate, reorganize, dissolve or otherwise wind up, the assets of that non-Guarantor subsidiary will be used first to satisfy the claims of its creditors. Consequently, claims of the holders of Notes will be structurally subordinated to all of the claims of the creditors of such non-guarantor subsidiary other than intercompany claims of the Issuer or any Guarantor.

For more detail about our funding structure, see "Operating and Financial Review — Liquidity and capital resources."

As the Notes and the Guarantees are unsecured, your right to receive payment may be adversely affected.

The Notes and the Guarantees will be unsecured. As of June 30, 2012, the Issuer and the Guarantors had A$3 million of secured indebtedness. The terms of the Notes, as well as the terms of Newcrest's other indebtedness, permit Newcrest to incur significant amounts of secured debt without equally and ratably securing the Notes. To the extent that the Issuer or the Guarantors have granted or in the future grant security interests over their assets, the secured lenders will be entitled to exercise the remedies available to them under applicable laws. Depending on the relevant circumstances and applicable laws, if the Issuer or the Guarantors default on any secured obligations, or after the bankruptcy, liquidation or reorganization of any of them, then any assets that are secured may be used to satisfy the obligations under that secured indebtedness before payment on the Notes or the Guarantees can be made. In such case, there may only be limited assets available to make payments on the Notes or the Guarantees in the event of an acceleration of the Notes. There can be no assurance that there will be sufficient assets to pay amounts due on the Notes or the Guarantees. As a result, you may receive less ratably than any secured lenders of the Issuer or the Guarantors. If there is not enough collateral to satisfy the obligations of the secured indebtedness, then, subject to the provisions of applicable laws, the amounts remaining unpaid on the secured indebtedness would share equally with all unsubordinated unsecured indebtedness.

Your right to receive payments on the Notes or the Guarantees may be adversely affected by laws relating to creditors' rights, fraudulent conveyance, Australian, Papua New Guinea and Singapore insolvency laws and similar laws.

The Issuer and each of the Guarantors are organized under the laws of the Commonwealth of Australia, Papua New Guinea or Singapore, as the case may be, and therefore insolvency proceedings with respect to them would be likely to proceed under, and be governed by, Australian, Papua New Guinea or Singapore insolvency laws, as applicable. The procedural and substantive provisions of Australian, Papua New Guinea and Singapore insolvency laws afford debtors and unsecured creditors virtually no protection from the claims of secured creditors. It will generally not be possible for the Guarantors, the Issuer or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them, except that under Singapore law an application for judicial management operates as an automatic moratorium on all legal proceedings and secured creditors may not enforce their security against a company unless the court allows it. As of June 30, 2012, the Issuer and the Guarantors had A$3 million of secured indebtedness.

Fraudulent conveyance laws or similar provisions or principles have been enacted or exist for the protection of creditors in a number of jurisdictions and Guarantees of the Notes by the Guarantors may be subject to claims that they should be subordinated or avoided in favor of creditors of the Guarantors.

Even if a court determined that a Guarantor was not insolvent at the time the Notes were issued, payments under the Guarantees may constitute fraudulent transfers or preferences or may be otherwise avoided on other grounds. To the extent that the Guarantee of any of the Guarantors is voided as a fraudulent conveyance or otherwise held to be unenforceable, your claim against that Guarantor could be lost or limited, and you could be required to return payments previously received from any such Guarantor.

Under Australian, Papua New Guinea and Singapore laws, if an order to wind up were to be made against any Guarantor and a liquidator was appointed for any such Guarantor, the liquidator would have the power to investigate the validity of past transactions and may seek various court orders, including orders to void certain transactions entered into prior to the winding up of such Guarantor and for the repayment of money. These include transactions entered into within a specified period of the winding up that a court considers had the effect of preferring a creditor or creditors or otherwise defeating, delaying or interfering with the rights of creditors.

In particular, under Section 73B of the Conveyancing and Law of Property Act of Singapore, the conveyance of any property (including debts and choses in action) may be voidable if it was done with the intention to defraud creditors, unless it was for good consideration and in good faith, and the transferee did not have any notice of the intent to defraud creditors.

In addition to the matters described above, under the laws of the jurisdictions where the Guarantors are organized, the Guarantees given by those other Guarantors may be set aside, subordinated or otherwise avoided by the application of fraudulent conveyance, financial assistance, bankruptcy, insolvency and administration, statutory management, equitable subordination principles or other similar provisions or principles existing under the laws of the relevant jurisdiction, including as a result of the application of laws in relation to the duties of directors to act in good faith and for proper purposes. In addition, other debts and liabilities of those Guarantors, such as certain employee entitlements or amounts owed to tax authorities, may rank ahead of claims under the Guarantees in the event of administration or insolvency or statutory management or similar proceedings. If one or more of the Guarantees are set aside or otherwise avoided, your claim against the Guarantors giving those Guarantees could be lost or limited and it is possible that holders of Notes will only have a claim against the Issuer and any remaining Guarantors.

Service of process, enforcement of judgments and bringing of original actions in the United States may be difficult.

Each of the Issuer and the Guarantors is organized under the laws of Australia, Papua New Guinea or Singapore, in each case with limited liability. All of the directors and executive officers of the Issuer and the Guarantors and certain of the other parties named in this offering memorandum reside outside the United States. A substantial portion of the Issuer's and the Guarantors' assets and the assets of these other persons are located outside the United States. As a result, it may be difficult for you to effect service of process for a lawsuit within the United States upon such persons, including with respect to matters arising under the Securities Act, or to enforce against any of them judgments in non-US courts obtained in courts of the United States predicated upon, among other things, the civil liability provisions of the federal securities laws of the United States or state securities laws. There is doubt as to the enforceability, in original actions in the courts of Australia, Papua New Guinea and Singapore, of liabilities predicated solely on the US federal securities laws and as to the enforceability, in the courts of Australia, Papua New Guinea and Singapore or in actions for enforcement, of judgments of US courts obtained in actions predicated upon the civil liability provisions of the United States federal or state securities laws. See also "Enforcement of Civil Liabilities."

There is no established trading market for the New Notes, one may not develop and a trading market for the 2041 Notes may not be maintained.

The New Notes will be new securities for which there currently is no established trading market. There can be no assurance that a liquid market will develop for the New Notes, that any trading market for the 2041 Notes will be maintained, that holders of Notes will be able to sell Notes at a particular time or that the price they receive when they sell will be favorable. The Notes are subject to restrictions on transfer, which are described under the section of this offering memorandum titled "Notice to Investors." Newcrest does not intend to apply for listing of the Notes on any stock or securities exchange. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of the Notes;
- Newcrest's operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the New Notes may not develop and any trading market for the 2041 Notes may not be maintained. If a trading market for the New Notes develops, it may not continue.

The Initial Purchasers have advised Newcrest that they or their respective affiliates may make a market in the Notes, but they do not have any obligation to do so. Any Initial Purchaser or any affiliate of an Initial Purchaser conducting any market making activity in the Notes may discontinue that activity at any time and without notice.

USE OF PROCEEDS

Newcrest estimates that the net proceeds from this offering will be US$992,077,500 after deducting estimated underwriting discounts and commissions and before deducting estimated offering expenses payable by Newcrest.

The Issuer intends to use the net proceeds to repay existing unsecured indebtedness under its US dollar bilateral loan facilities and for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows the ratio of earnings to fixed charges, on an historical basis, for the periods indicated. The ratios have been calculated based on data derived from Newcrest's audited consolidated financial information for the periods presented, which have been prepared in accordance with IFRS.

	Year Ended June 30,				
	2012	**2011**	**2010**	**2009**	**2008**
Ratio of earnings to fixed charges[1]	20.4	35.1	27.8	11.0	4.9

1. The ratio of earnings to fixed charges is calculated by dividing the amount of earnings by the amount of fixed charges. For the purposes of calculating this ratio, earnings consist of profit before income tax and finance costs. Fixed charges consist of finance costs, both expensed and capitalized, and capitalized expenses related to indebtedness.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of Newcrest as of June 30, 2012:

- on an actual basis;
- on an as adjusted basis giving effect to the issuance of the Notes, the application of the net proceeds therefrom to repay part of Newcrest's existing unsecured indebtedness under its US dollar bilateral loan facilities, and the payment of the Initial Purchasers' commission and before deducting expenses payable by Newcrest in connection with the offering of the Notes; and
- on an as adjusted basis translated to US dollars at the noon buying rate on June 30, 2012 of A$1.00 = US$1.0236.

The following table is based on Newcrest's audited consolidated financial statements that have been prepared in accordance with IFRS, which vary in certain respects from US GAAP. The table should be read in conjunction with the consolidated financial statements and notes thereto of Newcrest, and other information contained elsewhere in this offering memorandum.

	As at June 30, 2012		
	Actual	As adjusted	As adjusted
	(A$ millions)		(US$ millions)
Cash and cash equivalents	242	242	248
Indebtedness:			
Current borrowings			
Finance lease liabilities			
- secured	3	3	3
US dollar bilateral debt			
- unsecured[1]	1,197	228	233
Total short term borrowing	**1,200**	**231**	**236**
Non-current borrowings:			
Finance lease liabilities			
- secured	1	1	1
US dollar private placement notes			
- unsecured	226	226	231
4.45% Senior Guaranteed Notes due 2021	736	736	753
5.75% Senior Guaranteed Notes due 2041	245	245	251
4.20% Notes offered under this offering	—	725	742
5.75% Notes offered under this offering	—	244	250
Total non-current borrowings	1,208	2,177	2,228
Total borrowings	2,408	2,408	2,464
Equity:			
Issued capital	13,561	13,561	13,881
Retained earnings	2,890	2,890	2,958
Reserves	(1,476)	(1,476)	(1,511)
Parent entity interest	14,975	14,975	15,328
Non-controlling interest	119	119	122
Total equity	**15,094**	**15,094**	**15,450**
Total capitalization	**17,260**	**17,260**	**17,666**

1. Subsequent to June 30, 2012, Newcrest has drawn down additional amounts under its US dollar bilateral loan facilities to fund capital expenditures.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected historical consolidated financial information of Newcrest for the periods ended and at the dates indicated.

The selected historical consolidated financial information for each of the years in the three-year period ended June 30, 2012 and as at the end of each of those years has been derived from Newcrest's consolidated financial statements and related notes for those periods, which has been audited by Ernst & Young, independent auditors, and are included elsewhere in this offering memorandum. The selected historical consolidated financial data for each of the years in the two-year period ended June 30, 2009 has been derived from Newcrest's audited consolidated financial statements for such years, which are not included in this offering memorandum. The selected historical consolidated financial information set forth below is not necessarily indicative of the results of future operations or financial condition.

The selected historical consolidated financial information for the 2012 Fiscal Year includes financial information of Lihir Gold Limited for the full twelve months, however, the selected historical consolidated historical information for the 2011 Fiscal Year includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011. Accordingly, Newcrest's financial information and financial statements for the 2012 Fiscal Year and the 2011 Fiscal Year are not directly comparable and, further, these periods are not directly comparable with Newcrest's selected historical consolidated financial information and financial statements for the 2010 Fiscal Year and prior years, as such financial information and financial statements do not include any financial information of Lihir Gold Limited.

In addition, the selected historical consolidated financial information for the 2011 Fiscal Year and prior periods includes the contributions from Cracow (for the entire period) and Mt Rawdon (from the acquisition of Lihir Gold Limited on August 30, 2010), which is not directly comparable with the selected historical consolidated financial information for the 2012 Fiscal Year, which includes the contributions from Cracow and Mt Rawdon for the four months from July 1, 2011 to November 2, 2011 (the date on which Newcrest sold its interest in Cracow and Mt Rawdon to Evolution Mining), together with the equity accounted contribution of Evolution Mining for the period from November 2, 2011 to June 30, 2012.

In the 2011 Fiscal Year, Newcrest changed the rounding convention it uses in its consolidated financial statements to round to the nearest $1,000,000 unless otherwise stated, so financial information for the 2012, 2011 and 2010 Fiscal Years is rounded to the nearest $1,000,000. The 2009 Fiscal Year and prior fiscal year values were not restated to reflect this rounding convention, and so remain rounded to the nearest $100,000 unless otherwise stated. Financial information below has been rounded applying the same conventions.

The selected historical consolidated financial information should be read in conjunction with Newcrest's historical consolidated financial statements and the notes thereto included elsewhere in this offering memorandum, along with "Financial Information Presentation," "Risk Factors" and "Operating and Financial Review."

Income Statement
(in millions, except earnings per share)

	Year ended June 30,					
	2012	**2012(1)**	**2011(2)**	**2010**	**2009**	**2008**
	US$(3)	**A$**	**A$**	**A$**	**A$**	**A$**
	(unaudited)					
Operating sales revenue	4,520	4,416	4,102	2,802	2,530.8	2,363.1
Cost of sales	(2,669)	(2,607)	(2,401)	(1,569)	(1,638.0)	(1,497.3)
Gross Profit	1,851	1,809	1,701	1,233	892.8	865.8
Exploration expenses	(82)	(80)	(55)	(33)	(57.8)	(46.4)
Corporate administration expenses	(143)	(140)	(93)	(78)	(69.8)	(58.1)
Other revenue	—	—	1	1	0.6	1.5
Other income/(expenses)	(14)	(14)	(10)	16	6.8	9.2
Losses on delivered hedges	—	—	—	—	—	(33.8)
Share of profit of associate	15	15	—	—	—	—
Losses on restructured and closed-out hedge contracts	(7)	(7)	(153)	(295)	(352.0)	(314.1)
Other close-out related costs	—	—	(3)	(12)	(25.1)	(238.6)
Business acquisition and integration costs	(11)	(11)	(52)	(12)	—	—
Gain on business divestment	47	46	—	—	—	—
Foreign exchange gain on US dollar borrowings	—	—	—	12	41.4	39.0
Operating profit before interest and income tax	1,656	1,618	1,336	832	436.9	224.5
Finance income	2	2	9	12	7.7	18.9
Finance costs	(44)	(43)	(45)	(33)	(34.9)	(43.4)
Profit before income tax	1,614	1,577	1,300	811	409.7	200.0
Income tax expense	(411)	(402)	(334)	(209)	(127.6)	(36.6)
Profit after income tax	1,203	1,175	966	602	282.1	163.4
Profit after tax attributable to:						
- Owners of the parent	1,144	1,117	908	557	248.1	134.3
- Non-controlling interest	59	58	58	45	34.0	29.1
	1,203	1,175	966	602	282.1	163.4
Earnings per share (Australian cents)						
Total						
- Basic		146.0	126.4	115.2	53.0	30.8
- Diluted		145.8	126.2	114.9	52.9	30.7

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010, (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.

Statement of Financial Position
(in millions)

	Year ended June 30,					
	2012	**2012**	**2011**	**2010**	**2009**	**2008**
	US$(1)	**A$**	**A$**	**A$**	**A$**	**A$**
	(unaudited)					
ASSETS						
Current assets						
Cash and cash equivalents	248	242	185	643	366.4	77.5
Trade and other receivables	257	251	441	280	272.6	218.2
Inventories	766	748	691	267	272.8	219.6
Derivative and other financial assets	11	11	15	40	13.5	6.9
Other assets	217	212	210	181	156.0	161.5
Total current assets	1,499	1,464	1,542	1,411	1,081.3	683.7
Non-current assets						
Other receivables	—	—	2	9	9.1	0.3
Inventories	1,121	1,095	710	153	—	1.4
Property, plant and equipment	4,467	4,364	3,310	1,764	1,470.0	1,405.0
Exploration, evaluation and development	9,003	8,795	7,675	2,556	2,441.2	1,470.2
Goodwill	3,848	3,759	3,621	—	—	—
Other intangible assets	95	93	61	83	32.5	—
Deferred tax assets	265	259	230	271	403.5	490.7
Derivative and other financial assets	8	8	9	3	14.8	37.6
Investment in associate	404	395	—	—	—	—
Other assets	283	277	122	84	163.6	235.0
Total non-current assets	19,494	19,045	15,740	4,923	4,534.7	3,640.2
Total assets	20,993	20,509	17,282	6,334	5,616.0	4,323.9
LIABILITIES						
Current liabilities						
Trade and other payables	493	482	432	209	212.6	177.7
Borrowings	1,228	1,200	116	6	5.0	2.6
Provisions	205	200	170	78	93.9	43.3
Derivative financial liabilities	19	18	7	17	6.8	6.1
Income tax payable	94	92	92	16	1.1	21.5
Other liabilities	—	—	—	1	1.1	—
Total current liabilities	2,039	1,992	817	327	320.5	251.2
Non-current liabilities						
Borrowings	1,237	1,208	684	421	445.5	366.0
Provisions	315	308	232	88	76.6	62.5
Deferred tax liabilities	1,952	1,907	1,674	488	414.5	385.4
Other liabilities	—	—	—	—	0.5	6.9
Total non-current liabilities	3,504	3,423	2,590	997	937.1	820.8
Total liabilities	5,543	5,415	3,407	1,324	1,257.6	1,072.0
Net assets	15,450	15,094	13,875	5,010	4,358.4	3,251.9
EQUITY						
Issued Capital	13,881	13,561	13,569	3,640	3,641.6	2,857.4
Retained earnings	2,958	2,890	2,171	1,492	1,031.8	829.0
Reserves	(1,511)	(1,476)	(1,964)	(178)	(357.4)	(461.2)
Parent entity interest	15,328	14,975	13,776	4,954	4,316.0	3,225.2
Non-controlling interest	122	119	99	56	42.4	26.7
Total equity	15,450	15,094	13,875	5,010	4,358.4	3,251.9

1. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.

Statement of Cash Flows
(in millions)

	Year ended June 30,					
	2012	**2012**[(1)]	**2011**[(2)]	**2010**	**2009**	**2008**
	US$[(3)]	**A$**	**A$**	**A$**	**A$**	**A$**
	(unaudited)					
Cash flows from operating activities						
Receipts from customers	4,733	4,624	4,013	2,756	2,517.0	2,456.8
Payments to suppliers and employees	(2,710)	(2,648)	(2,157)	(1,358)	(1,368.2)	(1,295.6)
Losses on delivered hedges	—	—	—	—	—	(52.5)
Interest received	2	2	12	10	7.7	18.9
Interest paid	(34)	(33)	(32)	(31)	(29.9)	(50.8)
Income taxes paid	(224)	(219)	(107)	(74)	(102.5)	(58.7)
Net cash provided by operating activities	1,767	1,726	1,729	1,303	1,024.1	1,018.1
Cash flows from investing activities						
Payments for property, plant and equipment	(446)	(436)	(356)	(100)	(114.3)	(111.2)
Mine under construction, development and feasibility expenditure	(2,124)	(2,075)	(1,531)	(632)	(657.1)	(224.5)
Exploration and evaluation expenditure	(162)	(158)	(126)	(101)	(109.3)	(76.8)
Acquisition of subsidiary (net of cash acquired)[(4)]	—	—	(272)	—	—	—
Information system developments	(46)	(45)	(3)	(53)	(28.3)	—
Proceeds from non-participation in rights issue	10	10	—	—	—	—
Payments for business divestment transaction costs	(8)	(8)	—	—	—	—
Acquisition of interests in joint venture	—	—	—	—	(470.6)	—
Interest capitalized to development projects	(41)	(40)	(2)	—	(4.6)	(2.2)
Proceeds from sale of non-current assets	—	—	—	—	2.6	0.3
Payment for investments	(3)	(3)	(4)	—	—	—
Purchase of gold put options	—	—	—	—	—	(79.5)
Net cash used in investing activities	(2,820)	(2,755)	(2,294)	(886)	(1,381.6)	(493.9)
Cash flows from financing activities						
Proceeds from borrowings:						
- US dollar bilateral debt	1,827	1,785	614	—	570.1	70.1
- US dollar corporate bonds	986	963	—	—	—	—
Repayments of borrowings:						
- Gold loan	—	—	—	—	—	(150.6)
- US dollar bilateral debt	(1,111)	(1,086)	(135)	—	(647.0)	(825.4)
- US dollar private placement	(122)	(119)	—	—	—	—
- Other debt	—	—	(52)	—	—	—
Net repayment of finance lease principal	(4)	(4)	(5)	(3)	(2.8)	(1.1)
Proceeds from equity issue	—	—	—	—	792.7	2,014.4
Share issue costs	—	—	(2)	—	—	—
Proceeds from other share issues	—	—	—	—	6.3	4.9
Payment for treasury shares	(9)	(9)	(30)	—	—	—
Share buy-back	(36)	(35)	(28)	(16)	(25.1)	(6.6)
Dividends paid:						
- Members of the parent entity	(371)	(362)	(187)	(82)	(40.1)	(14.9)
- Non-controlling interest	(44)	(43)	(44)	(30)	(19.9)	(21.8)
Purchase of gold to close-out forward contracts	—	—	—	—	—	(1,549.3)
Net cash (used in)/provided by financing activities	1,116	1,090	131	(131)	634.2	(480.3)
Net (decrease)/increase in cash and cash equivalents	63	61	(434)	286	276.7	43.9
Cash and cash equivalents are the beginning of the year	189	185	643	366	77.5	34.3
Effect of exchange rate changes on cash held	(4)	(4)	(24)	(9)	12.2	(0.7)
Cash and cash equivalents at the end of year	248	242	185	643	366.4	77.5

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.
4. Newcrest acquired Lihir Gold Limited for total purchase consideration of A$10,480 million. This comprised the issuing of 280,987,564 new Newcrest shares at A$35.40 per share and cash consideration of A$533 million. Cash acquired from Lihir under the transaction was A$261 million. Net cashflows in the above statement include the cash component of the transaction and the equity based component of the transaction is included in the balance sheet.

Operating and other data

	Year Ended June 30,				
	2012[1]	**2011[2]**	**2010**	**2009**	**2008**
Production					
Gold (ounces)	2,285,917	2,527,352	1,762,200	1,631,183	1,781,182
Copper (tonnes)	76,015	75,631	86,816	89,877	87,458
Silver (ounces)	1,997,247	1,895,610	1,369,795	n/a	n/a
Gold price realized (A$/oz)	1,609	1,378	1,252	1,169	912
Cash cost (A$/oz)	603	493	347	468	261
Capital expenditure[3] (A$ millions)	2,556	1,890	785	800	336
EBITDA[4]	2,151	2,059	1,448	1,039.4	1,016.8
Underlying Profit[5]	1,084	1,058	776	483.1	493.9
Gearing (net debt/net debt plus equity)[6]	12.5%	4%	(5)%	2%	8%

1. Includes the results of operation for Cracow and Mt Rawdon (which were sold on November 2, 2011) for the four months from July 1, 2011 to November 2, 2011.
2. Includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 (the date of the acquisition of Lihir Gold Limited) to June 30, 2011.
3. Comprises payments for property, plant and equipment; mine under construction, development and feasibility expenditure; and information system developments. See “Operating and Financial Review — Liquidity and capital resources — Cash flows — Investing activities” for further information on Newcrest’s historical capital expenditures.
4. EBITDA is a non-GAAP measure and means profit before income tax, and after adding back finance income and finance costs, depreciation and amortization, hedge restructures and other significant items. Other significant items comprise hedge close-out related costs, business acquisition/integration costs and business divestment gain. EBITDA is not an IFRS measure of profitability or liquidity. See “Financial Information Presentation — Non-GAAP measures” for additional details on non-GAAP financial measures contained in this offering memorandum. A reconciliation from the IFRS measure of profit before income tax to Newcrest’s EBITDA is shown below:

	Year ended June 30,					
	2012	**2012**	**2011**	**2010**	**2009**	**2008**
	US$	**A$**	**A$**	**A$**	**A$**	**A$**
	(unaudited)					
Profit before income tax	1,614	1,577	1,300	811	409.7	200.0
Finance costs	44	43	45	33	34.9	43.4
Finance income	(2)	(2)	(9)	(12)	(7.7)	(18.9)
Losses on restructure and closed out hedge contracts	7	7	153	295	352.0	314.1
Other close-out related costs	—	—	3	12	25.1	238.6
Foreign exchange gain on US dollar borrowings	—	—	—	(12)	(41.4)	(39.0)
Business acquisition and integration costs	11	11	52	12	—	—
Gain on business divestment	(47)	(46)	—	—	—	—
EBIT	1,627	1,590	1,544	1,139	772.6	738.2
Depreciation and amortization	574	561	515	309	266.8	278.6
EBITDA	2,201	2,151	2,059	1,448	1,039.4	1,016.8

US$ are translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.

5. Underlying Profit is a non-GAAP measure and means profit after tax and non-controlling interest before hedge restructures and other significant items. Underlying Profit is not an IFRS measure of profitability and liquidity. See "Financial Information Presentation — Non-GAAP measures" for additional details on non-GAAP financial measures contained in the offering memorandum. In addition, the 2010 Fiscal Year has been restated from A$764 million to A$776 million due to the exclusion of business acquisition costs incurred in the 2010 Fiscal Year to align with current year disclosure. A reconciliation from the IFRS measure of Statutory Profit to Newcrest's Underlying Profit is shown below:

	Year ended June 30,					
	2012	**2012**	**2011**	**2010**	**2009**	**2008**
	US$	**A$**	**A$**	**A$**	**A$**	**A$**
	(unaudited)					
Profit after tax attributable to owners of the parent ("Statutory Profit")	1,144	1,117	908	557	248.1	134.3
Losses on restructured and closed-out hedge contracts (after tax)	5	5	107	206	246.4	219.9
Other close-out related costs (after tax)	—	—	2	9	17.6	152.4
Finance costs — close-out and restructure (after tax)	—	—	—	—	—	14.6
Foreign exchange gain on US dollar borrowings (after tax)	—	—	—	(8)	(29.0)	(27.3)
Business acquisition and integration costs (after tax)	8	8	41	12	—	—
Gain on business divestment (after tax)	(47)	(46)	—	—	—	—
Profit after tax before hedge restructure and other significant items attributable to owners of the parent ("Underlying Profit")	1,110	1,084	1,058	776	483.1	493.9

US$ are translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.

6. Net debt is borrowings less cash.

RESERVES AND RESOURCES

Reserves and resources

Newcrest's estimates of Ore Reserves and Mineral Resources as at December 31, 2011, which are reported in accordance with the JORC Code, are presented in Tables 1 and 3 below.

On August 29, 2012, Newcrest updated its Ore Reserves estimate in relation to the Golpu deposit and Mineral Resources estimates for the Wafi and Golpu deposits, following completion of the technical pre-feasibility study for the Golpu deposit (and advancement of the concept study for the Wafi deposit). Newcrest's updated estimates of Ore Reserves and Mineral Resources as at August 29, 2012, which are reported in accordance with the JORC Code, are presented and discussed under Tables 2 and 4 below and are not included in Newcrest's Ore Reserves and Mineral Resources estimates as at December 31, 2011. For the purposes of Newcrest's secondary listing on the TSX, and in accordance with Canadian National Instrument 43-101, within 45 days after the date on which the updated Mineral Resources and Ore Reserves estimates were declared (that is, by October 13, 2012), Newcrest will file with the Canadian securities regulatory authorities a technical report on the Wafi-Golpu property which will include a summary of the technical and financial outcomes from the Golpu technical pre-feasibility study (for Golpu Lifts 1 and 2, as discussed further below). These outcomes support the updated Mineral Resources and Ore Reserves estimates.

Investors should note that while the reserve and resource estimates provided in this offering memorandum comply with the JORC Code, the estimates do not comply with SEC Industry Guide 7. See "Cautionary Note Regarding Reserves and Resources" for further information.

Newcrest's estimates of Mineral Resources for Lihir, Telfer, Gosowong (Kencana and Toguraci) and Golpu as at June 30, 2011 were independently reviewed by AMC Consultants Pty Ltd in July and August 2011. Newcrest's estimates of Ore Reserves as at June 30, 2011 for Lihir, Telfer and Gosowong (Kencana and Toguraci) were independently reviewed by AMC Consultants Pty Ltd in July and August 2011. In addition, the estimates of Golpu Ore Reserves and Mineral Resources were independently reviewed by AMC Consultants Pty Ltd in August 2012 in connection with Newcrest's update of its estimates for the Golpu deposit.

Commencing with the year ended December 31, 2011, Newcrest has, consistent with the practice followed by its global peers, used a December 31 cut-off date for estimating and reporting its Mineral Resources and Ore Reserves (although it still has a June 30 fiscal year end), with updated estimates of Mineral Resources and Ore Reserves released at the time of lodgment of Newcrest's interim financial statements. Material updates, such as the updated Ore Reserves and Mineral Resources estimates for Wafi and Golpu, are reported by exception in accordance with Newcrest's continuous disclosure obligations under the listing rules of the ASX and TSX.

Mineral Resources are quoted inclusive of Ore Reserves. Metal price assumptions used for estimating Newcrest Mineral Resources at December 31, 2011 were US$1,100/oz for gold, US$2.70/lb for copper and US$20/oz for silver. Price assumptions used for estimating Ore Reserves at December 31, 2011 were US$950/oz for gold, US$2.30/lb for copper and US$15.00/oz for silver, with the exception of Gosowong where a gold price of US$1,400/oz has been used to estimate Ore Reserves, acknowledging the shorter life of the deposits. Where appropriate, resources are also constrained spatially by a notional pit shell based on US$1,400/oz for gold and US$4.00/lb for copper or, for underground mining, by a shape based on the marginal cut-off grade used as a conservative measure to non-contiguous mineralization. Cost assumptions are based on the latest approved study for each deposit and are in Australian dollars for all Australian operations and in US dollars for all offshore operations. Assumptions used in connection with the updated Ore Reserves and Mineral Resources for Wafi and Golpu are discussed below.

As is typical with epithermal deposits, the deposits at Gosowong contain amounts of silver. The Cadia East porphyry deposit contains some molybdenum in addition to the gold and copper reported.

In this section, the term “Cadia Province” refers to Cadia Hill, Ridgeway, Ridgeway Deeps, Big Cadia, Cadia Extended and Cadia East. The term “Telfer Province” refers to the Main Dome open pit, the West Dome open pit, Telfer Underground and O’Callaghans.

Except as described below with respect to the Morobe Mining Joint Ventures, information in this offering memorandum that relates to Mineral Resources and Ore Reserves (as defined in the JORC Code) is based on information compiled by the Competent Persons named below, who are full time employees of Newcrest and consent to the inclusion in the offering memorandum of the matters based on the information in the form and context in which it appears. The Competent Persons named in this offering memorandum, including in the paragraph below for the Morobe Mining Joint Ventures, are members of the Australian Institute of Geoscientists and/or the Australasian Institute of Mining and Metallurgy and have sufficient relevant experience to qualify as Competent Persons (as defined in the JORC Code).

Mineral Resources for the Morobe Mining Joint Ventures are based on Competent Persons’ statements provided by the employees of the Morobe Mining Joint Ventures named below. Ore Reserves for the Morobe Mining Joint Ventures are based on Competent Persons’ statements provided by Harmony Gold Mining Company Limited and Newcrest named below. The Morobe Mining Joint Ventures’ Ore Reserves and Mineral Resources are quoted as Newcrest’s 50% interest.

Table 1: Ore Reserve statements as at December 31, 2011

Dec-11 Ore Reserves	**Proved Reserve**			**Probable Reserve**			**Total Reserve**			**Contained Metal**		
Gold and Copper Reserves (# = includes stockpiles)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Insitu Gold (million ounces)	Insitu Copper (million tonnes)	Competent Person
Cadia East Underground	—	—	—	1,200	0.58	0.31	1,200	0.58	0.31	22.2	3.67	1
Ridgeway Underground #	—	—	—	100	0.77	0.36	100	0.77	0.36	2.5	0.35	1
Other #	90	0.53	0.14	33	0.41	0.37	120	0.50	0.20	2.0	0.25	2
Total Cadia Province - Gold and Copper										**26.6**	**4.27**	
Main Dome Open Pit #	17	0.43	0.052	230	0.80	0.10	250	0.77	0.09	6.1	0.23	3
West Dome Open Pit	—	—	—	190	0.63	0.06	190	0.63	0.06	3.8	0.12	3
Telfer Underground	—	—	—	45	1.2	0.33	45	1.2	0.33	1.8	0.15	3
O'Callaghans	—	—	—	51	—	0.28	51	—	0.28	—	0.14	8
Total Telfer Province - Gold and Copper										**11.7**	**0.63**	
Lihir #	94	2.4	—	330	2.3	—	420	2.3	—	31.5	—	4
Gosowong # *	—	—	—	5.1	12	—	5.1	12	—	2.0	—	5
Bonikro #	2.0	0.96	—	24	1.3	—	26	1.3	—	1.1	—	6
Namosi JV (69.94%)	—	—	—	660	0.13	0.41	660	0.13	0.41	2.8	2.68	6
Marsden	—	—	—	98	0.29	0.48	98	0.29	0.48	0.9	0.47	2
MMJV - Hidden Valley Operations (50%) #	3.2	1.7	—	31	1.6	—	34	1.6	—	1.8	—	6
MMJV - Wafi / Golpu / Nambonga (50%)	—	—	—	35	0.61	1.1	35	0.61	1.1	0.7	0.40	7
Total Other Provinces - Gold and Copper										**40.8**	**3.55**	
Total Gold & Copper										**79.1**	**8.46**	

Dec-11 Ore Reserves	Proved Reserve		Probable Reserve		Total Reserve		Contained Metal	Competent Person
Silver Reserves (# = includes stockpiles)	Dry Tonnes (million)	Silver Grade (g/t Au)	Dry Tonnes (million)	Silver Grade (g/t Au)	Dry Tonnes (million)	Silver Grade (g/t Au)	Insitu Silver (million ounces)	
Cadia Valley Operations #	—	—	1,300	0.53	1,300	0.53	22.2	1, 2
Gosowong # *	—	—	5.1	16	5.1	16	2.6	5
MMJV - Hidden Valley / Hamata / Kaveroi (50%) #	3.2	29	29	34	32	34	34.6	6
Total - Silver							**59.4**	

Dec-11 Ore Reserves	Tonnes		Grade		Contained Metal			Competent Person
O'Callaghans Polymetallic Reserves (# = includes stockpiles)	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO_3)	Zinc Grade (% Zn)	Lead Grade (% Pb)	Insitu Tungsten Trioxide (million tonnes)	Insitu Zinc (million tonnes)	Insitu Lead (million tonnes)	
Proved	—	—	—	—	—	—	—	8
Probable	51	0.34	0.61	0.30	0.17	0.31	0.15	
Total Polymetallic	**51**	**0.34**	**0.61**	**0.30**	**0.17**	**0.31**	**0.15**	

Note: Rounding may cause some computational discrepancies in totals

* The figures shown represent 100% of the Ore Reserve and Mineral Resource. Gosowong is owned and operated by PTNHM, an incorporated joint venture between Newcrest (82.5%) and Pt Aneka Tambang (17.5%). Newcrest and Harmony Gold Mining Company Limited each have a 50% ownership interest in the Morobe Mining Joint Ventures. Newcrest has a 69.94% share of the Namosi Joint Venture. Bonikro is 89.89% owned by Newcrest.

1. Lino Manca
2. Steven Butt
3. Brett Cuthbert
4. David Grigg
5. Allan Blair
6. Anton Kruger
7. Greg Job (Harmony Gold Mining Company Limited)
8. Andrew Logan

Newcrest's Ore Reserves as at December 31, 2011 were estimated to contain 79.1 Moz of gold and 8.46 Mt of copper, representing a net increase of 0.2 Moz of gold (0.3%) from June 30, 2011 and 0.09 Mt of copper (1.2%) from June 30, 2011 after adjusting for the impact of the divestment of Cracow and Mt Rawdon, which together accounted for 1.1 Moz of gold in Ore Reserves. This increase was primarily attributable to the following:

- at Lihir, Ore Reserves increased by 0.5 Moz of gold, principally due to metal price increases; and
- at Cadia Valley, Ore Reserve additions occurred at Cadia East (0.1 Moz of gold and 0.04 Mt of copper), principally due to metal price increases.

See Table 2 below for updated Ore Reserves as at August 29, 2012 for the Golpu deposit.

Table 2: Updated Ore Reserve statement as at August 29, 2012 for the Golpu deposit

The table below sets out Newcrest's 50% interest in Ore Reserves at the Golpu deposit as at August 29, 2012.

August-12	Tonnes (Mt)	Gold (g/t)	Copper (%)	Silver (g/t)	Contained Gold (Moz)	Contained Copper (Mt)	Contained Silver (Moz)
WGJV–Golpu (50%): Probable Reserve	230	0.86	1.2	1.4	6.2	2.72	9.9

Note: Rounding may cause some computational discrepancies in totals

* The figures shown represent Newcrest's 50% ownership interest in the Wafi-Golpu Joint Venture ("WGJV"). The competent person for the Golpu Ore Reserve is German Flores, who is a full-time employee of Newcrest.

The Golpu Ore Reserves estimate was developed using prices of US$1,250/oz for gold and US$3.10/lb for copper. Ore has been classified using a net value, rather than a cut-off grade, to take into account the contributions of both gold and copper. The cut-off value used in this estimate is US$18/t.

The Golpu technical pre-feasibility study reported a substantially increased Ore Reserves estimate for Golpu and that block caving is the proposed mining method for Golpu, with two lifts (Lifts 1 and 2) to an aggregate depth of approximately 1.45 kilometers.

Table 3: Mineral Resource statements as at December 31, 2011

The table below sets out estimates of Measured, Indicated and Inferred Mineral Resources for Newcrest's share of its assets as at December 31, 2011. Under the JORC Code, Mineral Resources are reported inclusive of Ore Reserves. As a result, Ore Reserve estimates should not be added to the corresponding Mineral Resource estimates. For further information on the JORC Code definitions, see "— Relevant JORC Code definitions" below.

Due to lower certainty of their recoverability, the inclusion of resource estimates should not be regarded as a representation by Newcrest that such amounts can necessarily be economically exploited, and investors are cautioned not to place undue reliance upon such figures. In addition, investors should not assume that the Inferred Mineral Resource estimates are capable of being reclassified as reserves under the JORC Code. Therefore, no assurances can be given that the estimates of reserves or resources presented in this offering memorandum will be recovered at the tonnages and ore grades presented, or at all. See "Forward-Looking Statements" and "Risk Factors."

Dec-11 Mineral Resources	Measured Resource			Indicated Resource			Inferred Resource			Total Resource			Contained Metal		
Gold and Copper Resources (# = includes stockpiles)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Insitu Gold (million ounces)	Insitu Copper (million tonnes)	Competent Person
Cadia East Underground	—	—	—	2,200	0.44	0.29	100	0.35	0.18	2,300	0.44	0.28	33.1	6.58	1
Ridgeway Underground #	0.12	1.1	0.41	120	0.76	0.35	27	0.47	0.44	150	0.70	0.37	3.3	0.54	1
Other #	180	0.45	0.13	160	0.37	0.24	230	0.31	0.10	570	0.37	0.15	6.8	0.84	1
Total Cadia Province - Gold and Copper													**43.2**	**7.97**	
Main Dome Open Pit #	17	0.43	0.05	420	0.62	0.07	59	0.50	0.06	500	0.60	0.07	9.6	0.36	2
West Dome Open Pit	—	—	—	500	0.46	0.05	30	0.49	0.07	530	0.46	0.05	7.8	0.27	2
Telfer Underground	—	—	—	81	1.2	0.32	21	0.76	0.25	100	1.10	0.31	3.7	0.31	2
Other	—	—	—	0.57	4.2	0.03	16	0.28	0.34	16	0.42	0.33	0.2	0.05	2
O'Callaghans	—	—	—	69	—	0.29	9.0	—	0.24	78	—	0.29	—	0.22	2
Total Telfer Province - Gold and Copper													**21.3**	**1.22**	
Lihir #	94	2.4	—	700	2.0	—	87	1.7	—	880	2.0	—	56.6	—	3
Gosowong # *	—	—	—	4.8	15	—	0.32	9.3	—	5.1	15	—	2.5	—	4
Bonikro #	2.0	0.96	—	37	1.5	—	29	1.1	—	67	1.3	—	2.9	—	5
Namosi JV (69.94%)	—	—	—	1,400	0.11	0.33	280	0.10	0.38	1,600	0.11	0.34	5.6	5.58	6
Marsden	—	—	—	190	0.19	0.37	26	0.08	0.18	220	0.18	0.35	1.2	0.76	1
MMJV - Hidden Valley Operations (50%) #	4.0	1.6	—	53	1.5	—	10	1.1	—	68	1.4	—	3.1	—	7
MMJV - Wafi / Golpu / Nambonga (50%)	—	—	—	410	0.76	0.94	99	1.0	0.70	510	0.82	0.89	13.3	4.52	8
Total Other Provinces - Gold and Copper													**85.1**	**10.9**	

Total Gold & Copper	**149.7**	**20.0**

Dec-11 Mineral Resources	Measured Resource		Indicated Resource		Inferred Resource		Total Resource		Contained Metal	
Silver Resources (# = includes stockpiles)	Dry Tonnes (million)	Silver Grade (g/t Au)	Dry Tonnes (million)	Silver Grade (g/t Au)	Dry Tonnes (million)	Silver Grade (g/t Au)	Dry Tonnes (million)	Silver Grade (g/t Au)	Insitu Silver (million ounces)	Competent Person
Cadia Valley Operations #	0.12	1.2	2,400	0.50	130	0.29	2,500	0.49	39.3	1
Gosowong # *	—	—	4.8	21	0.32	20	5.1	21	3.4	4
MMJV - Hidden Valley / Hamata / Kaveroi (50%) #	4.0	27	50	29	9.9	21	64	27	56.6	7
MMJV - Wafi / Golpu / Nambonga (50%)	—	—	370	1.3	60	1.3	430	1.3	17.5	8
Total Silver									**116.8**	

Dec-11 Mineral Resources	Tonnes	Grade			Contained Metal			
O'Callaghans Polymetallic Resources (# = includes stockpiles)	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO_3)	Zinc Grade (% Zn)	Lead Grade (% Pb)	Insitu Tungsten Trioxide (million tonnes)	Insitu Zinc (million tonnes)	Insitu Lead (million tonnes)	Competent Person
Measured	—	—	—	—	—	—	—	2
Indicated	69	0.34	0.55	0.27	0.24	0.38	0.18	
Inferred	9.0	0.25	0.15	0.07	0.02	0.01	0.01	
Total Polymetallic	**78**	**0.33**	**0.50**	**0.25**	**0.26**	**0.39**	**0.19**	

Note: Rounding may cause some computational discrepancies in totals

* The figures shown represent 100% of the Ore Reserve and Mineral Resource. Gosowong is owned and operated by PTNHM, an incorporated joint venture between Newcrest (82.5%) and Pt Aneka Tambang (17.5%). Newcrest and Harmony Gold Mining Company Limited each have a 50% ownership in the Morobe Mining Joint Ventures. Newcrest has a 69.94% share of the Namosi Joint Venture. Bonikro is 89.89% owned by Newcrest.

1. Stephen Perkins
2. Paul Dunham
3. Geoff Smart
4. Colin McMillan
5. Craig Irvine
6. Vik Singh
7. James Francis (Morobe Mining Joint Ventures)
8. Stuart Hayward (Morobe Mining Joint Ventures)

Newcrest's Mineral Resources as at December 31, 2011 were estimated to contain 149.7 Moz of gold and 20.0 Mt of copper. This represents an increase of gold in resources of 3.8 Moz (2.6%) from June 30, 2011 and an increase in copper of 0.13 Mt (0.7%) from June 30, 2011 after adjusting for the impact of the divestment of Cracow and Mt Rawdon, which together accounted for 1.6 Moz of gold in Mineral Resources. This result is driven by additions of 0.6 Moz of gold at Lihir and 0.2 Moz of gold and 0.04 Mt of copper at Namosi (Newcrest 69.94% share). In addition, there was brownfields growth from Telfer West Dome with an increase of 1.9 Moz of gold and 0.07 Mt of copper and Telfer Main Dome with an increase of 1.2 Moz of gold and 0.04 Mt of copper.

See Table 4 below for Mineral Resources as at August 29, 2012 for the Golpu, Wafi and Nambonga deposits.

Table 4: Mineral Resource statement as at August 29, 2012 for Wafi, Golpu and Nambonga deposits

The table below sets out Newcrest's 50% interest in Mineral Resources at the Wafi, Golpu and Nambonga deposits as at August 29, 2012.

Under the JORC Code, Mineral Resources are reported inclusive of Ore Reserves. As a result, Ore Reserve estimates should not be added to the corresponding Mineral Resource estimates. For further information on the JORC Code definitions, see "— Relevant JORC Code definitions" below. Due to lower certainty of their recoverability, the inclusion of resource estimates should not be regarded as a representation by Newcrest that such amounts can necessarily be economically exploited, and investors are cautioned not to place undue reliance upon such figures. In addition, investors should not assume that the Inferred Mineral Resource estimates are capable of being reclassified as reserves under the JORC Code. Therefore, no assurances can be given that the estimates of reserves or resources presented in this offering memorandum will be recovered at the tonnages and ore grades presented, or at all. See "Forward-Looking Statements" and "Risk Factors."

August-12	Tonnes (Mt)	Gold (g/t)	Copper (%)	Silver (g/t)	Contained Gold (Moz)	Contained Copper (Mt)	Contained Silver (Moz)
Indicated Resource							
Golpu (Porphyry Au/Cu)	400	0.64	0.92	1.1	8.3	3.7	14.7
Wafi (Epithermal Au/Ag)	57	1.7	—	3.6	3.1	—	6.5
Nambonga (Porphyry Au/Cu)	—	—	—	—	—	—	—
Total Indicated Resource	**460**	**—**	**—**	**—**	**11.4**	**3.7**	**21.2**
Inferred Resource							
Golpu (Porphyry Au/Cu)	95	0.61	0.80	1.0	1.8	0.76	3.2
Wafi (Epithermal Au/Ag)	11	1.3	—	2.5	0.5	—	0.9
Nambonga (Porphyry Au/Cu)	20	0.79	0.22	—	0.5	0.04	—
Total Inferred Resource	**130**	**—**	**—**	**—**	**2.8**	**0.80**	**4.1**
Total Mineral Resources	**590**	**—**	**—**	**—**	**14.3**	**4.53**	**25.3**

Note: Rounding may cause some computational discrepancies in totals

* The figures shown represent Newcrest's 50% ownership interest in the WGJV. The competent person for the Golpu Mineral Resource, the Wafi Mineral Resource and the Nambonga Mineral Resource is James Francis, who is a full-time employee of Newcrest.

The Golpu Mineral Resources were reported within a 0.2% copper shell which reflects the proposed bulk underground mining method of block caving with ore processing by sulfide flotation as proposed by the Golpu technical pre-feasibility study. The Wafi Mineral Resources were reported at a cut-off grade of 0.4g/t for gold for non-refractory, predominantly oxide material and a cut-off grade of 0.9g/t for gold for low recovery, refractory sulfide material. The Mineral Resource estimates were developed using prices of US$1,400/oz gold and US$3.50/lb copper respectively. There has been no update to the Nambonga Mineral Resources since December 31, 2011.

Reserve and resource reporting

It is a requirement of the ASX Listing Rules that the reporting of Mineral Resources and Ore Reserves by ASX listed companies in Australia must comply with the JORC Code.

The JORC Code recognizes a fundamental division between Mineral Resources and Ore Reserves.

Ore Reserves, as defined by the JORC Code, are the economically mineable part of a Measured and/or Indicated Resource. It includes diluting materials and allowance for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out including consideration of modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and government factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

Mineral Resources, as defined by the JORC Code, are based on mineral occurrences quantified on the basis of geological data and a preliminary judgment by the Competent Person in respect of the technical and economic factors likely to influence the prospect of economic extraction including approximate mining parameters. Mineral Resources are divided into Measured, Indicated and Inferred categories reflecting decreasing confidence in geological and grade continuity. No allowances are included for dilution and losses during mining, but the reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation.

A Public Report concerning a company's Exploration Results, Mineral Resources or Ore Reserves must be based on and fairly reflect the information and supporting documentation prepared by a Competent Person or Persons. A "Competent Person" is a person who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy or of the Australian Institute of Geoscientists or of a "Recognized Overseas Professional Organization." A "Competent Person" must have a minimum of five years' experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which that person is undertaking.

In late 2011, the ASX and JORC separately commenced a review of reserves, resources and exploration results disclosure rules for mining and oil and gas companies, and a related consultation process. On September 18, 2012, following extensive consultation with interested parties, the ASX released a further consultation paper setting forth draft ASX Listing Rules and Guidance Notes for Enhanced Disclosure. Concurrently with the release of the ASX consultation paper, the JORC released an exposure draft of amendments to the JORC Code. Submissions on the draft ASX Listing Rules and JORC Code may be made to the ASX and the JORC by October 26, 2012. The ASX is currently proposing a 12 month transition period for companies to comply with the new reporting requirements once they become operative. The implementation of the proposed changes will affect the form and level of detail required when Newcrest reports its Ore Reserves, Mineral Resources and Exploration Results. See "Cautionary Note Regarding Reserves and Resources" for further information on the proposed changes. If material changes are made to the requirements for reporting of Mineral Resources and Ore Reserves in the JORC Code, this may result in Newcrest being unable to report all of its Ore Reserves and/or Mineral Resources as presented in this offering memorandum.

Mining companies that file registration statements or periodic reports with the SEC are required to report their reserves in accordance with SEC Industry Guide 7. Under SEC Industry Guide 7, a "reserve" is defined as "that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination." Definitions of Proven Reserves and Probable Reserves are included below.

There are three principal differences between reporting under SEC Industry Guide 7 and the JORC Code:

- SEC Industry Guide 7 does not recognize the classification referred to as "Mineral Resources" in the JORC Code. As a result, SEC registrants are permitted only to report Proven Ore Reserves and Probable Ore Reserves;

- under SEC Industry Guide 7, reserves must be estimated on the basis of current economic and legal conditions, whereas the JORC Code permits the use of "realistic" assumptions (following appropriate assessments and studies), which may include forecast prices and reasonable expectations that required permits will be granted in the future and contracts will be entered into for the sale of production; and

- SEC Industry Guide 7 requires a feasibility study in order for an undeveloped mineral deposit to be classified as a reserve (for large metal mining projects, a "bankable" feasibility study would be required). In contrast, the JORC Code does not require that a final feasibility study has been undertaken for the declaration of reserves, but it does require that appropriate studies have been carried out that have determined there is a mine plan that is technically achievable and economically viable. No technical/economic study is required under the JORC Code for the declaration of resources.

Accordingly, investors should be aware that if Newcrest were preparing this offering memorandum in accordance with SEC Industry Guide 7, it would not be permitted to report any Mineral Resources, and the amount of reserves it has estimated may be lower. Mineral Resources would be permitted as "other mineralization not included in reserves."

Relevant JORC Code definitions

The relevant definitions from the JORC Code are as follows:

A "Mineral Resource" is defined in the JORC Code as a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral Resources are subdivided into Measured, Indicated and Inferred categories.

"Measured Mineral Resource" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.

"Indicated Mineral Resource" is defined as that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"Inferred Mineral Resource" is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An "Ore Reserve" is defined in the JORC Code as the economically mineable part of a Measured and/ or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Ore Reserves are subdivided into Proved Ore Reserves and Probable Ore Reserves as set out below.

"Proved Ore Reserve" is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

"Probable Ore Reserve" is the economically mineable part of an Indicated, and, in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

The reserve and resource estimates provided in this offering memorandum comply with the reserve and resource definitions of the JORC Code. Mineral Resources are quoted inclusive of Ore Reserves.

Relevant United States definitions

Under the current United States requirements as adopted by the SEC, a reserve is defined as "that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination."

"Proven (Measured) Reserves" are defined as reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

"Probable (Indicated) Reserves" are defined as reserves for which quantity and grade and/or quality are computed from information similar to that used for Proven (Measured) Reserves, but the sites for inspection, sampling and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

OPERATING AND FINANCIAL REVIEW

Investors should read the following operating and financial review together with Newcrest's consolidated financial statements and related notes thereto included elsewhere in this offering memorandum. Certain statements in this section are "Forward-Looking Statements" and are subject to risks and uncertainties, which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Please see the sections of this offering memorandum titled "Forward-Looking Statements" and "Risk Factors" for more information.

Overview

This Operating and Financial Review is divided into the following sections:

- Description of Newcrest — a general description of Newcrest, Newcrest's business activities and the factors affecting Newcrest's results of operations, and the operational measures Newcrest uses to measure the performance of its business.

- Results of operations — a discussion and analysis of Newcrest's audited consolidated results of operations for the 2012, 2011 and 2010 Fiscal Years.

- Segment information — a presentation of the segment results for each of Newcrest's operating segments for the 2012, 2011 and 2010 Fiscal Years.

- Liquidity and capital resources — an analysis of Newcrest's cash flows, sources and uses of cash, including capital expenditures and dividend policy and borrowing facilities, including its net debt and gearing.

- Contractual obligations and other commitments — a summary of Newcrest's contractual obligations and commitments.

- Quantitative and qualitative disclosure about market risk — disclosures regarding Newcrest's market risk.

- Critical accounting policies — a reference to information about Newcrest's accounting policies that require critical judgments and estimates.

Description of Newcrest

Newcrest's mining operations comprise the following operating mines located in Australia, Papua New Guinea, Indonesia and Côte d'Ivoire:

- the Cadia Valley operations, 100% owned by Newcrest and located in central western New South Wales, Australia, which comprise the Cadia Hill open pit mine (Newcrest has suspended mining as planned in the open pit and placed the mine on care and maintenance, but continues to process stockpiles) and the Ridgeway underground mine. Both mines produce gold doré and copper-gold concentrate with an elevated gold content. The Cadia East Project, located on the eastern edge of Cadia Hill, is in the final stages of development, with commercial production of gold doré and copper-gold concentrate expected to commence in the second quarter of the 2013 Fiscal Year;

- the Lihir operation, 100% owned by Newcrest, acquired in August 2010 and located on the island of Niolam, Papua New Guinea, one of the world's largest gold deposits by reserves, which produces gold doré;

- the Telfer mines, 100% owned by Newcrest and located in Western Australia, Australia, comprise the Telfer Open Pit and Telfer Underground. The Telfer mines produce gold doré and copper-gold concentrate with an elevated gold content;

- the Gosowong operation, located on the island of Halmahera in eastern Indonesia, currently operating the high grade Kencana and Toguraci underground mines and the lower grade Gosowong open pit, which produce gold doré. Gosowong is owned and operated by PTNHM, an incorporated joint venture company that is 82.5% owned by Newcrest, with the remaining 17.5% interest held by PT Aneka Tambang;

- the Hidden Valley operation, located in the Morobe Province in Papua New Guinea, which produces gold doré. The operation is owned by the Hidden Valley mine unincorporated joint venture, one of the three unincorporated 50% interest joint ventures between subsidiaries of Newcrest and subsidiaries of Harmony Gold Mining Company Limited, which own assets in the Morobe Province of Papua New Guinea; and

- the Bonikro gold mine, located in the central-southern portion of Côte d'Ivoire, which produces gold doré. The mine is owned and operated by LGL Mines CI SA, in which Newcrest holds an 89.89% interest, the government of Côte d'Ivoire holds a 10% interest and the remaining interest is held by a minority shareholder.

Newcrest currently has two major development projects, the Cadia East Project and Lihir MOPU Project, which are in the final stages of development in the 2013 Fiscal Year, and an interest in one major exploration project at Wafi-Golpu. Newcrest is also engaged in greenfields and brownfields exploration activities, mostly in the Pacific region and Asia. For a further description of Newcrest's operations, development projects and exploration activities, see "Business Description — Mining operations," "Business Description — Development projects" and "Business Description — Exploration" below.

Newcrest assumed ownership of the Lihir operation, the Mt Rawdon mine and the Bonikro mine upon completion of the acquisition of Lihir Gold Limited on August 30, 2010 for a total consideration of A$10,480 million. For more information about this transaction, see "Business Description — Corporate history" and "— Factors affecting Newcrest's results of operations — Impact of the acquisition of Lihir Gold Limited" below.

On November 2, 2011, Newcrest completed the sale of its interest in Cracow and Mt Rawdon to Evolution Mining in exchange for an initial equity interest of 38.95% in Evolution Mining, which was subsequently diluted to 32.96% following an equity raising in which Newcrest did not participate. As at June 30, 2012, Newcrest's equity interest in Evolution Mining was approximately 32.68% (further diluted since the equity raising by the issue of shares by Evolution Mining under employee share plans). Newcrest recognized a gain of A$46 million on the divestment. Newcrest's investment in Evolution Mining is accounted for using the equity method of accounting. See "Business Description — Corporate history" for further information about this transaction.

During the 2012 Fiscal Year, sales of gold represented 85% of Newcrest's total sales revenue, sales of copper represented 14% of Newcrest's total sales revenue and sales of silver represented 1% of Newcrest's total sales revenue.

Functional and presentation currency for financial statements

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian dollars. Each entity in the Newcrest Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the majority of the Newcrest Group's non-Australian operations is US dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates in effect at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial statements are taken to the income statement with the exception of differences on certain US dollar denominated borrowings where the foreign currency components are designated as cash flow hedges of future US dollar denominated sales. These are taken directly to the hedge reserve in equity until the forecast sales used to repay the debt occur, at which time they are recognized in the income statement.

The assets and liabilities of controlled entities incorporated outside of Australia with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest (Australian dollars) at the rates of exchange in effect at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve. If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognized in the income statement.

Factors affecting Newcrest's results of operations

Newcrest's financial and operational performance have historically been influenced by a number of significant factors. These include fluctuations in gold and copper prices, foreign currency exchange rates, production levels and production costs, the timing of when its mines transition from the development/construction phase to the production phase, the results of Newcrest's exploration and development efforts and the close-out of Newcrest's gold hedge book. Newcrest's results of operations for the 2012 and 2011 Fiscal Years were also affected by the acquisition of Lihir Gold Limited in August 2010. A discussion of each of these factors is outlined below.

Impact of the acquisition of Lihir Gold Limited

Newcrest's financial information included in this Operating and Financial Review section reflects ownership of the former Lihir Gold Limited assets (namely, Lihir, Bonikro and Mt Rawdon) by Newcrest from August 30, 2010. The 2011 Fiscal Year therefore includes the results of operations of Lihir Gold Limited for ten months from August 30, 2010 to June 30, 2011, while the 2012 Fiscal Year includes the full twelve months of financial information of Lihir Gold Limited (with the exception of Mt Rawdon, which was sold on November 2, 2011). Accordingly, Newcrest's operating results and financial statements for the 2012 Fiscal Year and the 2011 Fiscal Year are not directly comparable and, further, these periods are not directly comparable with Newcrest's operating results and financial statements for the 2010 Fiscal Year which do not include any financial information of Lihir Gold Limited.

Fluctuations in gold and copper prices

During the 2012 Fiscal Year, sales of gold represented 85% of Newcrest's total sales revenue and sales of copper represented 14% of Newcrest's total sales revenue. Accordingly, Newcrest's revenue principally varies according to the prices realized for gold and copper. The price of gold and copper are both determined by market forces based on global trading.

Factors influencing the price of gold include speculative positions taken by investors or traders in gold, actual or expected gold sales by central banks and the International Monetary Fund, changes in demand for gold as an investment, industrial and jewelry demand, expectations with respect to the rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally quoted) and of other currencies, interest rates, global or regional political or economic events, and production and cost levels in major gold-producing regions. In addition, the price of gold is often subject to sharp, short-term changes because of speculative activities. The shift in gold demand from physical demand to investment and speculative demand may exacerbate the volatility of gold prices. For a discussion of other factors affecting gold prices see "Risk Factors — Risks related to Newcrest's business and industry — Newcrest may be materially adversely affected by a substantial or extended decline in gold or copper prices, particularly as Newcrest is not hedged in respect of commodity prices."

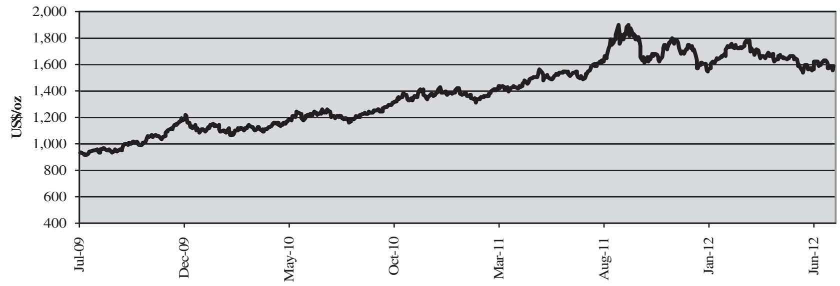
The current demand for, and supply of, gold may affect gold prices but not necessarily in the same manner as current supply and demand affects the prices of other commodities. The supply of gold consists of a combination of new production and existing fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals.

As the amount of gold produced globally in any single year constitutes a very small portion of the total potential supply of gold, variations in current production do not necessarily have a significant impact on the global supply of gold or on its price.

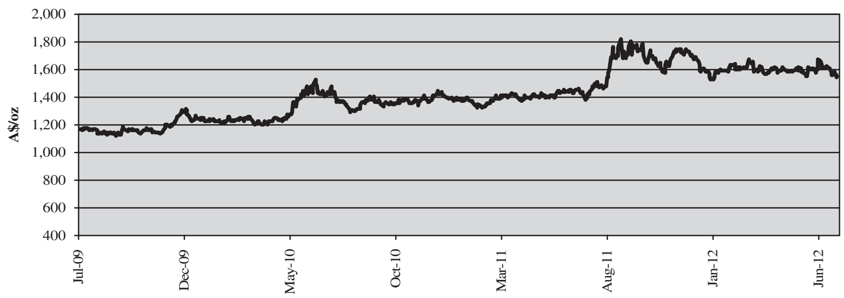
The price of gold has risen substantially in the last decade from US$265 per ounce on January 31, 2001 to US$1,692 per ounce on August 31, 2012. Key drivers of the price of gold over that period have included increasing demand for gold by investors, higher inflationary expectations, geopolitical tensions, a weakening US and global economy, actions by gold producers to reduce hedging positions and flat mine production. More recently, the price of gold has been volatile, dropping 19% from its high of US$1,900 per ounce on September 5, 2011 to US$1,540 per ounce on May 16, 2012, before increasing to US$1,771 per ounce on September 14, 2012.

Set out in the tables below are the closing spot gold prices for the three years ended June 30, 2012 in US dollars and Australian dollars.

USD Gold Price FY10-FY12



AUD Gold Price FY10-FY12



The US dollar price of gold rose strongly over the three years ended June 30, 2012 following a slight decline at the commencement of the global financial crisis in the first half of the 2009 Fiscal Year, although volatility has remained high over that period. The rise in the price of gold over the period since the global financial crisis has been driven by the continuing slow pace of global economic recovery, concerns about levels of sovereign and European financial system indebtedness and the implementation of accommodative monetary policy by central banks in a number of major economies around the world, including through the implementation of quantitative easing by the central banks in the United States and the United Kingdom, which has raised concerns about the devaluation of major currencies and future levels of inflation as well as speculation regarding the possible break up of the Eurozone or the exit of one or more countries from the Eurozone or European Monetary Union and the potential systemic impacts of such events on the global economy and financial system. In addition, central banks have become significant net buyers of gold, reversing a trend where central banks were net sellers. The Australian dollar price of gold was more stable over the three years ended June 30, 2012 compared to the US dollar price as the rise in the US dollar price of gold was offset by the weakening of the US dollar against the Australian dollar. Newcrest's realized price for gold in Australian dollars per ounce for the 2012, 2011 and 2010 Fiscal Years was A$1,609, A$1,378 and A$1,252, respectively. Since Newcrest's reporting currency is Australian dollars, this had the effect of moderating the impact of the rise in the US dollar price of gold on Newcrest's revenue growth across the period.

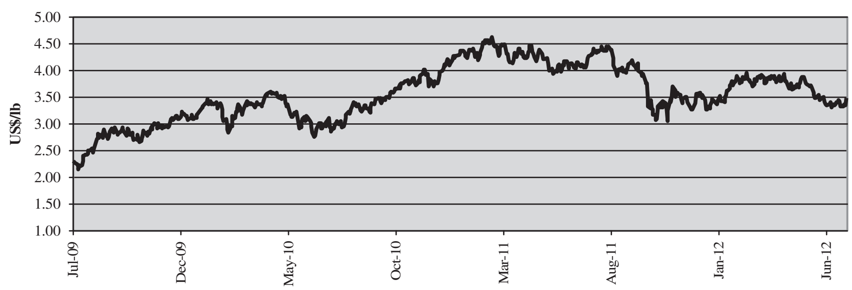
Unlike gold, the global demand for copper metal is mainly related to industrial activity. Global copper supply comes primarily from mine production, with a significant amount of mine production being in the form of concentrate. Copper-gold concentrate is produced by Newcrest's mines at Telfer and Cadia

Valley. Unlike copper metal, there is no terminal market for concentrate, so it is smelted into copper metal for end sale. Rather, when Newcrest's mines sell concentrate to smelters, the mines are paid for a portion of the copper metal extracted from the concentrate and any by-products, subject to penalties for impurities (e.g. arsenic, bismuth, fluorine) contained in the concentrate. The smelters charge the mines treatment and refining charges and the smelters may retain some exposure to movements in the copper price through a price participation mechanism. For additional information about Newcrest's sales of concentrate, see "Business Description — Copper-gold concentrate and gold bullion sales" and for a discussion of factors affecting copper prices, see "Risk Factors — Risks related to Newcrest's business and industry — Newcrest may be materially adversely affected by a substantial or extended decline in gold or copper prices, particularly as Newcrest is not hedged in respect of commodity prices."

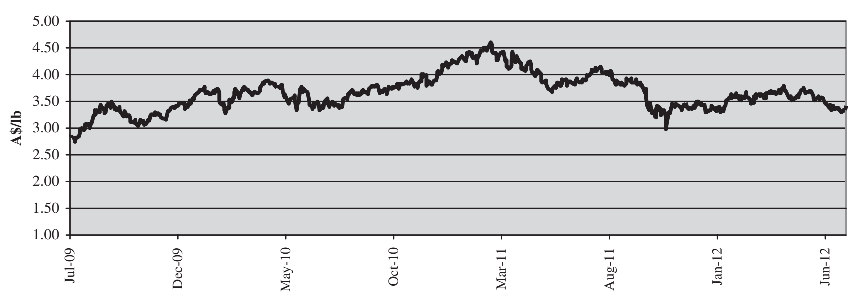
As with gold, the price of copper has also risen substantially in the past decade, from US$1,809 per tonne (US$0.82/lb) on January 1, 2001 on the London Metals Exchange to US$7,577 per tonne (US$3.44/lb) on August 31, 2012, primarily as a result of increasing demand from emerging markets. More recently, the price of copper has been volatile and has decreased 34% from its high of US$10,180 per tonne (US$4.62/lb) on February 14, 2011 to US$6,722 per tonne (US$3.05/lb) on October 20, 2011 on the London Metals Exchange, before rising to US$8,363 per tonne (US$3.79/lb) on September 14, 2012.

Set out in the tables below are the closing spot copper prices for the three years ended June 30, 2012 in US dollars and Australian dollars.

USD Copper Price FY10-FY12



AUD Copper Price FY10-FY12



Following a decline at the start of the 2009 Fiscal Year on expectations of slowing global economic activity during the financial crisis, the US dollar copper price rose substantially reaching all time highs during the 2011 Fiscal Year. The rise in price was primarily due to demand from emerging markets, especially China. In Australian dollar terms, the relative weakness of the Australian dollar against the

US dollar during the global financial crisis magnified the decline in Australian dollar copper prices during the 2009 Fiscal Year, and the subsequent strengthening of the Australian dollar against the US dollar had the effect of moderating the increase in copper prices in Australian dollar terms and consequently moderating Newcrest's revenue growth across the period. Newcrest's realized price for copper in Australian dollars per pound for the 2012, 2011 and 2010 Fiscal Years was A$3.58, A$3.93 and A$3.40, respectively.

The fluctuation in exchange traded metal prices can be substantial, even on a daily basis. Over the past 2 years, both gold and copper prices have been volatile. Historically, Newcrest entered into hedging transactions to mitigate against adverse movements in gold and copper commodity prices, as well as to underwrite the returns on certain major capital investments. During the 2008 Fiscal Year, Newcrest closed-out its gold hedge book. Newcrest has continued to enter into short term copper quotational period fixes via simple vanilla swaps for periods up to four months. Newcrest has no current intention to enter into any derivative instrument to hedge against low gold prices with respect to its gold production. Therefore, any drop in the price of gold or copper will adversely impact Newcrest's revenues, profits and cash flows. For a discussion of the impact of the close-out of Newcrest's gold hedge book on its results of operations, see the discussion under "— Gold hedge close-out" and "Hedge restructure and other significant items" in the period-to-period comparisons of Newcrest's results of operations in "— Results of operations" below.

Foreign currency exchange rates

The majority of pricing for Newcrest's products is quoted in US dollars or relate to US dollar pricing. The US dollar remains the most important currency for determining Newcrest's revenues. Also, most of Newcrest's operating costs are denominated in Australian dollars and, therefore, in the absence of other changes, if the Australian dollar strengthens in value relative to the value of the US dollar, Newcrest's financial results will be adversely affected. For example, a one cent strengthening of the Australian dollar against the US dollar would, all other factors remaining equal, result in a decrease in budgeted 2013 Fiscal Year earnings before interest and tax of approximately A$36 million. Conversely, a weakening of the Australian dollar relative to the US dollar will have a favorable impact on Newcrest's financial results. Since March 2009, the Australian dollar has risen strongly against the US dollar, reaching historic highs during the 2012 Fiscal Year although there have been periods of substantial volatility, in particular during the second half of the 2010 Fiscal Year as well as on several occasions during the 2012 Fiscal Year. For historic Australian dollar/US dollar exchange rate data, see "Currency of Presentation and Exchange Rates." Although the US dollar gold and copper prices generally increased significantly following the global financial crisis, the strengthening of the Australian dollar against the US dollar over the same period resulted in the positive impact of the increase in those prices on Newcrest's revenues being significantly reduced. Newcrest does not hedge its foreign exchange revenue or operating expenses to the US dollar (although it does hedge major capital expenditure to the functional currency of the project or operation), instead utilizing natural hedges across Newcrest and maintaining its debt in US dollar denominated loans or bonds.

Production levels

Newcrest's results of operations are also affected by the level of production activity at each of its mines and the grade of ore.

The level of production activity at a mine can be affected by both planned and unexpected events. Planned events include where a particular mine is in the planned sequence of extraction, the timing of the implementation of planned upgrades to equipment and facilities and the timing of scheduled maintenance. For example, Newcrest's production levels were positively impacted in the 2011 Fiscal Year by facility upgrades at Gosowong and in the Fiscal Year 2010 by improved maintenance scheduling at Telfer but negatively impacted in the 2011 and 2010 Fiscal Years due to the transition from the sub-level cave at Ridgeway to the Ridgeway Deeps block cave.

Production activity can also be affected by events which are unexpected such as unusual or severe weather activity, particularly rainfall patterns, equipment failures and unplanned maintenance required on plant and equipment. For example, in the 2012 Fiscal Year, Newcrest's production was adversely impacted at Lihir due to extreme rainfall and subsequent flooding in the open pit, reducing access to higher grade ore, and unplanned interruptions as a result of plant reliability issues. The Telfer mine is located in an area that is affected by cyclone activity which can result in short-term shutdowns in activities. Production at Hidden Valley was adversely impacted in the 2012 Fiscal Year by high rainfall experienced over the six months to June 30, 2012, which constrained mining rates and ore feed grade, and equipment failures. In addition, Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011 after the post-election conflict lost its intensity and after Newcrest had undertaken detailed security assessments and conducted extensive local consultation to ensure the safety of its employees. For additional information on events that may affect production activity, see "Risk Factors — Newcrest is exposed to a number of operating risks and hazards inherent in the mining industry." The grade of ore, which is the quantity of gold or other valuable metals per unit of host rock which can be mined and recovered at a profit, has a direct impact on Newcrest's production volumes. The grade at which mineralized rock becomes ore, the break-even cut-off grade, is that grade at which the economic benefits of the valuable constituents of the ore are equivalent to the cost of their extraction. For further information regarding the grades of Newcrest's Ore Reserves and Mineral Resources see "Reserves and Resources." See "Business description — Recent developments" for information on factors affecting production for the first quarter of the 2013 Fiscal Year."

The grade is often not constant throughout the ore body. Mine planning and scheduling endeavors to maintain a predictable mined grade but inevitably there will be times when the grade will vary from this. Reasons for grade variation for an underground ore body may include spatial grade changes throughout the ore body and, with a top-down mining method, such as sub-level caving, there is likely to be a variation in mined grade over the life of the operation. This variation in mined grade may lead to a commensurate variation in metal production. For additional information on the factors affecting production at each of Newcrest's mines in the 2012, 2011 and 2010 Fiscal Years, see the discussion under "— Sales revenue" in the period-to-period comparisons of Newcrest's results of operations in "— Results of operations" below.

Production costs

Production costs include the cost of labor, mining contracts, fuel, lubricants, power, consumable stores (which include explosives, timber and other consumables) and utilities used in the production of gold. Newcrest's costs are also impacted by the production and operational efficiency of its mining and processing facilities and the availability and efficiency of skilled employees. Certain costs are also affected by government imposts and regulations and many costs can fluctuate as a result of macro and micro economic conditions or events that are outside Newcrest's control. For example, Newcrest has little influence over the cost of most consumables, many of which are linked to some degree to the price of oil and steel.

The level of activity in the resources industry in the regions in which Newcrest operates, particularly over the last several years, has resulted in constraints of supply of certain production inputs and associated higher prices. In particular, labor, fuel, energy and consumables have been impacted. In respect to labor, the competitive pressure from other resources activities has been greatest in Western Australia (impacting the Telfer mines) and Papua New Guinea (impacting the Lihir and Hidden Valley operations).

Material increases in production cost estimates and actual costs of production could cause Newcrest to suspend an operation, or suspend the development or exploration of a project as planned, either temporarily or permanently.

Cash cost and production cost by site

	Year ended June 30,		
	2012	**2011[(1)]**	**2010**
Cash cost (A$/oz)			
Cadia	423	303	120
Telfer	783	674	499
Lihir	560	419	—
Gosowong	406	329	302
Hidden Valley (50%)	1,259	1,010	1,323
Bonikro[(2)]	898	1,236	—
Mt Rawdon[(3)]	958	693	—
Cracow (70%)[(3)]	808	658	542
Group cash cost (A$/oz)	**603**	**493**	**347**
Production cost (A$/oz)			
Cadia	663	455	251
Telfer	1,116	965	750
Lihir	725	581	—
Gosowong	559	476	394
Hidden Valley (50%)	1,676	1,393	1,703
Bonikro[(2)]	1,239	1,502	—
Mt Rawdon[(3)]	1,147	863	—
Cracow (70%)[(3)]	1,057	886	788
Group production cost (A$/oz)	**839**	**692**	**523**

1. Information for the 2011 Fiscal Year includes 12 months of production from the former Lihir Gold Limited assets (comprised of Lihir, Bonikro and Mt Rawdon). For the former Lihir Gold Limited assets, production and cost data for the ten months from September 2010 to June 2011 is based on Newcrest's reporting processes and definitions. For the two months of the 2011 Fiscal Year during which Newcrest did not own the former Lihir Gold Limited assets, the production and cost data is based on the processes of Lihir Gold Limited and Newcrest's reporting definitions.
2. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. During the period which operations were suspended, the mine was placed on care and maintenance and costs during that period primarily related to fixed costs incurred.
3. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year are for four months only, for the period July 1, 2011 to November 2, 2011. In the 2011 Fiscal Year, Mt Rawdon produced 89,636 ounces of gold, of which 75,494 ounces of gold were produced from August 30, 2010 to June 30, 2011.

As described above, the principal determinants of cash costs and production costs are the actual costs that make up mine production costs, gold production and copper production and prices (which determines the level of the copper by-product credit). For information on the factors affecting and the trends relating to these determinants of Newcrest's cash costs and production costs, see the information under "— Sales revenue" and "— Cost of sales" in the period to period comparisons on Newcrest results of operations under "Results of operations" below.

The timing of a mine's transition from the development/construction phase to the production phase

The determination of when the development/construction phase of a new mine ends and the production phase commences is a complex decision that has important implications. Principally, the commencement of the production phase means that costs can no longer be capitalized and must instead be treated as operating expenses.

In the mining industry, it is generally accepted that the cut-off point occurs when the new mine is evaluated to have achieved commercial levels of production as established in the mine plan. This evaluation does not necessarily coincide with when certain plant and equipment are technically commissioned. Rather, this evaluation is usually based on a range of substantive criteria, including:

- when a nominated percentage of design or capacity for the mine or mill is attained;
- when mineral recoveries are at or near expected levels; and
- when continuous production is achieved for a predetermined period of time.

Results of Newcrest's exploration and development efforts

As most of Newcrest's revenue and profits are derived from natural resource mining operations, future long term results are directly related to Newcrest's ability to replace existing resources and reserves as they are depleted and to discover new deposits. This is dependent upon the success of Newcrest's exploration and development efforts. In addition, exploration and development activities are a significant use of Newcrest's cash flow from its operations. For the three years ended June 30, 2012, Newcrest's aggregate exploration expenditure totaled A$385 million and aggregate capital expenditure totaled A$4,327 million on developments and projects. See "Business Description — Development projects" and "Business Description — Exploration" for a description of Newcrest's development projects and exploration activities. See "Risk Factors — Newcrest faces risks related to the development of its mining projects that may adversely affect its results of operations and profitability" and "Risk Factors — Newcrest faces uncertainty and risk in its exploration, feasibility studies and other project evaluation activities" for of the risks associated with Newcrest's development and exploration activities. See "— Liquidity and capital resources — Cash flows — Investing activities" below for additional information on Newcrest's capital expenditures on exploration and development activities.

Gold hedge close-out

Historically, Newcrest entered into various gold hedging arrangements to hedge its exposure to movements in the spot price of gold. During the 2008 Fiscal Year, Newcrest closed-out its gold hedge book and realized the gold hedging losses and extinguished any future obligation with respect to the hedge contracts. The cost of the close-out of the gold hedge book was A$1,700 million that was funded through an equity entitlement offer.

Accounting standards required the accumulated losses on the contracts closed-out to remain deferred in the Hedge Reserve within equity on the balance sheet. The losses in the Hedge Reserve were transferred to the income statement in the periods in line with the original sales to which they were designated. There are no liabilities remaining for the closed-out contracts and the profit impact on the 2012, 2011 and 2010 Fiscal Years are all non-cash. The balance of the reserve was fully released to the income statement in the 2012 Fiscal Year. For additional information on the impact of the close-out of Newcrest's gold hedge book, see the discussion under "— Hedge restructure and other significant items" in the period to period comparisons of Newcrest's results of operations under "Results of operations" below.

Overview of production and sales

Set out in the table below is gold, copper and silver production and sales information for Newcrest for the years presented. Production figures for the 2011 Fiscal Year include ten months of production only, from the date of acquisition on August 30, 2010 to June 30, 2011 for the former Lihir Gold Limited assets of Lihir, Bonikro and Mt Rawdon. Production figures for the 2012 Fiscal Year include only four months of production from Cracow and Mt Rawdon as Newcrest sold its interests in these assets on November 2, 2011. See "— Description of Newcrest" above for further information.

Group production and sales

		Year ended June 30,		% Change	Year ended June 30,		% Change
		2012[1]	**2011[2]**		**2011[2]**	**2010**	
Production volumes							
Gold[3], [4]	(oz)	2,285,917	2,527,352	(10)	2,527,352	1,762,200	43
Copper[4]	(t)	76,015	75,631	1	75,631	86,816	(13)
Silver	(oz)	1,997,247	1,895,610	5	1,895,610	1,369,790	38
Sales volumes							
Gold	(oz)	2,333,214	2,477,632	(6)	2,474,312	1,745,130	42
Copper	(t)	78,513	73,930	6	73,614	86,876	(15)
Silver	(oz)	1,997,294	1,891,811	6	1,891,811	1,347,369	40
Realized prices							
Gold	A$/oz	1,609	1,378	17%	1,378	1,252	10
Copper	A$/lb	3.58	3.93	(9)	3.93	3.40	16
Silver	A$/oz	31.55	29.04	9	29.04	18.32	59
Average[5] AUD:USD		1.0319	0.9871	5	0.9871	0.8808	12
Revenue							
Gold	A$millions	3,740	3,409	10	3,409	2,126	60
Copper	A$millions	613	638	(4)	638	652	(2)
Silver	A$millions	63	55	15	55	24	129
Total sales revenue	**A$millions**	**4,416**	**4,102**	**8**	**4,102**	**2,802**	**46%**

1. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year are for four months only, for the period July 1, 2011 to November 2, 2011.

2. Production and sales figures for the former Lihir Gold Limited assets for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.

3. Production includes pre-production ounces from Hidden Valley during development of 46,209 ounces in the 2010 Fiscal Year.

4. Production includes 3,320 pre-production gold ounces and 316 pre-production copper tonnes during the 2011 Fiscal Year and 8,451 pre-production gold ounces and 801 pre-production copper tonnes during the 2012 Fiscal Year during development for the Cadia East Project. These have been capitalized and excluded from the unit cost calculations and profit and loss reporting. Commercial production is expected to commence in the second quarter of the 2013 Fiscal Year.

5. Calculated using average daily spot foreign exchange rates.

Gold production in the 2012 Fiscal Year of 2,285,917 ounces was 241,435 ounces, or 10%, lower than the 2011 Fiscal Year production of 2,527,352 ounces. This decrease in production was primarily due to lower output from Cadia Hill as the open pit mining operation moved towards suspension as planned and was placed on care and maintenance on June 30, 2012, lower gold grade and recoveries at Telfer, the impact of the sale of Cracow and Mt Rawdon on November 2, 2011 and lower production at Lihir due to the impact of extreme rainfall and subsequent flooding in the open pit, in addition to plant reliability issues experienced during the year. See "Business Description — Mining Operations — Lihir operation — Production and plant reliability" for further information. These impacts were partially offset by higher production from Ridgeway due to higher mining levels and higher production from Bonikro due to a full twelve months of production.

Gold production in the 2011 Fiscal Year of 2,527,352 ounces was 765,152 ounces, or 43%, higher than the 2010 Fiscal Year production of 1,762,200 ounces. This increase in production was primarily due to the inclusion of ten months of production from operations at Lihir, Mt Rawdon and Bonikro and a full year of production from the newly commissioned operations at Ridgeway Deeps and Hidden Valley. Excluding the contribution from the former Lihir Gold Limited assets in the 2011 Fiscal Year of 755,985 ounces, gold production in the 2011 Fiscal Year of 1,771,367 was relatively stable compared to gold production in the 2010 Fiscal Year of 1,762,200 ounces due to the inclusion of a full year of production at Ridgeway Deeps and Hidden Valley which were largely offset by decreases in production at Telfer and Ridgeway.

Copper production increased in the 2012 Fiscal Year by 384 tonnes, or 1%, to 76,015 tonnes from 75,631 tonnes in the 2011 Fiscal Year, due to higher levels of production associated with the rampup of the Ridgeway Deeps mine, partially offset by lower output from Cadia Hill as the open pit mining operation moved towards suspension as planned and was placed on care and maintenance on June 30, 2012. Copper production decreased in the 2011 Fiscal Year by 11,185 tonnes, or 13%, to 75,631 tonnes from 86,816 tonnes in the 2010 Fiscal Year, with lower production from Cadia Valley and Telfer. Cadia Valley copper and gold production was impacted by the rain events in the middle of the 2011 Fiscal Year on the east coast of Australia.

Silver production increased in the 2012 Fiscal Year by 101,637 ounces, or 5% to 1,997,247 ounces from 1,895,610 in the 2011 Fiscal Year primarily due to increased production at Hidden Valley. Silver production increased in the 2011 Fiscal Year by 525,820 ounces, or 38% to 1,895,610 ounces from 1,369,790 in the 2010 Fiscal Year due to the inclusion of a full year of production from Hidden Valley. Silver production, sales and revenues are not material to Newcrest's results of operations. Silver revenue represented 1.4%, 1.3% and 0.9% of Newcrest's total sales revenues for the 2012, 2011 and 2010 Fiscal Years, respectively.

Differences between production and sales volumes in a period principally relate to timing of shipments, in particular in relation to copper and gold production and sales from the Cadia Valley and Telfer operations. Cadia Valley and Telfer both produce gold as well as copper-gold concentrate with an elevated gold content. Copper-gold concentrate is produced and stockpiled at these sites until sufficient quantities are available for bulk transportation to overseas smelters or merchants. Timing of shipments at the start or end of periods may cause differences between production and sales volumes in a period. For more information about sales of copper-gold concentrate, see "Business Description — Gold-copper concentrate and gold bullion sales."

The average realized price for gold rose in the 2012 Fiscal Year by A$231 per ounce, or 17%, to A$1,609 per ounce from A$1,378 per ounce in the 2011 Fiscal Year. In the 2012 Fiscal Year, the average realized price of copper fell by A$0.35 per pound, or 9%, to A$3.58 per pound from A$3.93 per pound in the 2011 Fiscal Year. In the 2012 Fiscal Year, the price of silver rose by A$2.51 per ounce, or 9%, to A$31.55 per ounce from A$29.04 per ounce in the 2011 Fiscal Year. The average realized price for all metals increased in the 2011 Fiscal Year, with gold rising A$126 per ounce, or 10%, to A$1,378 per ounce from A$1,252 per ounce in the 2010 Fiscal Year and copper rising by A$0.53 per pound, or 16%, to A$3.93 per pound from A$3.40 per pound in the 2010 Fiscal Year. In the 2011 Fiscal Year, the price of silver rose by A$10.72 per ounce, or 59%, to A$29.04 per ounce from A$18.32 per ounce in the 2010 Fiscal Year.

For discussion of gold revenues, see the discussion in the period to period comparisons of Newcrest's results of operations under "Results of operations — Sales revenue — Gold production and sales by site" below. For discussion of copper revenues, see the discussion in the period to period comparisons of Newcrest's results of operations under "Results of operations — Sales revenue — Copper production and sales by site" below.

Results of Operations

Comparison of the 2012 Fiscal Year to the 2011 Fiscal Year

Profit overview

Newcrest presents and internally assesses its performance using Underlying Profit as a measure. Underlying Profit means profit after tax and non-controlling interest before hedge restructures and close-out impacts and business acquisition/integration costs. Newcrest believes Underlying Profit provides useful information regarding Newcrest's results as it permits investors to examine the underlying performance of its business.

The table below sets forth a reconciliation of Statutory Profit to Underlying Profit for the 2012 Fiscal Year and the 2011 Fiscal Year.

	Year ended June 30,	
	2012	**2011**
	(A$ millions)	
Profit after tax attributable to owners of the parent ("Statutory Profit")	1,117	908
Losses on restructured and closed-out hedge contracts (after tax)	5	107
Other close-out related costs (after tax)	—	2
Business divestment gain (after tax)	(46)	—
Business acquisition and integration costs (after tax)	8	41
Profit after tax before hedge restructure and other significantly items attributable to owners of the parent ("Underlying Profit")	**1,084**	**1,058**

Statutory Profit for the 2012 Fiscal Year of A$1,117 million was a A$209 million, or 23%, increase from the A$908 million in the 2011 Fiscal Year. The Statutory Profit for the 2012 Fiscal Year included a gain on divestment of Cracow and Mt Rawdon of A$46 million after tax, hedge restructure and close-out losses of A$5 million after tax resulting from Newcrest's September 2007 equity raising, subsequent gold hedge book close-out and debt repayment in the 2008 Fiscal Year and transaction and acquisition integration costs of A$8 million after tax in relation to the Lihir Gold Limited acquisition.

For the 2012 Fiscal Year, Newcrest reported a record Underlying Profit of A$1,084 million, an increase of A$26 million, or 2%, from the 2011 Fiscal Year result of A$1,058 million. The increased Underlying Profit was primarily due to higher gold prices, which was partly offset by lower gold production, higher production costs and lower copper prices.

The table below outlines the key differences in line items which affected Underlying Profit between the 2012 Fiscal Year and the 2011 Fiscal Year.

	A$ millions	
Underlying Profit for year ended June 30, 2011		**1,058**
Changes in sales revenues:		
Gold	331	
Copper	(25)	
Silver	8	
Total changes in sales revenues	314	314
Changes in cost of sales:		
Mine production costs	(408)	
Deferred mining	178	
Inventory movements	78	
Treatment, realization and royalty	(13)	
Depreciation	(41)	
Total changes in cost of sales	(206)	(206)
Other costs:		
Corporate administration	(47)	
Exploration	(25)	
Other income/(expense)	(5)	
Net Finance costs	(5)	
Share of profit in associate	15	
Total changes in other costs	(67)	(67)
Tax:		
Income tax expense	(15)	
Total changes tax	(15)	(15)
Underlying Profit for the year ended 30 June, 2012		**1,084**

Total change in sales revenue was A$314 million, or 8%, higher at A$4,416 million in the 2012 Fiscal Year compared to A$4,102 million in the 2011 Fiscal Year, primarily due to the higher gold price which offset a reduction in gold sales volumes and lower copper prices. The average realized gold price for the 2012 Fiscal Year of A$1,609 (US$1,660) per ounce was A$231 per ounce, or 17%, higher than the average realized gold price of A$1,378 (US$1,360) in the 2011 Fiscal Year. Copper volumes sold were 6% higher in the 2012 Fiscal Year from the 2011 Fiscal Year, however a 9% decrease in price during the 2012 Fiscal Year to A$3.58 (US$3.69) per pound from A$3.93 per pound (US$3.88) in the 2011

Fiscal Year meant that overall copper revenue decreased in the 2012 Fiscal Year by 4% from the 2011 Fiscal Year. For further information on sales revenues, see the discussion in the period to period comparisons of Newcrest's results of operations under "— Sales revenue" below.

Total change in cost of sales was A$206 million, or 9%, higher at A$2,607 million in the 2012 Fiscal Year compared to A$2,401 million in the 2011 Fiscal Year, primarily as a result of an increase in mine production costs. Mine production costs of A$2,221 million in the 2012 Fiscal Year were $408 million, or 23%, higher compared with A$1,813 million in the 2011 Fiscal Year, primarily due to an increase in mining activity, particularly at Telfer and Bonikro, in addition to the inclusion of a full twelve months activity from Lihir and Bonikro compared with ten months of Lihir and six months of Bonikro in the 2011 Fiscal Year. Cost increases were also experienced, particularly in labor, energy and fuel costs. For further information on mine production costs, see the discussion under "— Cost of sales — Mine production costs" below.

An increase in inventories reduced costs of sales by A$248 million in the 2012 Fiscal Year, compared to a A$170 million reduction in the 2011 Fiscal Year. This was mostly due to an increase in ore stockpiles at the Lihir and Telfer operations, where mining activities exceeded mill throughput. In the 2012 Fiscal Year, deferred mining adjustments reduced cost of sales by A$178 million as a result of increased waste stripping activity at Telfer (Main Dome Stage 4), Bonikro (Stage 4 and Stage 2) and Hidden Valley (Stage 3). In the 2011 Fiscal Year, deferred mining adjustments were nil as Cadia Hill costs were offset by the deferral of costs associated with new cutback development at Telfer, Gosowong and Ridgeway. For further information on inventory movements and deferred mining adjustments, see the discussion under "— Inventory movements" and "— Deferred mining costs" below.

Sales revenue

Total sales revenue increased by A$314 million, or 8%, to A$4,416 million in the 2012 Fiscal Year from A$4,102 million in the 2011 Fiscal Year, which was primarily due to an increase in the gold price. Gold revenue represented 85% and 83% of Newcrest's overall sales revenue in the 2012 and 2011 Fiscal Years, respectively.

Set out in the tables below is production and sales information for each of Newcrest's operating mines for the 2012 and 2011 Fiscal Years. Production and sales figures in the 2011 Fiscal Year for the former Lihir Gold Limited sites of Lihir, Bonikro and Mt Rawdon in the tables below are for ten months of production and sales only, from the date of acquisition on August 30, 2010 to June 30, 2011. Production figures for the 2012 Fiscal Year include only four months of production from Cracow and Mt Rawdon as Newcrest sold its interests in these assets on November 2, 2011.

Gold

Gold production and sales by site

	Year ended June 30,			
	2012		2011	
	Production	Sales	Production	Sales
	(ounces)			
Cadia Hill(1)	241,430	262,458	364,196	353,575
Ridgeway	223,314	225,149	147,904	151,297
Cadia East(2)	8,451	8,451	3,320	3,320
Telfer	540,114	569,640	621,291	588,724
Lihir(3)	604,336	595,184	639,256	635,610
Gosowong	439,384	439,446	463,218	465,900
Hidden Valley (50%)	88,801	89,290	100,232	102,689
Bonikro(4)	92,102	91,654	41,235	29,867
Mt Rawdon(5)	24,198	27,256	75,494	75,644
Cracow (70%)(5)	23,787	24,686	71,206	71,006
Total	**2,285,917**	**2,333,214**	**2,527,352**	**2,477,632**

1. Production was suspended as planned during the 2012 Fiscal Year on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.
2. Production includes pre-production ounces from the Cadia East project during development of 8,451 ounces in the 2012 Fiscal Year and 3,320 ounces in the 2011 Fiscal Year. These gold ounces have been capitalized and excluded from the unit cost calculations and profit and loss reporting. Commercial production is expected to commence in the second quarter of the 2013 Fiscal Year.
3. Production and sales figures for the former Lihir Gold Limited assets, which comprised the Lihir, Bonikro and Mt Rawdon operations, for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.
4. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal Year includes approximately six months of production. During the period in which operations were suspended, the mine was placed on care and maintenance.
5. Newcrest sold its interest in the Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year include four months of production only, for the period July 1, 2011 to November 2, 2011.

Total gold production decreased by 241,435 ounces, or 10%, to 2,285,917 ounces in the 2012 Fiscal Year from 2,527,352 ounces in the 2011 Fiscal Year. The 241,435 ounce decrease in production is described below.

Cadia Hill's production decreased by 122,766 ounces, or 34%, to 241,430 ounces in the 2012 Fiscal Year from 364,196 ounces in the 2011 Fiscal Year in line with lower rates of production and planned lower gold grades as mining of the third cutback was completed. Newcrest suspended mining as planned at the Cadia Hill open pit operation on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.

Ridgeway's production increased by 75,410 ounces, or 51%, to 223,314 ounces in the 2012 Fiscal Year from 147,904 ounces in the 2011 Fiscal Year reflecting the first full year of post-commissioning production at Ridgeway Deeps. Increased block cave ore production, higher grade ore and higher mill throughput all contributed to this increase.

Cadia East's development production increased by 5,131 development ounces, or 155%, to 8,451 ounces in the 2012 Fiscal Year from 3,320 ounces in the 2011 Fiscal Year as it ramped up towards commercial production. Revenue and costs of production were capitalized as part of the project.

Telfer's production decreased by 81,177 ounces, or 13%, to 540,114 ounces in the 2012 Fiscal Year from 621,291 ounces in the 2011 Fiscal Year due to planned lower feed grade and associated recoveries, together with lower mill throughput.

Gosowong's production decreased by 23,834 ounces, or 5%, to 439,384 ounces in the 2012 Fiscal Year from 463,218 ounces in the 2011 Fiscal Year due to an expected reduction in gold grade. The grade impact was mostly offset by record mill throughput, delivering a 20% increase in volume milled over the prior year.

Lihir's production decreased by 34,920 ounces, or 5%, to 604,336 ounces in the 2012 Fiscal Year from 639,256 ounces in the 2011 Fiscal Year. The 2012 Fiscal Year included a full twelve months of ownership, while the prior period included ten months. Production in the 2012 Fiscal Year was adversely impacted by extreme rainfall and subsequent flooding in the open pit, reducing access to higher grade ore. Mill throughput was also restricted due to a major planned maintenance shutdown in August 2011 and plant reliability issues throughout the year. See "Business Description — Mining Operations — Lihir operation — Production and plant reliability" for further information. Production for the June 2012 quarter was 9% higher than that achieved in the March 2012 quarter, reflecting improvements in reliability and mine dewatering capacity.

Hidden Valley's production (Newcrest's 50% share) decreased by 11,431 ounces, or 11%, to 88,801 ounces in the 2012 Fiscal Year from 100,232 ounces in the 2011 Fiscal Year, primarily due to high rainfall experienced over the six months to June 2012 constraining mining rates and ore feed grade.

Bonikro's production increased by 50,867 ounces, or 123%, to 92,102 ounces in the 2012 Fiscal Year from 41,235 ounces in the 2011 Fiscal Year reflecting higher mining and mill throughput and a full year of production (the 2011 Fiscal Year represented approximately six months of production).

Cracow's production decreased by 47,419 ounces to 23,787 ounces in the 2012 Fiscal Year from 71,206 ounces in the 2011 Fiscal Year. As Newcrest divested this asset on November 2, 2011, only four months of production in the 2012 Fiscal Year have been reported.

Mt Rawdon's production decreased by 51,296 ounces to 24,198 ounces in the 2012 Fiscal Year from 75,494 ounces in the 2011 Fiscal Year. As Newcrest also divested this asset on November 2, 2011, only four months of production in the 2012 Fiscal Year have been reported.

Total gold revenue grew by A$331 million, or 10%, to A$3,740 million in the 2012 Fiscal Year from A$3,409 million in the 2011 Fiscal Year due to a higher realized gold price partially offset by lower gold sales. The realized gold price of A$1,609 per ounce was A$231, or 17%, higher in the 2012 Fiscal Year compared to A$1,378 per ounce in the 2011 Fiscal Year. The US dollar gold price reached a then record high (US$1,900 per ounce based on the Bloomberg closing price on September 5, 2011) during the 2012 Fiscal Year, however the impact on Australian dollar revenue was reduced due to the continued strength of the Australian dollar against the US dollar with an average rate for the 2012 Fiscal Year of A$1.0319 compared to the 2011 Fiscal Year average rate of A$0.9871.

Copper

Copper production and sales by site

	Year ended June 30,			
	2012		2011	
	Production	Sales	Production	Sales
	(tonnes)			
Cadia Hill[(1)]	14,076	15,060	23,449	23,708
Ridgeway	29,901	30,050	19,788	19,811
Cadia East[(2)]	801	801	316	316
Telfer	31,237	32,602	32,078	30,095
Total	**76,015**	**78,513**	**75,631**	**73,930**

1. Production was suspended as planned during the 2012 Fiscal Year on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.
2. Production includes pre-production copper tonnes from the Cadia East project during development of 801 tones in the 2012 Fiscal Year and 316 tonnes in the 2011 Fiscal Year. These copper tonnes have been capitalized and excluded from the unit cost calculations and profit and loss reporting. Commercial production is expected to commence in the second quarter of the 2013 Fiscal Year.

Copper production increased in the 2012 Fiscal Year by 384 tonnes, or 0.5%, to 76,015 tonnes from 75,631 tonnes in the 2011 Fiscal Year, with increased production a result of higher levels of production associated with the ramp-up of the Ridgeway Deeps mine, partially offset by lower output from Cadia Hill as the open pit mining operation moved towards suspension as planned and the mine was placed on care and maintenance on June 30, 2012. Newcrest's copper revenue decreased in the 2012 Fiscal Year by A$25 million, or 4%, to A$613 million from A$638 million in the 2011 Fiscal Year due to lower realized prices, although this was partially offset by higher production and sales volumes. The realized copper price of A$3.58 per pound in the 2012 Fiscal Year was A$0.35, or 9%, lower than the realized copper price of A$3.93 per pound in the 2011 Fiscal Year.

Silver

Silver production and sales by site

	Year ended June 30,			
	2012		2011	
	Production	Sales	Production	Sales
	(ounces)			
Cadia Hill(1)	196,108	198,806	244,641	244,641
Ridgeway	224,816	224,816	177,389	177,389
Telfer	366,945	366,945	373,101	391,301
Gosowong	271,342	275,837	284,139	290,782
Cracow (70%)(2)	16,843	16,516	38,170	38,125
Hidden Valley (50%)	857,540	830,705	673,031	665,892
Lihir	10,558	10,558	—	—
Bonikro(3)	13,187	9,654	3,145	—
Mt Rawdon(2)	39,908	63,456	101,994	83,681
Total	**1,997,247**	**1,997,294**	**1,895,610**	**1,891,811**

1. Production was suspended as planned during the 2012 Fiscal Year on June 30, 2012 and the mine was placed on care and maintenance, but Newcrest continues to process ore from stockpiles.
2. Newcrest sold its interest in the Cracow and Mt Rawdon on November 2, 2011. See " — Description of Newcrest" above for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year include four months of production only, for the period July 1, 2011 to November 2, 2011.
3. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal Year includes approximately six months of production. During the period in which operations were suspended, the mine was placed on care and maintenance.

Silver production increased in the 2012 Fiscal Year by 101,637 ounces, or 5%, to 1,997,247 ounces from 1,895,610, primarily due to increased production from Hidden Valley. Silver revenue increased by A$8 million, or 15%, to A$63 million in the 2012 Fiscal Year from A$55 million in the 2011 Fiscal Year due to higher silver prices and higher silver ounces sold. Sales volumes increased by 105,483 ounces, or 6%, to 1,997,294 ounces in the 2012 Fiscal Year from 1,891,811 ounces in the 2011 Fiscal Year predominantly due to increased production from Hidden Valley. The average silver price of A$31.55 per ounce in the 2012 Fiscal Year was A$2.51, or 9%, higher than the average silver price of A$29.04 per ounce in the 2011 Fiscal Year.

Cost of sales

Mine cash costs

Mine cash costs are the primary driver of changes in Newcrest's cost of sales, along with depreciation and finished goods inventory movements, which are discussed in further detail below. The table below sets out cash costs by site for the 2012 and 2011 Fiscal Years.

	Year ended June 30,		
	2012	2011(1)	% Change
	(A$ millions)		
Mine cash costs			
Cadia Valley	560	548	2
Telfer	678	706	(4)
Gosowong	186	161	16
Cracow(2)	20	48	(58)
Hidden Valley	140	121	16
Lihir	339	266	27
Bonikro(3)	83	52	60
Mt Rawdon(2)	25	56	(55)
Total Newcrest Group mine cash costs	**2,031**	**1,958**	**4**

1. Information for the 2011 Fiscal Year includes 12 months of results from the former Lihir Gold Limited assets (comprised of Lihir, Bonikro and Mt Rawdon). For the former Lihir Gold Limited assets, cost data for the ten months from September 2010 to June 2011 is based on Newcrest's reporting processes and definitions. For the two months of the 2011 Fiscal Year during which Newcrest did not own the former Lihir Gold Limited assets, the cost data is based on the processes of Lihir Gold Limited and Newcrest's reporting definitions.
2. Newcrest sold its interest in Cracow and Mt Rawdon in November 2, 2011. See "— Description of Newcrest" above for further information. Results attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year are for four months only, for the period July 1, 2011 to November 2, 2011.
3. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. During the period which operations were suspended, the mine was placed on care and maintenance and costs during that period primarily related to fixed costs incurred.

Overall mine cash costs increased $73 million, or 4%, to A$2,031 million in the 2012 Fiscal Year from A$1,958 million in the 2011 Fiscal Year, with the major increase being at Lihir reflecting the inclusion of a full 12 months of costs as compared to 10 months in the prior year.

The Cadia Valley operation's mine cash costs increased by A$12 million, or 2%, to A$560 million in the 2012 Fiscal Year from A$548 million in the 2011 Fiscal Year, reflecting higher electricity prices and higher labor rates, explained further below.

The Telfer operation's mine cash costs decreased by A$28 million, or 4%, to A$678 million in the 2012 Fiscal Year from A$706 million in the 2011 Fiscal Year, reflecting a 5% reduction in milling volumes. Total material moved in 2012 was 66%, or 35 Mt, higher than the prior year, primarily due to waste stripping of Main Dome Stage 4 (an increase of 30 Mt moved at a cost of A$117 million) and West Dome Stage 1 (an increase of 2.6 Mt moved at a cost of $11 million). This elevated level of mining activity and associated expenditure related to future gold production and therefore was capitalized as deferred mining costs in the 2012 Fiscal Year.

The Gosowong operation's mine cash costs increased by A$25 million, or 16% to A$186 million in the 2012 Fiscal Year from A$161 million in the 2011 Fiscal Year, reflecting a 20% increase in tonnes milled and Indonesian labor market pressures increasing labor costs, partially offset by a 6% strengthening of the Australian dollar against the Indonesian rupiah.

The Lihir operation's mine cash costs increased by A$73 million, or 27%, to A$339 million in the 2012 Fiscal Year from A$266 million in the 2011 Fiscal Year, reflecting the inclusion of a full 12 months of costs as compared to 10 months in the prior year and the adverse impact of a 14% weakening of the Australian dollar against the PNG kina. In addition, maintenance activity increased during the 2012 Fiscal Year to improve the reliability in the processing plant, while lower geothermal power generation increased the reliance on higher cost heavy fuel oil power generation.

Mine cash costs at Newcrest's joint venture operation at Hidden Valley increased by A$19 million, or 16%, to A$140 million in the 2012 Fiscal Year from A$121 million in the 2011 Fiscal Year, as a result of higher ore haulage costs resulting from the restricted capacity of the overland conveyor, increased mining and treatment volumes, and a 14% weakening of the Australian dollar against the PNG kina in the period.

The Bonikro operation's mine cash costs increased by A$31 million, or 60%, to A$83 million in the 2012 Fiscal Year from A$52 million in the 2011 Fiscal Year, reflecting the inclusion of a full 12 months of costs for the former Lihir Gold Limited assets as compared to 10 months in the prior year. In the 2011 Fiscal Year, Newcrest acquired the asset from August 30, 2010 and shortly thereafter had temporarily suspended operations as a precaution against the possibility of civil unrest following presidential elections in Côte d'Ivoire.

Mine cash costs at Cracow and Mt Rawdon decreased by A$59 million, or 56%, to A$45 million in the 2012 Fiscal Year from A$104 million in the 2011 Fiscal Year, as a result of Newcrest's divestment of these assets to Evolution Mining on November 2, 2011.

The table below sets out cost of sales by category for the 2012 and 2011 Fiscal Years.

	Year ended June 30,				
	2012 Newcrest Group	2011 Newcrest Group	% Change Increase/ (Decrease)	% Change attributable to price	% Change attributable to activity
	(A$ millions)				
Employee Salaries	352	304	16	8	8
Maintenance including Contract Labor	498	433	15	5	10
Mining Contracts	298	152	96	5	91
Fuel & Lubes	146	106	38	22	16
Utilities & Power	211	171	23	17	6
Liners & Grinding Media	119	113	5	(4)	9
Mining Consumables	287	249	15	5	10
Other Input Costs	310	285	9	4	5
Mine production costs	**2,221**	**1,813**	**23**	**7**	**16**
Deferred mining costs	(178)	0			
Ore inventory movements	(282)	(112)	152		
Treatment & Realization Costs	140	136	3		
Royalties	130	121	7		
Mine cash costs	**2,031**	**1,958**	**4**		
Finished goods inventory movement	34	(58)			
Depreciation	542	501	8		
Cost of sales	**2,607**	**2,401**	**9**		

Mine production costs rose by A$408 million, or 23%, to A$2,221 million in the 2012 Fiscal Year from A$1,813 million in the 2011 Fiscal Year due to continuing cost pressures across the resources industry.

The level of activity in the resources industry in the regions in which Newcrest operates has resulted in supply-side constraints and higher input costs, particularly in labor, fuel, energy and consumables.

The strengthening of the PNG kina against the Australian dollar has further negatively impacted costs by approximately A$36 million in 2012 at the Lihir and Hidden Valley operations. This was partially offset by the Australian dollar strengthening against the Indonesian rupiah, positively impacting costs at Gosowong by approximately A$4 million.

Mine production costs were adversely affected by elevated levels of mining activity (and associated stripping costs) at Telfer and Bonikro in particular, with both being necessary to secure ore sources integral to their respective 5 year production profiles and, in the case of Telfer, to address underinvestment in mining activity in prior years. As these stripping costs related to future production, they are accounted for as deferred mining costs. These deferred mining balances will unwind over the coming 5 year period as the stripping ratio is reduced. Ore inventories increased, predominantly at Lihir and Telfer. Ore inventories at Lihir will reduce as the stripping ratio normalizes and expanded processing capacity assists accelerated utilization of ore inventory.

The Employee Salaries cost category was A$48 million, or 16%, higher in the 2012 Fiscal Year at A$352 million compared to A$304 million in the 2011 Fiscal Year. Approximately half of this increase is attributable to tight labor markets, particularly in Australia and Indonesia, and the impact of a stronger PNG kina against the Australian dollar on the Lihir and Hidden Valley operations. The main activity-related impacts on Employee Costs comprise the inclusion of a full 12 months of costs as compared to 10 months in the prior year and revised maintenance and roster arrangements at Telfer.

Overall Maintenance including Contract Labor costs increased to A$498 million in the 2012 Fiscal Year compared with A$433 million in the 2011 Fiscal Year. The majority of this increase occurred at Lihir, reflecting the inclusion of a full 12 months of costs as compared to 10 months in the prior year, and increased maintenance activity in the 2012 Fiscal Year to improve the reliability in the processing plant. Cadia and Telfer costs were adversely impacted by longer term, lower cost maintenance contracts coming to an end, and the contracted new arrangements reflecting higher, current market prices.

The Mining Contracts cost category increased by A$146 million, or 96%, to A$298 million in the 2012 Fiscal Year from A$152 million in the 2011 Fiscal Year. This has been predominantly activity-driven, due to the major open pit waste stripping projects at Telfer (Main Dome Stage 4) and Bonikro (Pushback 4) as follows:

- At Telfer, mining contractors have been engaged to undertake waste stripping in Main Dome Stage 4, with this activity scheduled to continue in the 2013 Fiscal Year before the exposed ore is expected to become a major ore source in the 2014 Fiscal Year.

- Similarly, a mining contractor commenced waste stripping of Stage 4 during the year at Bonikro, with this activity scheduled to continue during the 2013 Fiscal Year as Stage 4 is expected to be the major ore source in Bonikro's five year production profile.

The majority of these Mining Contract costs relate to future gold production and do not impact cash costs in relation to current year production as they have been capitalized in deferred mining.

The Fuel & Lubes cost category increased by $40 million, or 38%, to A$146 million in the 2012 Fiscal Year from A$106 million in the 2011 Fiscal Year. Price was a key driver of this increase with diesel prices higher in the 2012 Fiscal Year relative to the 2011 Fiscal Year. Increased stripping activity at Telfer (Main Dome Stage 4) and Bonikro (Stage 4) further contributed to the cost increase.

Utilities & Power costs increased by A$40 million, or 23%, to A$211 million in the 2012 Fiscal Year from A$171 million in the 2011 Fiscal Year. The majority of the increase occurred at Lihir, reflecting the inclusion of a full 12 months of costs as compared to 10 months in the prior year, an increase in tonnes milled of 16%, an increase in the price of heavy fuel oil, and lower geothermal steam supply in the 2012 Fiscal Year increasing the reliance on higher cost heavy fuel oil power generation. Higher contract electricity prices at Cadia also contributed to increased power costs relative to the prior year.

Liners & Grinding Media costs increased by A$6 million, or 5%, to A$119 million in 2012 Fiscal Year from A$113 million in the 2011 Fiscal Year. The increase was driven by higher throughput and the inclusion of a full 12 months of costs as compared to 10 months in the prior year at Lihir, and increased mill reline activities at Cadia. These activity-driven increases were partially offset by a decline in contract prices for grinding media.

Costs incurred for Mining Consumables increased by A$38 million, or 15%, to A$287 million in the 2012 Fiscal Year from A$249 million in the 2011 Fiscal Year. This cost category includes variable mining and milling costs such as heavy equipment tires, explosives, and chemical reagents. More than three quarters of the increase was attributable to the Telfer and Bonikro operations and reflect increased mining activity. The other main increase was at Lihir where mill throughput was higher. On average there were moderate price increases during the year.

Other Input Costs include mine site overheads which increased by A$25 million, or 9%, to A$310 million in the 2012 Fiscal Year from A$285 million in the 2011 Fiscal Year. In addition to the impact of the inclusion of a full 12 months of costs as compared to 10 months in the prior year at Lihir, flight and accommodation costs at Telfer have been higher with increased numbers of employees and contractors on site due to the Stage 4 cutback and amended roster arrangements. On average there were moderate price increases during the year.

Deferred mining costs

The capitalization of deferred mining costs decreased overall costs by A$178 million in the 2012 Fiscal Year, compared to no increase in costs in the 2011 Fiscal Year. The major components of capitalized deferred mining cost in the 2012 Fiscal Year were:

- A$127 million of deferred mining costs at Telfer, an increase of A$102 million from A$25 million in the 2011 Fiscal Year, comprising A$117 million for 30 Mt of waste deferred in relation to Main Dome Stage 4 and A$11 million for 2.6 Mt of waste deferred in relation to West Dome Stage 1. The elevated level of stripping in the 2012 Fiscal Year addressed underinvestment in prior periods in this activity;

- A$31 million of deferred mining costs at Bonikro, an increase of A$27 million from A$4 million in the 2011 Fiscal Year, comprising A$35 million for 10 Mt of waste deferred in relation to Stage 4, offset by A$4 million of Stage 2 waste expensed; and

- A$17 million of deferred mining costs at Hidden Valley, an increase of A$12 million from A$5 million in the 2011 Fiscal Year, comprising the Newcrest share of deferring 4 Mt of Hamata waste and 6 Mt of waste in relation to Hidden Valley Stage 3.

Lihir and Gosowong collectively deferred A$12 million of waste, a decrease of A$8 million from A$20 million in the 2011 Fiscal Year, while a further A$11 million was deferred by Cracow and Mt Rawdon prior to their divestment on November 2, 2011.

These increases in deferred stripping were partially offset by a deferred waste expense of A$20 million at Cadia Valley relating to ore sourced from the open pit. This charge was A$53 million lower than in the 2011 Fiscal Year, reflecting lower production from the open pit and a lower charge per ounce.

Inventory movements

An increase in ore and finished goods inventories reduced cost of sales by A$248 million in the 2012 Fiscal Year compared to a A$170 million reduction in the 2011 Fiscal Year. The movement in the 2012 Fiscal Year included a A$282 million increase in ore inventories offset by a A$34 million draw-down of Telfer and Cadia Valley finished goods (concentrate) inventory.

At Lihir, ore mined (20 Mt) exceeded ore milled (6 Mt) by 14 Mt in the 2012 Fiscal Year. This inventory build-up reduced cost of sales by A$204 million in the 2012 Fiscal Year. In the 2011 Fiscal Year, inventory build-up reduced cost of sales by A$151 million. The high amount of ore mined reflected the low ratio of waste (11 Mt) to ore (20 Mt) in the 2012 Fiscal Year, with the majority of mining activity occurring in the Lienetz pit where stripping activity has occurred in prior periods. At June 30, 2012, Lihir had approximately 100 Mt of ore inventory containing 5.94 Moz of gold with a carrying value of A$1,078 million, at an average cost of A$181/oz. Over the next 5 years, Newcrest expects that Lihir's ore inventory will decline as the enhanced processing capacity from the Lihir MOPU Project accelerates production and as mining activity increasingly focuses on waste stripping.

Ore inventory accumulation also occurred at Telfer in the 2012 Fiscal Year, reducing cost of sales by A$57 million. This increase reflected higher volumes of ore mined from open pit and underground sources (24 Mt) which exceeded ore milled (21 Mt), together with an increase in dump leach inventories of A$34 million.

Treatment and refining costs

Treatment charges and refining costs ('TC/RC') of A$140 million in the 2012 Fiscal Year have increased by A$4 million, or 3%, compared to the A$136 million in the 2011 Fiscal Year. This was predominantly due to higher concentrate sales volume and increased TC/RC unit rates. The net impact of this rate increase was reduced as TC/RC rates were priced in US dollars and benefited on translation to Australian dollars due to the strengthening of the Australian dollar against the US dollar.

Royalties

Royalties of A$130 million in the 2012 Fiscal Year increased A$9 million, or 7%, from A$121 million in the 2011 Fiscal Year, consistent with the increase in sales revenue and the realized gold price.

Depreciation

Depreciation expense, included in cost of sales, increased by A$41 million, or 8%, to A$542 million in the 2012 Fiscal Year from A$501 million in the 2011 Fiscal Year. The increase was primarily driven by Cadia Valley, reflecting higher levels of production from Ridgeway Deeps, and production from Bonikro.

Corporate administration costs

Corporate administration cost of A$140 million in the 2012 Fiscal Year increased by A$47 million, or 51%, from A$93 million in the 2011 Fiscal Year. Key drivers of this increase were as follows:

- a full 12 months of Newcrest owning the former Lihir Gold Limited assets in the 2012 Fiscal Year compared with 10 months in the 2011 Fiscal Year;

- an A$6 million increase in expenditure on innovation and technology, targeting the future generation of significant step change improvements in production, including mining methods to accelerate the ramp-up of underground production rates, earlier waste rejection to improve mill throughput and reduce energy consumption, and composite gravity test work targeting improved metallurgical recoveries;

- A$4 million was spent on further safety and health initiatives during the 2012 Fiscal Year, including major hazard management and an extensive review of transportation arrangements following the tragic helicopter accident in Indonesia in August 2011;

- A$5 million was spent on pursuing operational efficiencies via projects directed to enhancing total material movement, asset reliability and metallurgy;

- A$7 million was spent on establishing operational control hubs in Australia and enhancing the representative office arrangements in PNG;

- an A$8 million increase on supporting larger, more standardized information systems, including depreciation on recent systems implementations; and

- A$11 million in higher insurance costs, higher legal and securities exchange registration and compliance costs, and new industry body memberships.

Exploration

Total exploration expenditure for the 2012 Fiscal Year of A$158 million, increased by A$32 million, or 25%, from A$126 million in the 2011 Fiscal Year with A$80 million charged against income compared to A$55 million in the 2011 Fiscal Year. The capitalization rate for the 2012 Fiscal Year was 49%, reflecting the proportion of exploration effort on brownfields and reserve definition activity. The increase in exploration expenditure in the 2012 Fiscal Year reflects an increased focus on existing operations and projects, including Wafi-Golpu, Telfer and Gosowong.

Other revenue and other income/(expense)

	Year ended June 30,	
	2012	2011
	(A$ millions)	
Other revenue		
Finance income	2	9
Joint venture management fees	—	1
	2	10
Other income/(expense)		
Net foreign exchange gain/(loss)	(14)	(26)
Net fair value gain/(loss) on gold & copper derivatives	16	15
Net gain/(loss) on sale of non-current assets	(3)	—
Cadia Valley royalty dispute	—	11
Other	(13)	(10)
	(14)	(10)
Other revenue and other income/(expense)	**(12)**	**—**

Other revenue and other income/(expense) was a net expense of A$12 million in the 2012 Fiscal Year compared to nil in the 2011 Fiscal Year. The foreign exchange loss of A$14 million in the 2012 Fiscal Year was mostly due to the effect of the strengthening Australian dollar/US dollar exchange rate on US dollar denominated concentrate debtors, which was offset by an A$16 million fair value gain on gold and copper derivatives, which related to the movements in spot prices impacting the quotational period adjustments in sales. Newcrest locks in the copper price for concentrate shipments at the time of sale to minimize this impact. Gold prices are not locked in at the time of shipment due to the shorter quotational period for gold (usually one month for gold versus three or four months for copper). With gold prices generally increasing in the 2012 Fiscal Year the one month quotational period adjustments were positive.

In the 2010 Fiscal Year, Newcrest received an unfavorable ruling by the NSW Court of Appeal in respect to a mineral royalties dispute at Cadia Valley, and Newcrest provisioned A$11 million for this exposure. The ruling was subsequently overturned by the High Court of Australia on appeal by Newcrest, and the provision was released in the 2011 Fiscal Year.

Finance costs

Finance costs of A$43 million in the 2012 Fiscal Year decreased by A$2 million, or 4%, compared to A$45 million in the 2011 Fiscal Year. Finance costs before capitalization increased by A$36 million, or 77%, to A$83 million in the 2012 Fiscal Year, compared to A$47 million in the 2011 Fiscal Year due to a higher level of debt drawn down. Interest of A$40 million was capitalized during the 2012 Fiscal Year in respect to the Cadia East Project and Lihir MOPU Project.

Share of profit in associates

Newcrest acquired an initial equity interest of 38.95% in Evolution Mining on November 2, 2011 in exchange for the sale of its interest in Cracow and the Mt Rawdon. Its equity interest was subsequently diluted to 32.96% following an equity raising in which Newcrest did not participate. Newcrest's investment in Evolution Mining is accounted for using the equity method of accounting. Newcrest's share of profit in Evolution recognized in the 2012 Fiscal Year was A$15 million.

Income tax expense

Income tax expense in the 2012 Fiscal Year was A$402 million, which resulted in an effective tax rate of 26%. In the 2011 Fiscal Year income tax expense was A$334 million which also resulted in an effective tax rate of 26%. The 2012 Fiscal Year effective tax rate benefited from a research and development concession of A$31 million compared to A$50 million in the 2011 Fiscal Year. The effective tax rate in the 2012 Fiscal Year also benefited from the recognition of Australian tax losses of A$35 million and the utilization of capital losses of A$14 million.

Newcrest benefited from carry forward tax losses that are recognized as an asset.

Hedge restructure and other significant items

During the 2008 Fiscal Year, Newcrest closed-out its gold hedge book and realized gold hedging losses and extinguished any future obligation with respect to the hedge contracts.

Accounting standards required the accumulated losses on the contracts closed-out to remain deferred in the Hedge Reserve within equity. The losses in the Hedge Reserve have been transferred to the income statement in the periods in line with the original sales to which they were designated. This resulted in a loss release profile as set out in the table below. A pre-tax loss on restructured and closed-out hedge contracts of A$7 million was recognized in the 2012 Fiscal Year compared to A$153 million in the 2011 Fiscal Year.

There are no liabilities remaining for the closed-out contracts and the profit impacts on the 2012 Fiscal Year are non-cash. The balance of the reserve has been released to the income statement in the 2012 Fiscal Year.

	Fiscal Year 2011	**Fiscal Year 2012**
	A$ millions	**A$ millions**
Total hedge losses	153	7
Tax effect	(46)	2
After tax hedge losses	**107**	**5**

The other close-out related impacts included:

- a fair value loss of A$3 million on gold put options in the 2011 Fiscal Year. Newcrest purchased the gold put options following the close-out of the gold hedge book during the 2008 Fiscal Year in order to manage its exposure to commodity price risk. The put options expired in the 2012 Fiscal Year. There was no profit or loss impact in the 2012 Fiscal Year.

Business Acquisition and Integration Costs

The Lihir Group Limited acquisition resulted in transaction and integration costs of A$11 million for the 2012 Fiscal Year. Newcrest incurred costs of A$52 million in the 2011 Fiscal Year.

Comparison of the 2011 Fiscal Year to the 2010 Fiscal Year

Profit overview

The table below sets forth a reconciliation of Statutory Profit to Underlying Profit for the 2011 Fiscal Year and the 2010 Fiscal Year.

	Year ended June 30,	
	2011	2010
	(A$ millions)	
Profit after tax attributable to owners of the parent ("Statutory Profit")	**908**	**557**
Losses on restructured and closed-out hedge contracts (after tax)	107	206
Other close-out related costs (after tax)	2	9
Foreign exchange gain on US dollar borrowings (after tax)	—	(8)
Business acquisition and integration costs (after tax)	41	12
Profit after tax before hedge restructure and other significant items attributable to owners of the parent ("Underlying Profit")	**1,058**	**776**

Statutory Profit for the 2011 Fiscal Year of A$908 million was a A$351 million, or 63%, increase from the A$557 million in the 2010 Fiscal Year. The Statutory Profit for the 2011 Fiscal Year included hedge restructure and close-out losses of A$109 million after tax resulting from Newcrest's September 2007 equity raising and subsequent gold hedge book close-out and debt repayment in the 2008 Fiscal Year. Those were non-cash items that accounting rules required to be amortized over the original hedge designation period. In addition, the Statutory Profit in the 2011 Fiscal Year included transaction and acquisition integration costs of A$41 million after tax in relation to the Lihir Gold Limited acquisition.

For the 2011 Fiscal Year, Newcrest reported Underlying Profit of A$1,058 million, an increase of A$282 million, or 36%, from the 2010 Fiscal Year result of A$776 million. The significantly increased Underlying Profit was due to higher gold production and increased commodity prices, which was partly offset by increased mine production costs at Newcrest's existing assets and lower copper production. Underlying Profit for the 2011 Fiscal Year included A$325 million attributable to the former Lihir Gold Limited assets from the effective date of the acquisition to June 30, 2011.

The table below outlines the key differences in line items which affected Underlying Profit between the 2011 Fiscal Year and the 2010 Fiscal Year.

	A$ millions	
Underlying Profit for year ended June 30, 2010		**776**
Changes in sales revenues:		
Gold	1,283	
Copper	(14)	
Silver	31	
Total changes in sales revenues	**1,300**	**1,300**
Changes in cost of sales:		
Mine production costs	(716)	
Deferred mining and inventory movements	134	
Treatment, realization and royalty	(50)	
Depreciation	(200)	
Total changes in cost of sales	**(832)**	**(832)**
Other costs:		
Corporate administration	(15)	
Exploration	(22)	
Other income/(expense)	(29)	
Finance costs	(12)	
Total changes in other costs	**(78)**	**(78)**
Tax and non-controlling interest:		
Income tax expense	(95)	
Non-controlling interest	(13)	
Total changes tax and non-controlling interest	(108)	(108)
Underlying Profit for the year ended 30 June, 2011		**1,058**

Total change in sales revenue was A$1,300 million, or 46%, higher at A$4,102 million in the 2011 Fiscal Year compared to A$2,802 million in the 2010 Fiscal Year, primarily due to the inclusion of the former Lihir Gold Limited assets from September 2010, in addition to the commissioning of Hidden Valley, increases in production and sales at Cadia Valley and Gosowong, and an increase in the realized gold, copper and silver prices. Sales revenue for the 2011 Fiscal Year included A$1,037 million attributable to the former Lihir Gold Limited assets from the effective date of the acquisition to June 30, 2011. The average realized gold price for the 2011 Fiscal Year of A$1,378 (US$1,360) per ounce was A$126 per ounce, or 10.1%, higher than the average realized gold price of A$1,252 (US$1,106) in the 2010 Fiscal Year. Copper volumes sold were 15.3% lower in the 2011 Fiscal Year from the 2010 Fiscal Year, however a 15.5% increase in price during the 2011 Fiscal Year to A$3.93 (US$3.88) per pound from A$3.40 per pound (US$3.02) in the 2010 Fiscal Year meant that overall copper revenue only decreased in the 2011 Fiscal Year by 2.1% from the 2010 Fiscal Year. For further information on sales revenues, see the discussion in the period to period comparisons of Newcrest's results of operations under "— Sales revenue" below.

Total change in cost of sales was A$832 million, or 53% higher at A$2,401 million in the 2011 Fiscal Year compared to A$1,569 million in the 2010 Fiscal Year, primarily as a result of an increase in mine production costs. Mine production costs of A$1,813 million in the 2011 Fiscal Year were $716 million, or 65.3%, higher compared with A$1,097 million in the 2010 Fiscal Year, primarily due to the inclusion of the former Lihir Gold Limited assets from August 30, 2010 and the commissioning of Hidden Valley. Excluding the impact of these newly acquired or commissioned assets, mine production costs increased by $80 million, or 7.4%, to A$1,158 million in the 2011 Fiscal Year from A$1,078 million in the 2010 Fiscal Year, due to increasing energy prices and wage inflation applying cost pressures across the businesses. Cost increases across Newcrest's operations were partly offset by cost reductions due to the strengthening of the Australian dollar lowering US dollar input costs for operations, particularly in Papua New Guinea and Indonesia. For further information on mine production costs, see the discussion under "— Cost of sales — Mine production costs" below.

An increase in inventories reduced mine costs by A$170 million in the 2011 Fiscal Year, compared to a A$115 million reduction in the 2010 Fiscal Year. This was mostly due to a large increase in ore stockpiles at the Lihir operation, where mining activities exceeded mill capacity. In the 2011 Fiscal Year, deferred mining adjustments were nil as Cadia Hill costs were offset by the deferral of costs associated with new cutback development at Telfer, Gosowong and Ridgeway. Deferred mining adjustments in the 2010 Fiscal Year resulted in a charge to costs of A$79 million, mostly relating to Cadia Hill as the open pit neared completion. For further information on inventory movements and deferred mining adjustments, see the discussion under "— Inventory movements" and "— Deferred mining costs" below.

Sales revenue

Total sales revenue increased by A$1,300 million, or 46.4%, to A$4,102 million in the 2011 Fiscal Year from A$2,802 million in the 2010 Fiscal Year. The inclusion of the former Lihir Gold Limited assets from August 30, 2010 contributed A$1,037 million of revenue in the 2011 Fiscal Year. Excluding the contribution of the former Lihir Gold Limited assets, total sales revenue increased by A$263 million, or 9.4%, to A$3,065 million in the 2011 Fiscal Year from A$2,802 million in the 2010 Fiscal Year which was primarily due to the commissioning of Hidden Valley, increases in production and sales at Cadia Valley and Gosowong, and an increase in the gold, copper and silver prices. Gold revenue represented 83.1% and 75.9% of Newcrest's overall sales revenue in the 2011 and 2010 Fiscal Years, respectively.

Set out in the tables below is production and sales information for each of Newcrest's operating mines for the 2011 and 2010 Fiscal Years. Production and sales figures in the 2011 Fiscal Year for the former Lihir Gold Limited sites of Lihir, Bonikro and Mt Rawdon in the tables below are for ten months of production and sales only, from the date of acquisition on August 30, 2010 to June 30, 2011. Production and sales figures for the 2010 Fiscal Year do not include the former Lihir Gold Limited assets.

Gold

Gold production and sales by site

	Year ended June 30,			
	2011		2010	
	Production	Sales	Production	Sales
	(ounces)			
Cadia Hill	364,196	353,575	325,712	311,552
Ridgeway	147,904	151,297	171,974	170,887
Cadia East(1)	3,320	—	—	—
Telfer	621,291	588,724	688,909	701,261
Lihir(2)	639,256	635,610	—	—
Gosowong	463,218	465,900	442,525	437,059
Hidden Valley (50%)(3)	100,232	102,689	61,148	52,916
Bonikro(2), (4)	41,235	29,867	—	—
Mt Rawdon(2), (5)	75,494	75,644	—	—
Cracow (70%)(5)	71,206	71,006	71,932	71,455
Total	**2,527,352**	**2,474,312**	**1,762,200**	**1,745,130**

1. Production includes pre-production ounces from the Cadia East project during development of 3,320 ounces in the 2011 Fiscal Year. These gold ounces have been capitalized and excluded from the unit cost calculations and profit and loss reporting.
2. Production and sales figures for the former Lihir Gold Limited assets for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.
3. Production includes pre-production ounces from Hidden Valley during development of 24,682 ounces in the 2010 Fiscal Year.
4. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal Year includes approximately six months of production. During the period in which operations were suspended, the mine was placed on care and maintenance.
5. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information.

Total gold production increased by 765,152 ounces, or 43.4%, to 2,527,352 ounces in the 2011 Fiscal Year from 1,762,000 ounces in the 2010 Fiscal Year. The overall production increase of 765,152 ounces included the changes in production described below.

The acquisition of the former Lihir Gold Limited assets brought the following additions to Newcrest's production profile:

— Lihir 639,256 ounces,

— Bonikro 41,235 ounces,

— Mt Rawdon 75,494 ounces.

Bonikro's production to November 2010 was strong before operations were suspended in December 2010 as a precautionary measure following disputed presidential election results in Côte d'Ivoire. Production resumed in May 2011 and had returned to full production by the end of June 2011.

Lihir's production was affected in the third quarter of the 2011 Fiscal Year by unseasonably low rainfall limiting the supply of water to the process plant, cumulating in a negative impact to production of approximately 40,000 ounces in the 2011 Fiscal Year. A high voltage switchgear failure in the power station in June 2011 further restricted plant operating capacity.

Mt Rawdon's production was affected in the second quarter of the 2011 Fiscal Year as heavy rainfall and flooding hampered mine production and mill throughput rates.

Cadia Hill's production increased by 38,484 ounces, or 12%, to 364,196 ounces in the 2011 Fiscal Year from 325,712 ounces in the 2010 Fiscal Year, due to access to higher grades in the bottom of the pit, however record rainfall in December 2010 as well as significant rain events in early February 2011 blocked access to this ore during periods of the second and third quarters of the 2011 Fiscal Year.

Ridgeway's production decreased by 24,070 ounces, or 14%, to 147,904 ounces in the 2011 Fiscal Year from 171,974 ounces in the 2010 Fiscal Year as the transition from the sub-level cave to Ridgeway Deeps block cave was completed. Ridgeway Deeps was successful in ramping up to its annualized design production rate during the fourth quarter of the 2011 Fiscal Year.

Cadia East produced 3,320 development ounces in the 2011 Fiscal Year. Revenue was capitalized as part of the project.

Telfer production decreased by 67,618 ounces, or 10%, to 621,291 ounces in the 2011 Fiscal Year from 688,909 ounces in the 2010 Fiscal Year as the mining of new stages in the open pit led to a lower grade and associated lower recovery rates, though this was partly offset by higher mill throughput.

Gosowong's production increased by 20,693 ounces, or 5%, to 463,218 ounces in the 2011 Fiscal Year from 442,525 ounces in the 2010 Fiscal Year, with the installation of a second SAG mill, and the debottlenecking of downstream gold extraction unit processes under the Gosowong Extension Project, enabling higher mill throughput and higher metal recoveries.

Hidden Valley's production (Newcrest 50% share) increased by 39,084 ounces, or 64%, to 100,232 ounces in the 2011 Fiscal Year from 61,148 ounces in the 2010 Fiscal Year as the ramp-up to full production was completed, bringing higher gold feed grades, throughput and recoveries. Throughput and production was affected by belt failure on the overland conveyor in March 2011, necessitating the trucking of ore to the process plant. The conveyor returned to limited operation at the start of October 2011.

Cracow's production decreased by 726 ounces, or 1%, to 71,206 ounces from 71,932 ounces in the 2010 Fiscal Year due to lower gold grade at some periods during the year and heavy rainfall and flooding which hampered mill throughput rates during December 2010.

Total gold revenue grew by $1,283 million, or 60.3%, to A$3,409 million in the 2011 Fiscal Year from A$2,126 million in the 2010 Fiscal Year due to higher sales volume and higher realized gold price. The realized gold price of A$1,378 per ounce was A$126, or 10.1%, higher in the 2011 Fiscal Year compared to A$1,252 per ounce in the 2010 Fiscal Year. The US dollar gold price reached then record highs (US$1,553 per ounce) during the 2011 Fiscal Year, however the impact on Australian dollar revenue was reduced due to the continued strength of the Australian dollar against the US dollar with an average rate for the 2011 Fiscal Year of A$0.9871 compared to the 2010 Fiscal Year average rate of A$0.8808.

Copper

Copper production and sales by site

	Year ended June 30,			
	2011		2010	
	Production	Sales	Production	Sales
	(tonnes)			
Cadia Hill	23,449	23,708	29,110	28,804
Ridgeway	19,788	19,811	22,891	22,955
Cadia East[1]	316	—	—	—
Telfer	32,078	30,095	34,815	35,117
Total	**75,631**	**73,614**	**86,816**	**86,876**

1. Production includes pre-production copper tonnes from the Cadia East project during development of 316 tonnes in the 2011 Fiscal Year. These copper tonnes have been capitalized and excluded from the unit cost calculations and profit and loss reporting.

Copper production decreased in the 2011 Fiscal Year by 11,185 tonnes, or 13%, to 75,631 tonnes from 86,816 tonnes in the 2010 Fiscal Year, with lower production from Cadia Valley and Telfer. Cadia Valley copper and gold production was impacted by the rain events in the middle of the 2011 Fiscal Year on the east coast of Australia. Newcrest's copper revenue decreased in the 2011 Fiscal Year by A$14 million, or 2.1%, to A$638 million from A$652 million in the 2010 Fiscal Year due to the lower production and sales volumes, though this was mostly offset by higher prices. The realized copper price of A$3.93 per pound in the 2011 Fiscal Year was A$0.53, or 15.5%, higher than the realized copper price of A$3.40 per pound in the 2010 Fiscal Year.

Silver

Silver production and sales by site

	Year ended June 30,			
	2011		2010	
	Production	Sales	Production	Sales
	(ounces)			
Cadia Hill	244,641	244,641	227,906	227,905
Ridgeway	177,389	177,389	175,979	175,979
Telfer	373,101	391,301	446,174	446,174
Gosowong	284,139	290,782	254,976	261,699
Cracow (70%)[1]	38,170	38,125	42,037	41,170
Hidden Valley (50%)	673,031	665,892	222,718	194,442
Bonikro[2], [3]	3,145	—	—	—
Mt Rawdon[1], [2]	101,994	83,681	—	—
Total	**1,895,610**	**1,891,811**	**1,369,790**	**1,347,369**

1. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information.
2. Production and sales figures for the former Lihir Gold Limited assets for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.
3. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal year included approximately six months of production. During the period in which operations were suspended, the mine was placed on care and maintenance.

Silver production increased in the 2011 Fiscal Year by 525,820 ounces, or 38% to 1,895,610 ounces from 1,369,790 due to the inclusion of a full year of production from Hidden Valley. Silver revenue increased by A$31 million, or 129%, to A$55 million in the 2011 Fiscal Year from A$24 million in the 2010 Fiscal Year due to higher silver prices and higher silver ounces sold. Sales volumes increased by 544,442 ounces, or 40.4%, to 1,891,811 ounces in the 2011 Fiscal Year from 1,347,369 ounces in the 2010 Fiscal Year predominantly due to Hidden Valley continuing development to full production. The average silver price of A$29.04 per ounce in the 2011 Fiscal Year was A$10.72, or 58.5%, higher than the average silver price of A$18.32 per ounce in the 2010 Fiscal Year.

Cost of sales

Mine production costs

The table below sets out mine production costs by site for the 2011 and 2010 Fiscal Years.

	Year ended June 30,		
	2011	2010	% Change
	(A$ millions)		
Mine production costs for Existing Assets			
Cadia Valley	365	358	7
Telfer	606	552	54
Gosowong	145	131	14
Cracow(1)	42	37	5
Mine production costs, Existing Assets	1,158	1,078	80
Mine production costs for Assets Newly acquired or commissioned during the 2011 Fiscal Year			
Hidden Valley	123	19	104
Lihir	404	—	404
Bonikro	57	—	57
Mt Rawdon(1)	71	—	71
Mine production costs, 2011 New Assets	655	19	636
Total Newcrest Group mine production costs	**1,813**	**1,097**	**716**

1. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information.

Overall mine production costs increased $716 million, or 65.3%, to A$1,813 million in the 2011 Fiscal Year from A$1,097 million in the 2010 Fiscal Year, primarily due to the inclusion of ten months of production costs for the former Lihir Gold Limited assets, which contributed A$532 million in costs, and the first full year of operating costs for Hidden Valley, which contributed A$123 million in costs. In addition, production costs increased as cost pressures emerged due to labor shortages and higher commodity input prices, however the ongoing strength of the Australian dollar helped mitigate these.

The Cadia Valley operation's mine production costs were stable during the 2011 Fiscal Year at A$365 million compared to A$358 million in the 2010 Fiscal Year, with reduced open pit mining activity as the Cadia Hill pit approached the end of its mine life which resulted in planned lower material movements largely offset the impact of input price increases. Mining activity at Cadia Hill was also disrupted in the third quarter of the 2011 Fiscal Year by heavy rains. The cost impact of that lower mining activity was evident across all cost classes, in particular labor, mobile fleet maintenance and mining consumables. Also moderating costs at the Cadia Valley operation in the 2011 Fiscal Year was the transition to the Ridgeway Deeps underground mine which is less labor intensive than the open pit.

The Telfer operation's mine production costs increased by A$54 million, or 9.8%, to A$606 million in the 2011 Fiscal Year from A$552 million in the 2010 Fiscal Year. The Telfer Open Pit is developed via multiple stages through the life of the mine. Currently, Newcrest is developing the Telfer Open Pit through Stage 3, Stage 4 and Stage 7. Open pit mining activity in the 2011 Fiscal Year focused on finalizing Stage 3 of the pit and then commencing Stage 7, with a reduction in total material mined and a subsequent reduction in direct mining costs due to lower activity. However, the introduction of contract waste stripping of Stage 4 in May 2011 led to an increase in mine production costs. These Stage 4 costs were deferred and will be amortized against the gold reserve. There was also an increase in village and flight costs in the 2011 Fiscal Year to support the overall increased site activity.

The 2011 Fiscal Year saw the first full year of operations at the expanded Gosowong operation where costs increased by A$14 million, or 11%, to A$145 million in the 2011 Fiscal Year from A$131 million in the 2010 Fiscal Year. The Gosowong extension project successfully implemented additional plant and electricity generation capacity, allowing for increased mill throughput with improved gold recoveries. This resulted in an increase in variable costs such as electricity and milling consumables. In addition, the waste stripping of the Gosowong open pit cutback commenced in September 2010 which also increased mine production costs. Overall cost movements at this site were moderated by the ongoing strength of the Australian dollar, with the majority of mine production costs denominated in US dollars and therefore benefiting on translation to Australian dollars.

The 2011 Fiscal Year was also the first full year of operation for Newcrest's joint venture operation at Hidden Valley in Papua New Guinea, with higher costs evident across the operation as the asset moved from development into full production. Costs at Hidden Valley in the 2011 Fiscal Year were A$123 million which was A$104 million higher compared to costs of A$19 million in the 2010 Fiscal Year. These cost pressures were exacerbated by the failure of the overland conveyor ("OLC") system in March 2011, necessitating the trucking of ore from the open pit to the process plant at substantially higher prices. Following repairs, non-load recommissioning of the OLC commenced in August 2011, with a progressive increase in delivered ore via the OLC during September and October 2011 to near budget levels.

Production was suspended at the Bonikro mine for six months during the 2011 Fiscal Year, due to civil unrest in Côte d'Ivoire. The ten months of costs recorded for the 2011 Fiscal Year of A$57 million include costs incurred whilst the mine was on care and maintenance.

Site costs at Cracow and Mt Rawdon remained steady, with similar cost pressures particularly in relation to labor shortages and higher input prices in line with the other Australian operations.

The table below sets out production costs by category for the 2011 and 2010 Fiscal Years. The 2010 Fiscal Year comparatives have been restated in line with the new Newcrest cost model which made minor changes to cost category definitions. The primary movements are between Maintenance and the Mining Contracts cost classifications, with minor variances in other cost categories. The reported change percentages attributable to price and volume exclude the impact of the assets of Lihir Gold Limited (Lihir, Bonikro, Mt Rawdon) and the Morobe Mining Joint Ventures (Hidden Valley) (the "2011 New Assets"), as these assets were newly acquired or commissioned during the 2011 Fiscal Year and do not have comparative 2010 cost history. Although Hidden Valley was commissioned in May 2010 during the 2010 Fiscal Year and its costs are included in the 2010 Fiscal Year costs, it is included as a 2011 New Asset in the table below to highlight the impact of its first full year of production on the comparison of mine production costs. The Cadia Valley, Telfer, Gosowong and Cracow assets are referred to as the "Existing Assets."

	Year ended June 30,				% Change Increase/ (Decrease)	% Change attributable to price	% Change attributable to volume
	2011 Newcrest Group	2011 New Assets(1)	2011 Existing Assets(2)	2010(3)			
	(A$ millions)						
Employee Salaries	341	143	198	191	3.7%	5.5%	(1.9%)
Maintenance including Contract Labor	422	197	225	224	0.4%	2.6%	(2.3%)
Mining Contracts	173	16	157	104	51.0%	19.0%	32.0%
Fuel & Lubes	120	54	66	70	(5.7%)	4.8%	(10.5%)
Utilities & Power	158	35	123	100	23.0%	25.1%	(2.1%)
Liners & Grinding Media	113	16	97	102	(4.9%)	(10.2%)	5.3%
Mining Consumables	251	113	138	142	(2.8%)	3.0%	(5.8%)
Other Input Costs	235	81	154	145	6.2%	6.2%	0.0%
Mine production costs	**1,813**	**655**	**1,158**	**1,078**	**7.4%**	**6.4%**	**1.0%**
Deferred mining costs	—	(37)	37	79	(53%)		
Inventory movements	(170)	(138)	(32)	(115)	(72%)		
Treatment & Realization Costs	136	6	130	139	(6%)		
Royalties	121	29	92	68	35%		

1. Comprises Hidden Valley, Lihir, Bonikro and Mt Rawdon (which was sold on November 2, 2011).
2. Comprises Cadia Valley, Telfer, Gosowong and Cracow (which was sold on November 2, 2011).

Excluding the impact of the sites that were newly acquired or commissioned during the 2011 Fiscal Year, mine production costs rose by A$80 million, or 7.4%, to A$1,158 million in the 2011 Fiscal Year from A$1,078 million in the 2010 Fiscal Year, with cost pressures emerging due to labor shortages, higher energy input prices and rising diesel prices. The continued strength of the Australian dollar resulted in price falls in general consumables and grinding media, however strong demand for mining inputs influenced pricing in the 2011 Fiscal Year for mining consumables such as heavy equipment tires and explosives. Newcrest continued ongoing cost control initiatives, with increased focus on maintenance planning and contractor management.

The Employee Salaries cost category was A$7 million, or 3.7%, higher in the 2011 Fiscal Year at A$198 million compared to A$191 million in the 2010 Fiscal Year due to wage pressure in all operations. The full impact of this was offset by the continued reduction in operational labor at Cadia Valley, as the less labor-intensive nature of the Ridgeway Deeps block cave enabled labor to be transitioned to the Cadia East development and other operations in Newcrest.

Overall Maintenance including Contract Labor costs were stable at A$225 million in the 2011 Fiscal Year compared with A$224 million in the 2010 Fiscal Year, with higher contract labor plant maintenance costs and higher mobile fleet maintenance rates being mitigated by lower mobile fleet hours at the Telfer and Cadia Hill open pits. The impact of those cost increases was partly offset by lower chargeable hours, as fleet activity at both open pits was lower, in line with lower material movements.

The additional mining activity at Telfer (Stage 4 open pit waste stripping) largely drove the overall increase in the Mining Contracts cost category where costs increased by A$53 million, or 51.0%, to A$157 million in the 2011 Fiscal Year from A$104 million in the 2010 Fiscal Year. While these costs were included as mining costs, they did not impact profit in the 2011 Fiscal Year, as they related to waste stripping only and were deferred to the balance sheet. Equipment hire was also included in this area. Two hired mobile crushing plants were commissioned at Cadia Valley in the first quarter of the 2011 Fiscal Year, to assist processing throughput by reducing the ore grind size and to provide additional crushing capacity during repairs to the primary crusher. This equipment has since been demobilized.

The Fuel & Lubes cost category decreased in the 2011 Fiscal Year by $4 million, or 5.7%, to A$66 million from A$70 million in the 2010 Fiscal Year, with diesel consumption falling across the Newcrest Group due to lower material movements at both the Cadia Hill and Telfer open pit mines. Fuel price increases for the Australian operations were moderate, with exposure to rising fuel prices reduced with the implementation of hedge arrangements for the onshore operations. However, Gosowong experienced input price increases of 44%, applying significant cost pressure to the operation.

Utilities & Power costs increased in the 2011 Fiscal Year by A$23 million, or 23%, to A$123 million from A$100 million in the 2010 Fiscal Year, driven by a combination of higher energy requirements due to processing circuit modifications at Cadia Valley and Gosowong, and increased milling rates at Telfer, and higher unit costs across the board. Cadia Valley previously benefited from a long term energy supply contract, with comparatively low unit rates. The 2011 Fiscal Year was the first full year of the new contract terms, reflecting higher current market rates. At Gosowong, diesel is used to generate electricity for the processing plant, with the increase in electricity unit costs reflecting the increase in the diesel price.

Liners & Grinding Media costs decreased in the 2011 Fiscal Year by A$5 million, 4.9%, to A$97 million in 2011 Fiscal Year from A$102 million in the 2010 Fiscal Year, with a decline in input prices offsetting an increase in consumption. Grinding media consumption increased, consistent with increased throughput rates at Telfer and Gosowong and the additional milling capacity commissioned at Cadia Valley operations and Gosowong. Contract prices for liners and grinding media retreated from their peak during the prior fiscal year, due to successful implementation of group purchasing arrangements, combined with the strengthening Australian dollar.

Costs incurred for Mining Consumables decreased by A$4 million, or 2.8%, in the 2011 Fiscal Year to A$138 million from A$142 million in the 2010 Fiscal Year. This cost category includes variable mining and milling costs such as heavy equipment tires, explosives, and chemical reagents. Overall consumption of mining consumables declined, consistent with the lower material movements at Cadia

Hill and Telfer open pits, however tire and explosives input prices increased by approximately 5% in the 2011 Fiscal Year. Input prices for chemical reagents increased by a similar amount, combined with an increase in consumption at Telfer, due to both an increase in tonnes milled and an increase in chemical consumption rates per tonne due to processing harder ore. However, the overall increase in input price for this cost category was moderated by the reduction in other US dollar denominated input prices at Gosowong, due to the strengthening Australian dollar.

Other Input Costs include mine site overheads which increased by A$9 million, or 6.2%, in the 2011 Fiscal Year to A$154 million from A$145 million in the 2010 Fiscal Year and were largely related to increased corporate allocations for services provided. In addition, there were increases in Telfer's fly-in, fly-out costs with the implementation of additional flights for contract employees for the waste mining of Stage 4, and additional flights from the east cost of Australia, as well as higher village costs for these additional employees. These increases in costs were partly offset by continued savings in insurance premiums, which are denominated in US dollars and benefited from the strengthening of the Australian dollar.

Deferred mining costs

The release of capitalized deferred mining costs increased overall costs for the Existing Assets by A$37 million in the 2011 Fiscal Year, compared to an increase in costs of A$79 million in the 2010 Fiscal Year. High deferred mining amortization of A$73 million continued at Cadia Hill as the pit neared the end of its mine life, however this charge was offset by the deferral of costs A$25 million incurred in waste stripping Stage 4 at Telfer. Waste stripping of the Gosowong cutback also commenced in the 2011 Fiscal Year, resulting in the deferral of A$12 million in mining costs.

Inventory movements

An increase in inventories reduced mine cost of sales by A$170 million for the Newcrest Group in the 2011 Fiscal Year, which was an increase of 72% from A$115 million in the 2010 Fiscal Year. Of the A$170 million, A$126 million related to an increase in physical ore inventories at the Lihir operation, with material mined exceeding milling capacity. In addition, there was an increase in gold in concentrate at the end of the 2011 Fiscal Year, due to the timing of shipments, which further increased the credit to mine cost of sales.

Treatment and refining costs

The TCs/RCs of A$136 million for the full Newcrest Group for the 2011 Fiscal Year included bullion refining and transport costs of A$6 million for the former Lihir Gold Limited assets for the ten months from acquisition by Newcrest on August 30, 2010 and a full year of operations of Hidden Valley. The TCs/RCs for the Existing Assets decreased by A$9 million, or 6.5%, to A$130 million in the 2011 Fiscal Year from A$139 million in the 2010 Fiscal Year due to a combination of both lower concentrate production and lower TC/RC unit costs. TC/RC costs are priced in US dollars, and benefited on translation to Australian dollars due to the strengthening of the Australian dollar against the US dollar. Concentrate ocean freight prices dropped in the 2011 Fiscal Year in both US dollar and Australian dollar terms, reflecting increased vessel availability on the Australian seaboards.

Royalties

Royalties of A$121 million in the 2011 Fiscal Year for the full Newcrest Group increased A$53 million, or 77.9%, A$68 million in the 2010 Fiscal Year, consistent with the increase in gold and silver production and higher metal prices. Royalties for the Existing Assets of A$92 million in the 2011 Fiscal year increased A$24 million, or 35%, A$68 million in the 2010 Fiscal Year which was also consistent with the increase in gold and silver production and higher metal prices. This was further impacted by an additional A$16 million of royalties at Gosowong in the 2011 Fiscal Year as a result of new three year regional development program, as well as the inclusion of community social responsibility contributions of A$7 million for the 2011 Fiscal Year, which were based on a percentage of revenue.

Depreciation

Depreciation expense, included in cost of sales, increased by A$200 million, or 66.4%, to A$501 million in the 2011 Fiscal Year from A$301 million in the 2010 Fiscal Year. The majority of this increase was attributable to the former Lihir Gold Limited assets and Hidden Valley, which were not included in the 2010 Fiscal Year. There were also increases at Cadia Valley and Gosowong that reflected production generated from the newly developed Ridgeway Deeps mine and the increased capital base from the Gosowong Extension Project.

Corporate administration costs

Corporate administration cost of A$93 million in the 2011 Fiscal Year increased by A$15 million, or 19.2%, from A$78 million in the 2010 Fiscal Year. The corporate expenses in the 2011 Fiscal Year included corporate costs of A$70 million, which increased by A$9 million, or 14.8%, from A$61 million in the 2010 Fiscal Year, depreciation of A$14 million, which increased by A$6 million, or 75%, from A$8 million in the 2010 Fiscal Year and the accounting impact of share based remuneration of A$9 million which was unchanged from the 2010 Fiscal Year. The increase in corporate administration costs was primarily due to an increase in head office staff following the integration of the ex-Lihir Group Limited head office.

Exploration

Total exploration expenditure for the 2011 Fiscal Year of A$126 million, increased by A$25 million, or 24.8%, from A$101 million in the 2010 Fiscal Year with A$55 million charged against income compared to A$33 million in the 2010 Fiscal Year. The capitalization rate of 56% for the 2011 Fiscal Year was still relatively high due to the continued concentration of the exploration effort on brownfields and reserve definition activity.

Other revenue and other income/(expense)

	Year ended June 30,	
	2011	**2010**
	(A$ millions)	
Other revenue		
Finance income	9	12
Joint venture management fees	1	1
	10	13
Other income/(expense)		
Net foreign exchange gain/(loss)	(26)	(15)
Fair value gain/(loss) on gold & copper derivatives	15	44
Cadia Valley royalty dispute	11	(11)
Other	(10)	(2)
	(10)	16
Other revenue and other income/(expense)	**—**	**29**

Other revenue and other income/(expense) was nil in the 2011 Fiscal Year compared to A$29 million in the 2010 Fiscal Year. The foreign exchange loss of A$26 million in the 2011 Fiscal Year was mostly due to the effect of the strengthening Australian dollar/US dollar exchange rate on US dollar denominated concentrate debtors, which was partly offset by a A$15 million fair value gain on gold and copper derivatives which related to the movements in spot prices impacting the quotational period adjustments in sales. Newcrest locks in the copper price for concentrate shipments at the time of sale to minimize this impact. Gold prices are not locked in at the time of shipment due to the shorter quotational period for gold (usually one month for gold versus three or four months for copper). With gold prices generally increasing in the 2011 Fiscal Year the one month quotational period adjustments were positive.

In the 2010 Fiscal Year, Newcrest received an unfavorable ruling by the NSW Court of Appeal in respect to a mineral royalties dispute at Cadia Valley, and Newcrest provided A$11 million for this exposure. The ruling was subsequently overturned by the High Court of Australia on appeal by Newcrest, and the provision was released in the 2011 Fiscal Year.

Finance costs

Finance costs of A$45 million in the 2011 Fiscal Year increased by A$12 million, or 36.3%, compared to A$33 million in the 2010 Fiscal Year. This was due to higher commitment fees incurred on undrawn bilateral facilities. Newcrest increased its bilateral facilities in 2010 to US$1,100 million. Interest of A$2 million was capitalized during the 2011 Fiscal Year in respect to the Cadia East development project.

Income tax expense

The income tax expense on Statutory Profit in the 2011 Fiscal Year was A$334 million, which resulted in an effective tax rate of 26%. In the 2010 Fiscal Year income tax expense was A$209 million which resulted in an effective tax rate of 26%. The 2011 Fiscal Year effective tax rate benefited from a research and development concession of A$53 million compared to A$58 million in the 2010 Fiscal Year. The effective tax rate in the 2011 Fiscal Year also benefited from lower tax rates in foreign jurisdictions of A$9 million.

The income tax expense on Underlying Profit in the 2011 Fiscal Year was A$392 million and increase of A$95 million, or 32.0%, from A$297 million in the 2010 Fiscal Year.

Newcrest benefited from carry forward tax losses that are recognized as an asset.

Hedge restructure and other significant items

During the 2008 Fiscal Year, Newcrest closed-out its gold hedge book and realized gold hedging losses and extinguished any future obligation with respect to the hedge contracts.

Accounting standards required the accumulated losses on the contracts closed-out to remain deferred in the Hedge Reserve within equity. The losses in the Hedge Reserve have been and will be transferred to the income statement in the periods in line with the original sales to which they were designated. This resulted in a loss release profile as set out in the table below. A pre-tax loss on restructured and closed-out hedge contracts of A$153 million was recognized in the 2011 Fiscal Year compared to A$295 million in the 2010 Fiscal Year.

There are no liabilities remaining for the closed-out contracts and the profit impacts on the 2011 Fiscal Year and future years are all non-cash. The balance of the reserve has been fully released to the income statement in the 2012 Fiscal Year.

	Fiscal Year 2011	To be released Fiscal Year 2012
	A$ millions	A$ millions
Total hedge losses	153	7
Tax effect	(46)	(2)
After tax hedge losses	**107**	**5**

The other close-out related impacts included:

- a fair value loss of A$3 million on gold put options in the 2011 Fiscal Year compared to a A$12 million loss in the 2010 Fiscal Year. Newcrest purchased the gold put options following the close-out of the gold hedge book during the 2008 Fiscal Year in order to manage its exposure to commodity price risk. The put options over the remaining 500,000 ounces have a carrying value of nil. These are due to expire in the 2012 Fiscal Year; and

- no foreign exchange gain in the 2011 Fiscal Year compared with an A$12 million in the 2010 Fiscal Year on US dollar denominated borrowings designated as cash flow hedges. This related to the gain crystallized on the repayment of US dollar denominated borrowings using proceeds from the equity raising undertaken in the 2008 Fiscal Year. The release of the gain to the income statement was completed in the 2010 Fiscal Year.

Business Acquisition and Integration Costs

The Lihir Group Limited acquisition resulted in transaction and integration costs of A$52 million for the 2011 Fiscal Year. Newcrest incurred costs of A$12.2 million in the 2010 Fiscal Year in relation to the proposed acquisition of Lihir Gold Limited.

Segment information

For management and reporting purposes, Newcrest was organized into the following eight reportable segments for the 2012 Fiscal Year:

- Cadia Valley, Australia;

- Telfer, Australia;

- Cracow & Mt Rawdon, Australia (divested on November 2, 2011);

- Gosowong, Indonesia;

- Lihir, Papua New Guinea;

- Hidden Valley Joint Venture, Papua New Guinea;

- West Africa (includes the Bonikro operations and exploration and evaluation activities in Côte d'Ivoire); and

- Exploration and Other.

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Namosi in Fiji, Wafi-Golpu in Papua New Guinea, Marsden and O'Callaghans in Australia. For a description of Newcrest's operations, development projects and exploration activities, see "Business Description — Mining operations," "Business Description — Development projects" and "Business Description — Exploration."

On November 2, 2011, Newcrest completed the sale of its 70% interest in the two unincorporated joint ventures that own Cracow and its 100% interest in Mt Rawdon. See "— Description of Newcrest" above for further information. Accordingly, Cracow and Mt Rawdon will no longer be segments of Newcrest in the 2013 Fiscal Year.

Newcrest believes that EBIT and EBITDA provide useful information regarding Newcrest's results as it permits investors to examine the underlying performance of its business. These measures should not be considered as an indication of, or alternative to, operating or net profit as an indicator of operating performance or as an alternative to cash flows from operating activities as a measure of liquidity, in each case determined in accordance with IFRS. EBIT and EBITDA may not be comparable to similarly titled measures reported by other companies. A reconciliation of EBITDA for Newcrest Group to profit after income tax from continuing operations as included in Newcrest's financial statements for each of the years ended June 30, 2012, 2011 and 2010, is presented under "Selected Historical Consolidated Financial Information."

The tables below set out Newcrest's segment results for each of the 2012, 2011 and 2010 Fiscal Years.

	Year ended June 30, 2012										
	Cadia Valley Operations	Telfer	Cracow & Mt Rawdon[1]	Gosowong	Lihir	Hidden Valley	West Africa	Total Operations	Exploration & Other	Corporate[2]	Total Newcrest Group
	(A$ millions)										
External sales revenue[3]	1,141	1,192	89	711	964	172	147	4,416	—	—	4,416
EBITDA[4]	568	473	37	527	651	32	63	2,351	(80)	(120)	2,151
Depreciation and amortization	(111)	(187)	(11)	(67)	(97)	(36)	(33)	(542)	—	(19)	(561)
EBIT (Segment result)[5]	457	286	26	460	554	(4)	30	1,809	(80)	(139)	1,590
Finance income										2	2
Finance costs										(43)	(43)
Hedge restructure and other significant items:											
Losses on restructured and closed-out hedge contracts										(7)	(7)
Business acquisition and integration costs										(11)	(11)
Gain on business divestment										46	46
Profit before income tax										**(152)**	**1,577**

Notes:

1. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information. Segment result attributable to Cracow and Mt Rawdon is for the period from July 1, 2011 to November 2, 2011.
2. Includes eliminations.
3. External sales represent gold, copper and silver sales at unhedged prices.
4. EBITDA is EBIT excluding depreciation and amortization.
5. EBIT is earnings before interest, tax, hedge restructure and other significant items.

	Year ended June 30, 2011										
	Cadia Valley operations	**Telfer**	**Cracow & Mt Rawdon (1), (2)**	**Gosowong**	**Lihir(1)**	**Hidden Valley**	**West Africa (1), (3)**	**Total Operations**	**Exploration & Other**	**Corporate(4)**	**Total Newcrest Group**
	(A$ millions)										
External sales revenue(5)	1,083	1,065	209	654	887	162	42	4,102	—	—	4,102
EBITDA(6)	551	409	106	504	594	37	1	2,202	(55)	(88)	2,059
Depreciation and amortization	(77)	(172)	(31)	(67)	(106)	(39)	(9)	(501)	—	(14)	(515)
EBIT (Segment result)(7)	**474**	**237**	**75**	**437**	**488**	**(2)**	**(8)**	**1,701**	**(55)**	**(102)**	**1,544**
Finance income										9	9
Finance costs										(45)	(45)
Hedge restructure and other significant items:											
Losses on restructured and closed-out hedge contracts										(153)	(153)
Other close-out related costs										(3)	(3)
Business acquisition and integration costs										(52)	(52)
Profit before income tax										**(346)**	**1,300**

Notes:

1. Segment result attributable to Mt Rawdon, Lihir and West Africa (the former Lihir Gold Limited assets) for the 2011 Fiscal Year are for the ten months from acquisition as Newcrest acquired these assets on August 30, 2010.
2. Newcrest sold its interest in Cracow and Mt Rawdon on November 2, 2011. See "— Description of Newcrest" above for further information. Segment result attributable to Cracow and Mt Rawdon in the 2012 Fiscal Year is for the period from July 1, 2011 to November 2, 2011.
3. Newcrest suspended operations at Bonikro following the presidential elections in November 2010 as a precaution due to civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011. Accordingly, the 2011 Fiscal Year includes approximately six months of results. During the period in which operations were suspended, the mine was placed on care and maintenance.
4. Includes eliminations.
5. External sales revenue represent gold, copper and silver sales at unhedged prices.
6. EBITDA is EBIT excluding depreciation and amortization.
7. EBIT is earnings before interest, tax, hedge restructure and other significant items.

	Year ended June 30, 2010								
	Cadia Valley operations	Telfer	Cracow[(1)]	Gosowong	Hidden Valley	Exploration & Other	Total Segments	Corporate[(2)]	Total Newcrest Group
	(A$ millions)								
External sales revenue[(3)]	1,000.8	1,146.1	89.6	554.8	10.5	—	2,801.8	—	2,801.8
EBITDA[(4)]	548.6	517.0	49.7	418.2	0.5	(33.0)	1,501.0	(65.1)	1,435.9
Depreciation and amortization	(63.1)	(176.5)	(17.5)	(40.1)	(4.1)	—	(301.3)	(7.2)	(308.5)
EBIT (Segment result)[(5)]	485.5	340.5	32.2	378.1	(3.6)	(33.0)	1,199.7	(72.3)	1,127.4
Interest revenue								12.2	12.2
Interest expense								(33.2)	(33.2)
Net finance costs								(21.0)	(21.0)
Hedge restructure and close-out impacts								(295.4)	(295.4)
Profit before income tax								**(388.7)**	**811.0**

1. Newcrest sold its interest in Cracow on November 2, 2011. See "— Description of Newcrest" above for further information.
2. Includes eliminations.
3. External sales revenue represent gold, copper and silver sales at unhedged prices.
4. EBITDA is EBIT excluding depreciation and amortization.
5. EBIT is earnings before interest, tax, hedge restructure and other significant items.

For additional segment information including geographic segment information see Note 36 to Newcrest's consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum.

Liquidity and capital resources

Liquidity

The ability of Newcrest to generate cash internally is substantially influenced by the following:

- the level of the gold and copper prices and the Australian dollar/United States dollar exchange rate;
- the operating performance of its various mines;
- the level of expenditure required to develop new mines and to maintain existing mines;
- the level of expenditure required to explore and develop new reserves;
- the level of capital expenditure required to develop new projects;
- the level of operating expenditure required for mining and processing inputs, wages, salaries and consumables;
- the level of interest rates on borrowings; and
- the level of taxation payable.

Together these factors influence Newcrest's liquidity and capital resources and influence its gearing level. See "— Quantitative and qualitative disclosures about market risk" and "— Financial risk management objectives and policies," below for additional information about Newcrest's management of financial risk.

Cash flows

Set out below is a summary of Newcrest's cash flows for the periods indicated.

Summary cash flow statement (in millions)

	Year ended June 30,			
	2012	2012	2011[(1)]	2010
	US$[(2)]	A$	A$	A$
	(unaudited)			
Net cash provided by operating activities	1,767	1,726	1,729	1,303
Net cash used in investing activities[(3)]	(2,820)	(2,755)	(2,294)	(886)
Net cash (used in)/provided by financing activities	1,116	1,090	131	(131)
Net (decrease)/increase in cash and cash equivalents	63	61	(434)	286
Cash and cash equivalents at the beginning of the year	189	185	643	366
Effect of exchange rate changes on cash held	(4)	(4)	(24)	(9)
Cash and cash equivalents at the end of year	**248**	**242**	**185**	**643**

1. Includes the results of operations of Lihir Gold Limited for the ten months from August 30, 2010 (the date of acquisition of Lihir Gold Limited) to June 30, 2011.
2. Translated at the June 30, 2012 exchange rate of A$1.00 = US$1.0236.
3. The acquisition of Lihir Gold Limited by way of scheme of arrangement included total purchase consideration of A$10,480 million. This comprised the issuing of 280,987,564 new Newcrest shares at A$35.40 per share and cash consideration of A$533 million. Cash acquired from Lihir Gold Limited under the transaction was A$261 million. Net cashflows in the above statement include the cash component of the transaction and the equity based component of the transaction is included in the balance sheet.

Operating activities

Newcrest's primary source of cash is cash generated from its operations, principally receipts from customers. Net operating cashflow for the 2012 Fiscal Year decreased by A$3 million, or 0.2%, to A$1,726 million from A$1,729 million in the 2011 Fiscal Year with higher gold prices offset by lower gold sales volumes and higher operating costs. Net operating cash flow in the 2011 Fiscal Year of A$1,729 million, was a A$426 million, or 33%, increase from A$1,303 million in Fiscal Year 2010 primarily due to higher sales volumes and prices and the impact of the Lihir Gold Limited acquisition in the 2011 Fiscal Year.

Investing activities

Newcrest's primary use of cash for investing activities is for capital expenditure and acquisitions. Newcrest's principal categories of capital expenditure are:

- sustaining capital expenditure to maintain the existing productive capacity of its operations;
- development capital expenditure to expand current production levels;
- project capital expenditure to analyze, design or construct a new mine or expansion to a mine; and
- exploration expenditure.

The table below sets out Newcrest's capital expenditures by category, including acquisitions, for each of the periods indicated.

	Year ended June 30,		
	2012	**2011**	**2010**
		(A$ millions)	
Sustaining	445	359	100
Development	138	97	22
Projects	1,973	1,434	663
Payments for investments	3	4	—
Payment for Lihir Gold Limited (net of cash acquired)	—	272	—
Interest capitalized on development projects	40	2	—
Payments for business divestment transaction costs	8	—	—
Proceeds from non-participation in rights issue in Evolution Mining	(10)	—	—
Exploration	158	126	101
Total	**2,755**	**2,294**	**886**

Net investing cash flows for the 2012 Fiscal Year increased by A$461 million, or 20%, to expenditure of A$2,755 million from A$2,294 million in the 2011 Fiscal Year, primarily driven by higher project capital expenditure. Newcrest's net investing cashflows for the 2011 Fiscal Year increased A$1,408 million, or 159%, to A$2,294 million from A$886 million in the 2010 Fiscal Year, primarily driven by the cash consideration of A$533 million paid in connection with the Lihir Gold Limited acquisition, which was partially offset by A$261 million in cash acquired from Lihir Gold Limited as part of the acquisition and an increase in project capital expenditure of A$771 million.

Project capital expenditure during the 2012 Fiscal Year of A$1,973 million was an increase of A$539 million, or 38%, from A$1,434 million in the 2011 Fiscal Year due to continued expenditure on Newcrest's two major growth projects, the Cadia East Project (A$1,108 million) and the Lihir MOPU Project (US$440 million). These two projects represent significant investments that are intended to underpin Newcrest's future production growth profile, with both projects expected to be in commercial production in the second quarter of the 2013 Fiscal Year. Project capital expenditure during the 2011 Fiscal Year of A$1,434 million was an increase of A$771 million, or 116%, from A$663 million in the 2010 Fiscal Year also due to the expenditure on the Cadia East Project (A$891 million) and the Lihir

MOPU Project (A$320 million). The Gosowong Extension project was also completed during the 2011 Fiscal Year (A$57 million). Capital expenditure during the 2010 Fiscal Year focused on projects at Cadia East (A$234 million), Ridgeway Deeps (A$138 million), Hidden Valley (A$128 million) and the Gosowong Expansion (A$103 million). Hidden Valley and Ridgeway Deeps became operational during the year, while the Gosowong Expansion was commissioned early in the 2011 Fiscal Year. The Cadia East Project was approved for development in April 2010.

The table below sets out Newcrest's exploration capital expenditures by nature and, for reserve definition expenditure, by site, for each of the periods indicated.

	Year ended June 30,		
	2012	2011	2010
		(A$ millions)	
Greenfields	44	33	18
Brownfields	42	32	25
Reserve definition:			
Telfer	17	10	25
Gosowong	5	10	14
Hidden Valley and Wafi-Golpu	25	24	15
Lihir	14	13	—
Côte d'Ivoire	10	—	—
Other	1	4	4
Total	**158**	**126**	**101**

The table below sets out Newcrest's exploration expenditure by geography for each of the periods indicated.

	Year ended June 30,		
	2012	2011	2010
		(A$ millions)	
Australia	41	41	47.9
Indonesia	32	22	22.2
Papua New Guinea	57	48	20.9
Fiji	7	4	8.6
Côte d'Ivoire	21	11	—
Americas	—	—	1.5
Total	**158**	**126**	**101.1**

Exploration expenditure of A$158 million during the 2012 Fiscal Year, increased by A$32 million, or 25%, from A$126 million in the 2011 Fiscal Year. During the 2012 Fiscal Year, Newcrest focused on existing operations and projects, including:

- Wafi-Golpu - infill drilling to support the technical pre-feasibility study data collection process and facilitate a reserve estimate update.

- Telfer - continued drilling of the Vertical Stockwork Corridor located below the Telfer Deeps sub-level cave mine, and West Dome to expand the underground mine life.

- Gosowong - drilling to the north and south of the previously mined Toguraci open pit to identify future ore sources.

- Lihir - continued resource definition drilling at Lihir.

Newcrest also undertook greenfields exploration programs in Côte d'Ivoire and at Manus Island in Papua New Guinea.

Exploration expenditure of A$126 million during the 2011 Fiscal Year, increased by A$25 million, or 25%, from A$101 million in the 2010 Fiscal Year. During the 2011 Fiscal Year, Newcrest focused on near province opportunities, improving existing resource positions and converting these resources to reserves. During the 2011 Fiscal Year, this included:

- Wafi-Golpu - extensive resource definition drilling program on the Golpu porphyry deposit resulting in a significant upgrade to gold and copper resources.

- Telfer - continued drilling of the Vertical Stockwork Corridor located below the Telfer Deeps sub-level cave mine.

- Gosowong - drilling to the north and south of the previously mined Toguraci open pit.

- Papua New Guinea - continued drilling on the island of Niolam where Lihir is located resulted in an upgrade to both reserves and resources.

- Namosi - continued drilling in the Waivaka corridor.

Greenfields exploration programs were also active in Côte d'Ivoire, Morobe Province, Papua New Guinea, Manus Island, Papua New Guinea and Tandai, Indonesia.

Newcrest expects that its capital expenditure and exploration, discovery and reserve definition expenditure for the 2013 Fiscal Year will be within the ranges set forth in the table below. Actual expenditures may be different. For a discussion of some of the factors that may cause actual expenditures to be different from expectations, see "Forward Looking Statements" and "Risk Factors."

	Expected 2013 Fiscal Year
	(A$ millions)
Capital expenditure	
Major projects	800
Wafi-Golpu	100
Other projects/development	475 - 625
Sustaining	425 - 475
Total	**1,800 - 2,000**
Exploration expenditure	150 - 160

Financing Activities

Cash flows used in financing activities in the 2012 Fiscal Year were an inflow of A$1,090 million, compared with an inflow of A$131 million in the 2011 Fiscal Year. For the 2012 Fiscal Year, this included:

- Net proceeds from the issue of the Existing Notes (as defined below) in November 2011 of A$963 million;

- Net drawdowns of A$699 million on the 2009 US Dollar Bilateral Loan Facilities (as defined below);

- Repayment at maturity of A$119 million of U.S. Private Placement Notes (as defined below); and

- Dividend payments to shareholders of Newcrest of A$362 million.

Cash flows used in financing activities in the 2011 Fiscal Year were an inflow of A$131 million, compared with an outflow of A$131 million in the 2010 Fiscal Year. For the 2011 Fiscal Year, this included:

- repayment of a Lihir Gold Limited loan facility post-acquisition A$52 million;

- net drawdowns of A$479 million on the 2009 US Dollar Bilateral Loan Facilities to fund capital projects; and

- a substantial increase in the cash dividend payment to Newcrest shareholders from A$82 million to A$187 million. This reflects the higher dividend rate and the larger shareholder base post Lihir Gold Limited acquisition.

Dividends

Newcrest's focus is on delivering overall value creation and returns to its shareholders, including through the payment of dividends. The capacity to pay dividends and, where possible increase them, is balanced with the need for Newcrest to fund its emerging projects to ensure its future growth. Newcrest generally pays dividends to its shareholders semi-annually, in April and October of each year. In the 2010, 2011 and 2012 Fiscal Years Newcrest declared and paid total dividends of A$97 million, A$229 million and A$398 million, respectively. Newcrest maintains a dividend reinvestment plan that provides shareholders with the option of reinvesting in additional shares at the market price rather than receiving cash dividends. Participation in the dividend reinvestment plan reduced the cash amount paid to Newcrest shareholders to A$82 million, A$187 million and A$362 million in the 2010, 2011 and 2012 Fiscal Years, respectively. Subsequent to June 30, 2012, the Board of Newcrest determined to pay a final dividend in respect of the 2012 Fiscal Year of A$0.23 per share (15% franked) on October 19, 2012.

Capital resources

Newcrest's current borrowings consist of the following unsecured facilities and loans and secured finance leases. These facilities and loans take the form of negative pledge borrowing and contain representations and warranties, financial covenants, undertakings and other terms and conditions customarily found in financing agreements of this kind.

At June 30, 2012, Newcrest had the following debt facilities in place.

Debt Facilities Summary

(Amounts in A$ or US$ millions as indicated)

Facility	**Total Available Facility**		**Amount not Utilized**		**Maturity**
2009 US Dollar Bilateral Loan Facilities	US$	2,000	US$	780	Various dates from December 2012 to February 2013
4.45% Senior Guaranteed Notes due 2021	US$	750		—	November 2021
5.75% Senior Guaranteed Notes due 2041	US$	250		—	November 2041
US Private Placement Notes - Fixed	US$	105		—	May 2015
US Private Placement Notes - Fixed	US$	100		—	May 2017
US Private Placement Notes - Fixed	US$	25		—	May 2020
Finance leases for mining equipment	US$	4		—	amortizing to various dates to 2015

US Dollar Bilateral Loan Facilities

As at June 30, 2012, Newcrest had unsecured short term US dollar bilateral lending facilities (the "2009 US Dollar Bilateral Loan Facilities") in place, comprising facility agreements with eight lenders for US$250 million, for an aggregate bilateral lending facilities amount of US$2 billion. These facilities are a series of floating rate revolving US dollar loan agreements entered into during the 2010 Fiscal Year. Interest is based on LIBOR plus a margin which varies among the lenders. The documentation for each of the facilities is subject to common financing terms and contains the following maintenance covenants:

- an interest coverage ratio of greater than or equal to 3.75:1 on June 30 and December 31 of each year (that is, the ratio of EBITDA to interest payable, calculated using results that exclude any significant items and accounting adjustments arising from the fair valuation of derivatives);

- tangible net worth of greater than or equal to A$1,500 million on June 30 and December 31 of each year;

- gearing ratio of less than or equal to 1.75:1 on June 30 and December 31 of each year, which is calculated as total net liabilities to tangible net worth (tangible net worth is adjusted to exclude the impact under IFRS of recording the mark to market value of effective cash flow hedges in the hedge reserve in shareholders' equity); and

- a requirement that the borrower and guarantor group represent not less than 75% of Newcrest Group EBITDA and assets at all times. At June 30, 2012, the borrower and guarantor group represented approximately 92% and 89% of Newcrest Group EBITDA and assets, respectively, as defined in the facilities.

As at June 30, 2012, Newcrest was in compliance with these covenants.

On September 3, 2012, Newcrest finalized the renewal of its unsecured short term US dollar bilateral lending arrangements. The new arrangements comprise facility agreements (the "New US Dollar Bilateral Loan Facilities") with ten lenders for US$250 million each over three and five year terms (for a total aggregate amount of US$2.5 billion). The New US Dollar Bilateral Loan Facilities replace the 2009 US Dollar Bilateral Loan Facilities, which were due to mature on a rolling basis from late 2012 to early 2013. The maintenance covenants under the New US Dollar Bilateral Loan Facilities are identical to the 2009 US Dollar Bilateral Loan Facilities, other than certain changes that provide Newcrest with greater flexibility for the purposes of funding its proportionate share of future development costs for the Wafi-Golpu exploration project, by:

- excluding Newcrest's interests in Wafi-Golpu from the calculations for Newcrest Group EBITDA and total assets for purposes of the guarantor group coverage requirement; and

- excluding interest paid under limited recourse or non-recourse finance in relation to Wafi-Golpu, as well as EBITDA generated from Wafi-Golpu, from the calculations of interest payable and Newcrest Group EBITDA, respectively, for purposes of the interest coverage ratio covenant.

Existing US Senior Guaranteed Notes

On November 7, 2011, Newcrest issued US$750,000,000 aggregate principal amount of 4.45% Senior Guaranteed Notes due 2021 (the "2021 Notes") and US$250,000,000 aggregate principal amount of the Original 2041 Notes (together with the 2021 Notes, the "Existing Notes"). The Existing Notes are Newcrest's unsecured and unsubordinated obligations, are guaranteed by each of the Guarantors and were issued upon substantially the same terms as the Notes offered hereby, other than with respect to the dates of issuance, issue prices, maturity dates and interest rates.

US Private Placement Notes

A debt placement to US investors in the US private placement market was completed in May 2005 (the "US Private Placement Notes"). The placement consisted of five tranches out to 15 years, totaling US$350 million. Two tranches totaling US$120 million were repaid during the 2012 Fiscal Year. The remaining tranches are:

Fixed 10 years	(May 11, 2015)	US$105 million	5.66%
Fixed 12 years	(May 11, 2017)	US$100 million	5.71%
Fixed 15 years	(May 11, 2020)	US$25 million	5.92%

The note and guarantee agreement with respect to the US Private Placement Notes provides for three financial covenants, namely:

- an interest coverage ratio of greater than or equal to 4:1 on June 30 and December 31 of each year (that is, the ratio of EBITDA to interest payable, calculated using results that exclude any significant items and accounting adjustments arising from the fair valuation of derivatives);

- tangible net worth of greater than or equal to A$650 million on June 30 and December 31 of each year; and

- gearing ratio of less than or equal to 2:1 on June 30 and December 31 of each year, which is calculated as total net liabilities to tangible net worth (tangible net worth is adjusted to exclude the impact under IFRS of recording the mark to market value of effective cash flow hedges in the hedge reserve in shareholders' equity).

As at June 30, 2012, Newcrest was in compliance with these financial covenants.

Net debt and gearing

The following table sets forth Newcrest's net debt and gearing at June 30, 2012, 2011 and 2010.

	As at June 30,		
	2012	**2011**	**2010**
	(A$ millions (except percentages))		
Total debt	2,408	800	427
Less cash and cash equivalents	(242)	(185)	(643)
Net debt	2,166	615	(216)
Equity	15,094	13,875	5,010
Net debt and equity	17,260	14,490	4,794
Gearing (net debt/net debt and equity)	**12.5%**	**4.2%**	**(4.5)%**

The following table shows the movement in net debt from June 30, 2011 to June 30, 2012.

	A$ millions
Net debt at June 30, 2011	**615**
Issue of Existing Notes	963
Net drawdown on 2009 US Dollar Bilateral Loan Facilities	699
Repayment of US Private Placement Notes	(119)
Retranslation of USD denominated debt	169
Increase in cash balances	(57)
Net movement in finance leases	(4)
Net debt/ at June 30, 2012	**2,166**

Subsequent to June 30, 2012, Newcrest has drawn down additional amounts under its US dollar bilateral loan facilities to fund capital expenditures.

As at June 30, 2012, Newcrest had net debt, comprising total borrowings less cash, of A$2,166 million, with a movement from the June 30, 2011 net debt position of A$615 million. The increase in net debt during the 2012 Fiscal Year was largely due to the issue of the Existing Notes in November 2011 and increased drawdowns under Newcrest's 2009 US Dollar Bilateral Loan Facilities.

The resulting gearing ratio (net debt to net debt plus equity) as at June 30, 2012 was 12.5% (compared to 4.2% as at June 30, 2011).

The following table shows the movement in net debt at June 30, 2010 to June 30, 2011.

	A$ millions
Net debt at June 30, 2010	**(216)**
Net drawdown on 2009 US Dollar Bilateral Loan Facilities	479
Retranslation of 2009 US Dollar Bilateral Loan Facilities	(13)
Retranslation of US Private Placement Notes	(86)
Decrease in cash balances	458
Net movement in finance leases	(7)
Net debt/(cash) at June 30, 2011	**615**

As at June 30, 2011, Newcrest had net debt, comprising total borrowings less cash, of A$615 million, with a movement from the June 30, 2011 net cash position of A$216 million. The decrease in the cash balance during the 2011 Fiscal Year was largely due to the cash component of the Lihir Gold Limited acquisition and the increase in the 2009 US Dollar Bilateral Loan Facilities was for capital project funding.

The resulting gearing ratio (net debt to net debt plus equity) as at June 30, 2011 was 4% (compared to negative 5% as at June 30, 2010).

Contractual obligations and other commitments

The maturity profile of Newcrest's long-term debt and certain other contractual obligations as at June 30, 2012 are described below:

	Payments due by period			
	Total	Less than 1 year	1-5 years	More than 5 years
	(A$ millions)			
Long term debt obligations				
2009 US Dollar Bilateral Loan Facilities	1,197	1,197	—	—
Existing Notes	981	—	—	981
US Private Placement Notes	226	—	201	25
Finance leases	4	3	1	—
Capital expenditure	446	—	—	—
Operating leases	31	6	17	8
Total	**2,885**	**1,206**	**219**	**1,014**

Off-balance sheet arrangements

Newcrest does not have any material off-balance sheet financing arrangements.

For information about Newcrest's contingent liabilities see "Business Description — Legal and regulatory matters" and Note 29 to Newcrest's consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum.

Quantitative and qualitative disclosures about market risk

Set forth below is a discussion regarding Newcrest's market risk. For additional information including quantitative information and sensitivity analyses, see Note 27 to Newcrest's consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum.

Financial risk management objectives and policies

Newcrest's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due;

- maintain the capacity to fund its forecasted project developments and exploration and acquisition strategies; and

- maintain the equivalent of an investment grade credit rating around BBB+.

Newcrest continually monitors and tests its forecast financial position against these criteria. Newcrest has a detailed planning process that forms the basis of all cash flow forecasting and updates these plans through a monthly estimation process. The cash flow forecast is then used to stress test financial risk and forms the basis for Newcrest's capital management plan.

Credit, liquidity and market risk (including foreign exchange risk, commodity price risk and interest rate risk) arise in the normal course of Newcrest's business. These are managed under Board approved directives which underpin Newcrest's treasury department's policies and processes. Newcrest's principal financial instruments, other than derivatives and available-for-sale assets, comprise interest-bearing debt, finance leases, cash and short term deposits. Other financial instruments include trade receivables and trade payables which arise directly from operations.

Newcrest's forecast financial risk position with respect to key financial objectives and compliance with treasury policy are regularly reported to the Board.

Credit risk

Credit risk arises from the financial assets of Newcrest, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. Newcrest's exposure to credit risk arises from the potential default of the counter party with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is Newcrest's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short term liquidity and financial position. Newcrest obtains sufficient collateral (such as a letter of credit or prepayment) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At June 30, 2012, the value of collateral held was A$14 million (2011: nil).

Receivables balances are monitored on an ongoing basis with the result that Newcrest's exposure to bad debts is not significant. There were no material impairments of receivables as at June 30, 2012.

The majority of Newcrest's receivables are due from concentrate customers in Japan, China, Europe and South Korea. There have been no credit defaults with these customers in recent history. Newcrest's treasury department evaluates credit risk on a continual basis. At June 30, 2012, there were no other significant concentrations of credit risk.

Newcrest limits its counterparty credit risk on liquid funds and derivative financial instruments by having a policy of dealing only with banks or financial institutions with credit ratings of at least A equivalent where possible.

Liquidity risk

The liquidity position of Newcrest is managed to ensure sufficient liquid funds are available to meet Newcrest's financial commitments in a timely and cost-effective manner. Newcrest undertakes stress testing of operational cash flows which are matched with capital commitments to assess liquidity requirements. The capital management plan is the formal record of the analysis and actions required in detail for the next 12 months and longer term to five years.

Newcrest maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines.

Foreign currency risk

Newcrest undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The majority of Newcrest's revenue is denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars. Newcrest's Statement of Financial Position can be affected significantly by movements in the US dollar/Australian dollar exchange rate. Newcrest also has exposure to other foreign currencies such as the Indonesian rupiah, PNG kina, West African franc and Fiji dollar however these exposures are less significant.

Newcrest hedges certain non-functional-currency capital commitment exposures to provide some budget certainty in the functional currency.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on Newcrest's financial position.

Newcrest seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. Where considered appropriate the foreign currency component of the US dollar denominated debt is designated either as a:

- Cash flow hedge of future US dollar denominated commodity sales. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity in the hedge reserve and will be released to the income statement as the anticipated hedged US dollar denominated commodity sales to which the deferred gains/(losses) are designated, occur.

- Net investment in foreign operations. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity in the foreign currency translation reserve and will be released to the income statement if the foreign operation is sold.

Commodity price risk

Newcrest's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. Newcrest has entered into copper forward sales contracts, gold put options and diesel forward contracts to manage its exposure to movements in commodity prices. The carrying amount of Newcrest's derivative financial instruments as at the reporting date are disclosed in Notes 11 and 21 to Newcrest's consolidated financial statements included elsewhere in this offering memorandum.

Interest rate risk

Newcrest is exposed to interest rate risk as entities in Newcrest borrow funds at both fixed and floating interest rates. The risk is managed by Newcrest by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated regularly to align with interest rate views and risk profile. Details of Newcrest's types and levels of debt are included in Note 19 to Newcrest's consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum.

Further information regarding Newcrest's financial and capital risk management can be found in Note 27 to Newcrest's consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum.

Critical accounting policies

Newcrest's critical accounting policies are more fully described in Note 2 to its consolidated financial statements for the 2012 Fiscal Year included elsewhere in this offering memorandum. Some of Newcrest's accounting policies require the application of judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to inherent uncertainty and are based on management's historical experience.

BUSINESS DESCRIPTION

Overview

Newcrest is the largest gold producer listed on the ASX and one of the top five gold mining companies globally by reserves and market capitalization. In addition to gold, Newcrest also produces copper and silver as by-products. Newcrest has operations and other interests in Australia, the Pacific region, Asia and Africa. As at September 10, 2012, Newcrest had a market capitalization of A$21 billion.

Newcrest has a substantial Ore Reserve and Mineral Resource base. As at December 31, 2011, Newcrest had Ore Reserves containing 79.1 Moz of gold and 8.46 Mt of copper and Mineral Resources containing 149.7 Moz of gold and 20.0 Mt of copper. Mineral Resources and Ore Reserves are reported in accordance with the JORC Code. Mineral Resources are quoted inclusive of Ore Reserves. On August 29, 2012, Newcrest updated its Ore Reserves and Mineral Resources estimates for Wafi and Golpu, following completion of the technical pre-feasibility study for the Golpu deposit (and advancement of the concept study for the Wafi deposit) by the Wafi-Golpu unincorporated joint venture parties. The Golpu deposit is estimated to have Ore Reserves containing 12.4 Moz of gold and 5.4 Mt of copper (100% terms), and the deposits at Wafi-Golpu (Wafi, Golpu and Nambonga) are estimated to have Mineral Resources containing 28.5 Moz of gold and 9.06 Mt of copper (100% terms). Newcrest has a 50% beneficial interest in the Wafi-Golpu Ore Reserves and Mineral Resources. See “Reserves and Resources” for further information.

During the 2012 Fiscal Year, Newcrest generated total sales revenue of A$4,416 million, EBITDA of A$2,151 million, Underlying Profit of A$1,084 million and profit after tax from continuing operations attributable to members of the parent entity of A$1,117 million. During the 2012 Fiscal Year, Newcrest produced 2,285,917 ounces of gold at a cash cost of A$603 per ounce of gold. Gold revenue represented 84.7% of Newcrest’s overall sales revenue for the 2012 Fiscal Year. In the 2012 Fiscal Year, Newcrest also produced 76,015 tonnes of copper.

Newcrest’s portfolio is comprised of predominantly low cost, long life mines and a strong pipeline of brownfields and greenfields exploration projects. Newcrest has interests in operating mines in four countries, with a geographic focus mainly on Australia, the Pacific region and Asia. As at June 30, 2012, Newcrest had over 8,300 employees across these regions and Africa. As at December 31, 2011, 50% of Newcrest’s gold Ore Reserves were located in Australia, 43% were located in Papua New Guinea and the remainder were located in Indonesia, Côte d’Ivoire and Fiji. After taking into account the updated Ore Reserves for the Golpu deposit discussed above, but without taking into account depletion of Ore Reserves in the period since December 31, 2011, 46% of Newcrest’s gold Ore Reserves are located in Australia, 47% are located in Papua New Guinea and the remainder are located in Indonesia, Côte d’Ivoire and Fiji.

Newcrest has development and exploration projects at various stages of advancement in Australia, Papua New Guinea, Indonesia, Fiji and Côte d’Ivoire. A key objective of Newcrest’s exploration and development activities is to continue to pursue control of large mineral districts or “provinces.” Newcrest seeks provinces that support predominantly low cost, long term mining operations and that allow Newcrest to grow its reserves and resources by leveraging its exploration expertise, and existing mining techniques and its existing production facilities or by developing mining techniques through its research and development capabilities and putting in place scaleable central infrastructure in a cost effective manner.

Newcrest has a strong track record over 15 years of discovering major deposits and developing these assets, including, for example, the mining operations and development projects generated in the Cadia Valley province. Newcrest's current operating provinces are Cadia Valley, Lihir, Telfer and Gosowong.

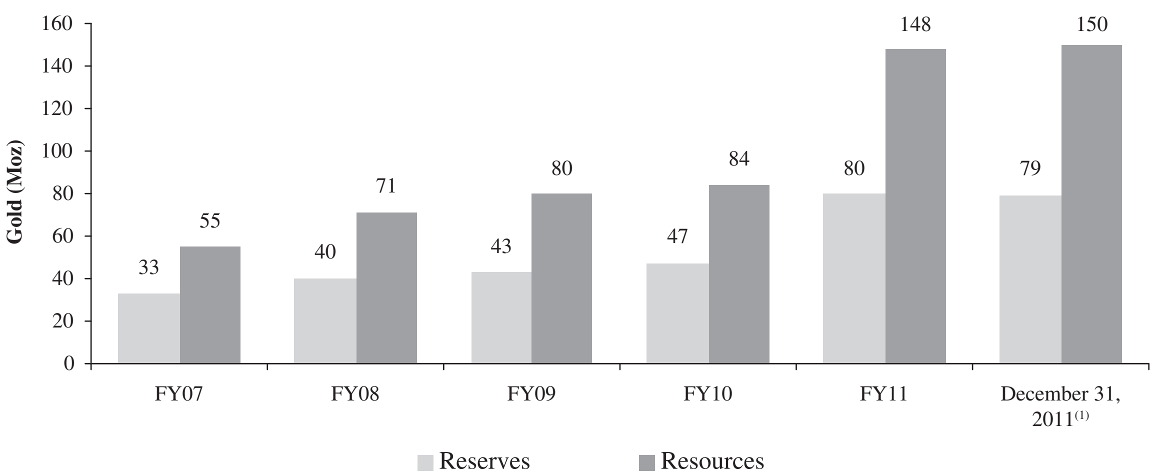
Newcrest uses a range of predominantly low cost bulk open pit and underground mining methods to optimize recovery of lower grade ore, as well as selective underground mining methods to optimize recovery of higher grade epithermal deposits. Newcrest has experience in developing and commissioning both large scale and smaller operations. Newcrest's technological and operational capability across each phase of the mining value chain allows it to pursue varied growth opportunities and maintain a strong project pipeline.

Competitive strengths

Portfolio of cost competitive mines. Newcrest has developed and acquired predominantly low cost mines that it operates with a sustained focus on operational efficiency. Newcrest's cost profile benefits from economies of scale, copper and silver by-product credits and cost reduction and efficiency enhancement initiatives. Newcrest believes its cost profile compares favorably to the industry. Newcrest's cash costs for the 2012 Fiscal Year were A$603 per ounce of gold produced. Newcrest believes that its mines are internationally competitive in terms of cash costs and that this should help to mitigate the effect of adverse commodity price movements if they arise. Newcrest also believes that a portfolio of predominantly low cost mines helps to enhance margins, which assists in allowing Newcrest to fund its exploration and development activities through cash flow from operations.

Long reserve life. Newcrest has a substantial reserve and resource base. Based on Newcrest's 2012 Fiscal Year production levels, Newcrest's gold Ore Reserves would support more than 35 years of production. Newcrest has delivered strong reserve growth with contained gold in Ore Reserves growing by 138% from June 30, 2007 to December 31, 2011, which is partly as a result of acquisitions. The following graph shows the growth in Newcrest's contained gold in Ore Reserves and Mineral Resources over the last five and a half years.

Gold Reserves & Resources Growth



(1) During the 2012 Fiscal Year, Newcrest changed to a December 31 cut off date for reporting its Mineral Resources and Ore Reserves estimates. The Mineral Resources and Ore Reserves estimates shown in the graph as at December 31,

2011 exclude the updated Mineral Resources and Ore Reserves estimates for deposits at Wafi and Golpu that were released on August 29, 2012. These updated estimates added further Mineral Resources totaling 1.0 Moz of contained gold and further Ore Reserves totaling 5.5 Moz of contained gold. See “Reserves and Resources” for further information.

Exploration, development and operational excellence. Newcrest has significant expertise in each phase of the mining value chain:

- Exploration — Newcrest has a track record of more than 15 years of successful gold resource discovery through exploration. To date, this has led to successful discoveries of deposits at Cadia Hill, Cadia East and Ridgeway in Australia and Gosowong in Indonesia, and the expansion of exploration activities to Papua New Guinea and Fiji and, following the acquisition of Lihir Gold Limited, Côte d’Ivoire.

- Development — Newcrest has developed a significant number of its mining operations, including underground and open pit mines, from exploration to operation, including Telfer, Cadia Valley and Gosowong. Newcrest uses an internal toll-gating and assessment process that segregates each component of the mining value chain into key categories of concept, pre-feasibility, feasibility and execution, to permit critical analysis of each stage of project development in order to understand uncertainties, evaluate risks and areas of optimization and ensure that viable investment opportunities are identified and pursued.

- Operations — Newcrest operates all of the open pit and underground mines it owns (including using deep underground bulk mining methods) and the associated metallurgical plants and infrastructure, other than at Hidden Valley which is operated by a company jointly owned by Newcrest and its joint venture partner, a subsidiary of Harmony Gold Mining Company Limited. Newcrest also manages the joint venture operations at Gosowong. Newcrest believes that its breadth of direct operational experience and technical expertise, across a range of mining and metallurgical processes, enhances its ability to operate its existing mine portfolio and future mines which it may develop or acquire.

Growth potential supported by significant project pipeline. Newcrest’s exploration approach has provided it with a significant project pipeline. The use of brownfields exploration in large operating provinces where it already has production facilities enables Newcrest to bring in incremental or replacement production with lower additional capital expenditure and allows for new deposits to be brought into production more quickly than would be the case at a greenfields site. This approach has been successful to date, with Newcrest’s current major development of the Cadia East Project being the result of exploration in Cadia Valley, one of Newcrest’s large operating provinces. In addition, Newcrest maintains an extensive greenfields exploration program. The Telfer, Cadia Valley and Gosowong mines were all developed as a result of successful greenfields and continuing brownfields exploration.

Management expertise. Newcrest’s management team has extensive experience in the mining and resources industries, as well as strategic, operational and financial management skills, and a track record of successfully executing exploration, development and operational projects at Newcrest. Newcrest’s Chief Executive Officer, Greg Robinson, Chief Financial Officer, Gerard Bond, Chief Operating Officer, Greg Jackson, Executive General Manager — Minerals, Colin Moorhead, Executive General Manager — Australian Operations, Peter Smith, Executive General Manager — PNG and Indonesian Operations, Brett Fletcher, Executive General Manager — Commercial and West Africa, Lawrie Conway and Executive General Manager — Strategy, Step Change and Technology, Andrew Logan, each have more than 20 years' experience in the global mining and resources and finance industries.

Strong financial position. Newcrest maintains a strong balance sheet underpinned by conservative financial risk management and gearing, and has delivered consistent positive operating cash flows. As of June 30, 2012, Newcrest had total assets of A$20,509 million. For the 2012 Fiscal Year, Newcrest's EBITDA was A$2,151 million, Underlying Profit of A$1,084 million and cash flow from operations of A$1,726 million. Newcrest believes that its prudent risk management policies are also represented by net debt (borrowings less cash) of A$2,166 million, low gearing of 12.5% and net debt to EBITDA of 1.0 times as at June 30, 2012.

Business strategy

Newcrest's business strategy is to continue to build its portfolio of predominantly low-cost, long-life gold assets, primarily through both exploration and strategic merger and acquisition activities, with a focus mainly on Australia, the Pacific region and Asia. Newcrest's business model is to optimize performance at each phase of the gold mining value chain and harness its technical expertise across a wide range of mining and processing methods. Newcrest seeks to achieve its goals with the following strategies:

Maintain focus on gold. Newcrest intends to continue to be primarily focused on the exploration for, and production of, gold. For the 2012 Fiscal Year, A$3,740 million of its revenues were attributable to sales of gold, A$613 million to sales of copper and A$63 million to sales of silver.

Continue to develop long-life operations. Newcrest focuses on developing its larger assets by growing their reserves and resources and increasing their production. A key component of Newcrest's strategy is securing and maintaining large mineral deposits in order to establish long-term mining operations and the efficient use of its existing infrastructure and capital. Newcrest focuses on advancing the development of its current pipeline of projects in a timely manner to maximize the utilization of existing infrastructure over the long term. Newcrest's major development of the Cadia East Project is expected to underpin Newcrest's production from the Cadia Valley province for at least the next 30 years. The Lihir MOPU Project is expected to upgrade the production capacity of one of the world's largest gold deposits by reserves. The technical pre-feasibility study for the Golpu deposit confirms Golpu as a world-class deposit with an expected mine life of 26 years.

Sustain and grow its reserves and resources. Newcrest remains committed to the discovery of gold resources and reserves through its exploration activities. For the 2013 Fiscal Year, Newcrest expects to spend approximately A$150 million to A$160 million on exploration, discovery and resource definition drilling. Newcrest is pursuing both brownfields exploration of known gold districts in Australia, Papua New Guinea, Indonesia and Côte d'Ivoire and greenfields exploration in Papua New Guinea, Indonesia, Fiji and Côte d'Ivoire. Newcrest will also consider expanding its reserve and resource base through strategic merger and acquisition opportunities whether in existing mining operations in known gold regions or through equity investments in early-entry exploration projects. Potential acquisition targets need to fit within Newcrest's overall strategy, including maintaining a conservative balance sheet and providing Newcrest with predominantly long-life, low cost operations with reserve and resource growth potential and opportunities to optimize operating methodology.

Continue to focus mainly on Australia, the Pacific region and Asia. As at December 31, 2011, 99% of Newcrest's gold Ore Reserves were located in Australia, the Pacific region and Asia, with 50%

of Newcrest's gold Ore Reserves in Australia and 43% in Papua New Guinea. After taking into account the updated Ore Reserves estimate for the Golpu deposit discussed above, but without taking into account depletion of Ore Reserves in the period since December 31, 2011, 46% of Newcrest's gold Ore Reserves are located in Australia, 47% are located in Papua New Guinea and the remainder are located in Indonesia, Côte d'Ivoire and Fiji. Newcrest believes that the Pacific region and Asia remain attractive for exploration and are highly prospective with the potential for significant gold discoveries. Having a significant proportion of its operations in Australia, the Pacific region and Asia brings operational benefits to Newcrest through economies of scale resulting from knowledge and understanding of these regions and facilitates centralized management of its core technical skill sets, commercial functions, and exploration and projects.

Maximize the benefit of integrated capabilities across operations. Newcrest believes that developing and integrating expertise across its exploration, development and mining operations provides a competitive advantage when assessing opportunities. Key elements of integrated expertise include the following:

- *Applying effective project development and management practices* — Newcrest recognizes the importance of applying effective project management practices to its development projects, in order to deliver its development projects in accordance with the agreed project scope, delivery schedules and budget. Newcrest's Projects group works closely with the team overseeing mining operations during feasibility and execution phase to facilitate a smooth production ramp-up. This is underpinned by Newcrest's rigorous investment toll-gating process to permit critical analysis of each stage of project development. Newcrest's Projects group is responsible for concept, pre-feasibility, feasibility and execution phases. Newcrest has a track record of developing its projects on time and on budget, with both the Gosowong extension project and Ridgeway Deeps project being commissioned on time and under budget. Newcrest's current major development projects, the Cadia East Project and the Lihir MOPU Project, remain on schedule for commencement of commercial production and commissioning (respectively) during the second quarter of the 2013 Fiscal Year and are expected to be on budget, in the case of the Lihir MOPU Project, and within 10% above budget, in the case of the Cadia East Project.

- *Capitalizing on specialist mining expertise* — Newcrest believes that capability in underground bulk mining methods will become progressively more valuable, with such capabilities underpinning the viability of potential projects. Newcrest's strategy is to continue to develop expertise across a broad range of operational technology and mining techniques. In recent years, Newcrest has placed significant focus on investing in strategic research and development of underground bulk-mining technologies from early concept studies to full-scale trials. Through this investment, Newcrest has advanced the technical development of caving mining methods with current application at Ridgeway, Telfer and Cadia East, and planned application at Wafi-Golpu. Newcrest believes that this focused approach to research and development, and its existing experience, allows it to extract value from existing operations and positions it to take advantage of projects requiring technological expertise.

- *Optimizing operating costs and production efficiencies* — Newcrest is focused on operational improvement. Newcrest identifies key improvement initiatives through its planning processes, assigns delivery teams and monitors improvement around excavation, haulage and milling processes, as well as financial and operational performance of individual assets. Newcrest benchmarks its operational performance internally and against other global mining industry players.

Maintain a sound financial position and remain an unhedged gold producer. Newcrest adheres to prudent financial management policies with the objective of maintaining its cash generative and conservative leverage position. Newcrest's financial management policies are aimed at allowing net cash flows from operations to meet financial commitments and maintaining sufficient capacity under its financing arrangements to fund project development, exploration and acquisitions. Newcrest intends to remain an unhedged producer of gold having closed-out its gold hedge contracts (covering approximately 4 Moz of gold) in the 2008 Fiscal Year at a cost of A$1,700 million that was funded through an equity entitlement offer.

Maintain and strengthen its commitment to employees, contractors and local communities. Newcrest considers the capability and wellbeing of its employees and contractors as paramount in delivering its strategy. Newcrest is focused on succession planning, talent management and training and development of its employees and contractors and views such efforts as an important component of instilling Newcrest's values throughout the organization and retaining continuity in its workforce. Safety and health are fundamental to Newcrest's business. Newcrest has implemented a "target zero" program across the Newcrest Group over the last five years, designed to foster best practices in workplace safety and is continuing to roll out Safety ReNew, a program involving the reviewing and revitalizing of safety practices and procedures across all of Newcrest's operations. Newcrest is a signatory to the Australian Minerals Industry sustainability code (called "Enduring Value") and prepares a sustainability report detailing its environmental and social performance each year. Newcrest also has an ongoing commitment to work with local communities to improve infrastructure, particularly in health and education, support local businesses, and provide venues for leisure activities and other opportunities for further development.

Corporate history

Newcrest dates back to 1966, when Newmont Mining Limited established an Australian subsidiary, Newmont Holdings Limited, which subsequently changed its name to Newmont Australia Limited. In 1990, Newmont Australia Limited acquired Australmin Holdings Ltd, subsequently merged with BHP Gold Limited and changed its name to Newcrest Mining Limited. Newcrest's shares are listed on the ASX, the TSX and the Port Moresby Stock Exchange ("PoMSOX"). Newcrest has been listed on the ASX since 1987 (as Newmont Australia Limited until 1990) and obtained its listing on the PoMSOX following the acquisition of Lihir Gold Limited in August 2010 (prior to the acquisition, Lihir Gold Limited was listed on the PoMSOX). In March 2012, Newcrest obtained a secondary listing for its shares on the TSX.

The Telfer deposit in Australia was discovered in 1971 and was originally developed and operated by a joint venture between Newmont Holdings Ltd (now called Newcrest Mining Limited) and BHP Gold Limited (now called Newcrest Operations Limited). The Cadia Valley deposits in Australia were discovered by Newcrest in 1992, and the Gosowong deposit in Indonesia was discovered by Newcrest in 1994.

Newcrest has an 82.5% interest in PT Nusa Halmahera Minerals ("PTNHM"), which owns and operates the Gosowong operations. The remaining 17.5% interest in PTNHM is owned by PT Aneka Tambang, a public company listed on the Indonesia Stock Exchange and the ASX.

In August 2008, Newcrest acquired, through its subsidiaries, an initial 30.01% interest in Harmony Gold Mining Company Limited's assets and tenements in the Morobe Province in Papua New Guinea, upon which the Morobe Mining Joint Ventures were formed. By the end of the 2009 Fiscal Year, Newcrest completed its acquisition of a 50% total interest in each of the Morobe Mining Joint Ventures. The

Morobe Mining Joint Ventures comprise three unincorporated joint ventures: the Hidden Valley mine unincorporated joint venture, the Wafi-Golpu unincorporated joint venture and the Morobe exploration unincorporated joint venture.

In August 2010, Newcrest acquired Lihir Gold Limited, which owned the Lihir operation, Mt Rawdon, the Bonikro gold mine and a significant land exploration package in Côte d'Ivoire, for a total consideration of A$10,480 million. The acquisition was effected through a court-approved scheme of arrangement, which became effective on August 30, 2010.

On November 2, 2011, Newcrest completed its sale of its 70% interest in the two unincorporated joint ventures that held Cracow and its 100% interest in Mt Rawdon (acquired through Newcrest's acquisition of Lihir Gold Limited in August 2010), to Evolution Mining, in exchange for an initial equity interest of 38.95% in Evolution Mining, which was subsequently diluted to 32.96% following an equity raising in which Newcrest did not participate. As at June 30, 2012, Newcrest's equity interest in Evolution Mining was approximately 32.68% (further diluted by the issue of shares by Evolution Mining under employee share plans). Evolution Mining is an ASX-listed growth-focused Australian gold company, operating four 100% owned gold and silver mines in Queensland and Western Australia (Cracow, Edna May, Mt Rawdon, Pajingo) and the Mt Carlton development project in Queensland. Evolution Mining was formed by the merger between Conquest Mining Limited and Catalpa Resources Limited (Newcrest's joint venture partner for Cracow prior to the sale) which was completed as a precursor to the sale of the Newcrest assets. Newcrest has two nominee directors on the board of Evolution Mining, Peter Smith and Lawrie Conway. Newcrest's investment in Evolution Mining is accounted for using the equity method of accounting.

Recent developments

In July 2012, Newcrest appointed Craig Jones and Scott Langford to the positions of Executive General Manager — Projects and Studies and General Counsel, respectively. Mr. Langford was appointed Company Secretary in August 2012. See "Board and Management — Executive Officers."

On August 29, 2012, Newcrest updated its Ore Reserves and Mineral Resources estimates for Wafi and Golpu following completion of the technical pre-feasibility study for the Golpu deposit (and advancement of the concept study for the Wafi deposit). See "Reserves and Resources" and "Business Description — Development projects — Wafi-Golpu" for further information.

On September 3, 2012, Newcrest finalized the renewal of its 2009 US Dollar Bilateral Loan Facilities, which were due to mature on a rolling basis from late 2012 to early 2013. The New US Dollar Bilateral Loan Facilities, which comprise facility agreements with ten lenders for US$250 million each over three and five year terms (for a total aggregate amount of US$2.5 billion), replace the 2009 US Dollar Bilateral Loan Facilities. As at September 20, 2012, the New US Dollar Bilateral Loan Facilities have been partially drawn down and Newcrest has given notice to its lenders that the 2009 US Dollar Bilateral Loan Facilities will be cancelled.

On September 21, 2012, Newcrest announced that the Lihir operation temporarily reduced production to approximately 25% of plant capacity due to an issue with the electrical system in the main oxygen plant which supplies oxygen to the autoclaves to facilitate the pressure oxidation process, which enables gold recovery from the ore feed. Full production is expected to be restored within 10 days and the issue is not expected to impact the Lihir MOPU Project, which is expected to be completed in the second quarter of the 2013 Fiscal Year. On September 13, 2012, Newcrest announced that mining operations at the Ridgeway mine were temporarily suspended following a failure of a section of the conveying system, with repairs expected to take up to 15 days. While repairs are underway, Newcrest will continue to process lower grade stockpile material.

Newcrest's principal executive offices are located at Level 8, 600 St. Kilda Road, Melbourne VIC 3004, Australia. Newcrest's telephone number is +61-3-9522-5333.

Mining operations

Newcrest's mining operations consist of:

- the Cadia Valley operations, in Australia;
- the Telfer mines, in Australia;
- the Lihir operation, in Papua New Guinea;
- the Hidden Valley operation, in Papua New Guinea;
- the Gosowong operation, in Indonesia; and
- the Bonikro gold mine, in Côte d'Ivoire.

At Cadia Valley, Newcrest has suspended mining at the Cadia Hill open pit as planned and placed the mine on care and maintenance, but stockpiled ore continues to be processed at the site. The Cadia East Project is in the final stages of development, with commercial production of gold doré and copper-gold concentrate expected to commence in the second quarter of the 2013 Fiscal Year.

Newcrest has experience developing and commissioning both large scale and smaller operations. Newcrest uses a range of predominantly low cost bulk open pit and underground mining methods to optimize recovery of lower grade ore, as well as selective underground mining methods to optimize recovery of higher grade epithermal deposits.

Discovery of new ore bodies remains an important element in Newcrest's strategy. A key objective of Newcrest's exploration activities is to control large mineral districts, or provinces, in order to secure long-term mining operations, while enhancing the potential for further discoveries. The principal targets are large porphyry related gold-copper deposits, epithermal gold-silver deposits plus orogenic and sediment-hosted gold deposits. Newcrest has a strong track record over 15 years of discovering major deposits, including the deposits at Cadia Hill, Cadia East, Ridgeway, Gosowong, and O'Callaghans.

Newcrest is currently evaluating two major prospects with significant metal endowments, namely Wafi-Golpu in Papua New Guinea and Namosi in Fiji. Greenfield exploration activities are also ongoing at other sites in Australia, Indonesia, Papua New Guinea, Fiji and Côte d'Ivoire.

During the 2012 Fiscal Year, Newcrest produced 2,285,917 ounces of gold at a production cost of A$839 per ounce of gold and a cash cost of A$603 per ounce of gold. During the 2012 Fiscal Year, Newcrest also produced 76,015 tonnes of copper and 1,997,247 ounces of silver.

Overviews of each of Newcrest's operating mines are provided below.

Cadia Valley operations

The Cadia Valley operations are 100% owned by Newcrest. Cadia Valley is located in central western New South Wales, Australia, 20 kilometers south-west of the city of Orange and 250 kilometers west of Sydney.

The Cadia Valley operations comprise the large, low grade Cadia Hill open pit mine, the higher grade Ridgeway underground mine and the Cadia East underground mine, which is in the final stages of development. The Cadia Hill and Ridgeway ore processing concentrators are located adjacent to each other and share a number of infrastructure facilities and services. This enables the two concentrators to be efficiently operated as a single complex. Newcrest suspended mining at the Cadia Hill open pit as planned and placed the mine on care and maintenance, but continues to process stockpiles. The Cadia East Project, which is expected to commence commercial production in the second quarter of the 2013 Fiscal Year, is also located at Cadia Valley. See "— Development projects — Cadia East Project" below for further information.

Cadia Hill

Overview

The Cadia Hill open pit mine ("Cadia Hill") forms part of the Cadia Valley operations. The Cadia Hill ore body was discovered in 1992, and construction of the mine was completed in 1998. Newcrest suspended mining as planned at the Cadia Hill open pit on June 30, 2012 and placed the mine on care and maintenance, but stockpiled ore continues to be processed at the site.

The table below provides statistics for the mine.

Category	Statistic
Ownership	100% Newcrest
Location	Orange district, central New South Wales, Australia
Year commenced operations	August 1998
Style of mineralization	Porphyry
Contained metals	Gold, copper and silver
Mining method	Open pit, 650 meters below original surface
Processing method	Flotation and gravity
Product	Copper-gold concentrate, gold doré
Mine status	Mining suspended as planned on June 30, 2012, with processing of stockpiled ore continuing
2012 Fiscal Year production	241 koz gold 14 kt copper 196 koz silver

Geology

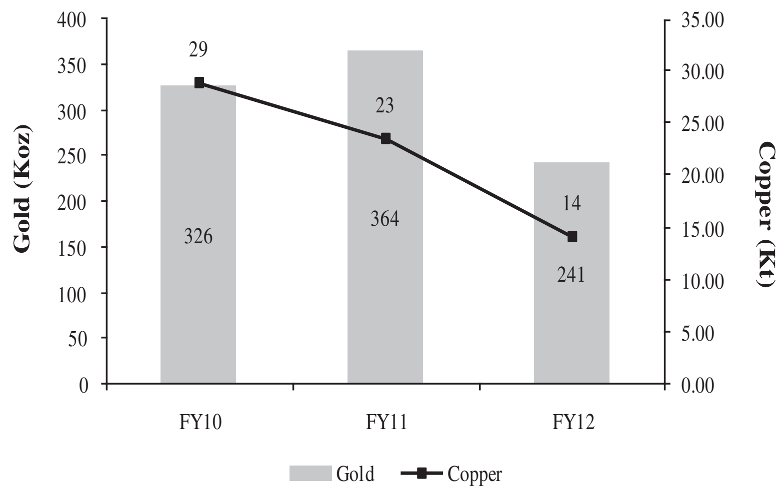
The mineralization at Cadia Hill lies within a north-west trending corridor that is approximately two kilometers wide and six kilometers long. The geology is characterized by a late Ordovician monzonite that intrudes a sequence of Ordovician volcanics and sediments. The gold-copper mineralization at

Cadia Hill is hosted by sheeted quartz veins in Upper Ordovician basaltic to andesitic volcanics and monzonitic intrusives, with the monzonite phase of the intrusive complex being the principal host.

Production

In the 2012 Fiscal Year, Cadia Hill produced 241,430 ounces of gold, 14,076 tonnes of copper and 196,108 ounces of silver. In the 2011 Fiscal Year, Cadia Hill produced 364,196 ounces of gold, 23,449 tonnes of copper and 244,641 ounces of silver. In the 2010 Fiscal Year, Cadia Hill produced 325,712 ounces of gold, 29,110 tonnes of copper and 227,906 ounces of silver.

The chart below illustrates Cadia Hill's gold and copper production since the 2010 Fiscal Year.

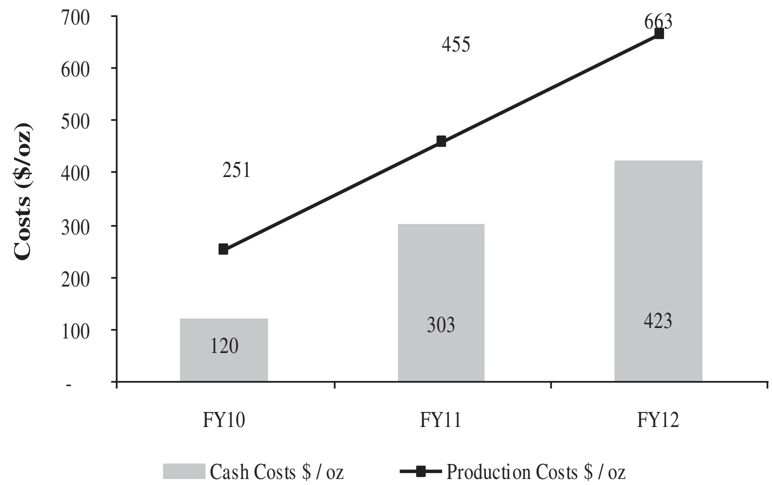


On June 30, 2012, Newcrest suspended mining as planned in the Cadia Hill open pit following completion of the third of four cutbacks and placed the open pit in care and maintenance. Stockpiled ore from the Cadia Hill open pit continues to be processed at the Cadia Valley operations.

Costs

During the 2012 Fiscal Year, cash costs for the Cadia Valley operations, which include Cadia Hill and Ridgeway, were A$423 per ounce, and production costs were A$663 per ounce. Since the 2011 Fiscal Year, Newcrest has only reported cash costs and production costs for the combined Cadia Hill and Ridgeway operations.

The chart below illustrates the cash costs and production costs for the combined Cadia Hill and Ridgeway since the 2010 Fiscal Year. This information is provided on a combined basis to be consistent with how Newcrest has reported cash costs and production costs since the 2011 Fiscal Year.



Mining technique

Cadia Hill has been developed in four stages with progressive cut-backs to expose the lower benches. Mining in the Cadia Hill open pit was suspended as planned on June 30, 2012 following completion of cutback three and the mine was placed on care and maintenance. The open pit has been a conventional open pit operation utilizing a combination of hydraulic shovels and front end loaders to load a fleet of rear dump haul trucks. All material has been blasted prior to mining. Given the low grade of the ore body, it has been necessary to achieve low operating costs through the economies of scale associated with large equipment. The total material movement has declined over recent years due to the reduction in required waste removal as the pit becomes deeper.

The Cadia Hill mining fleet, which is owned and operated by Newcrest, includes haul trucks, face shovels, large wheel loaders, various types of dozers and graders, water carts, and production drill rigs. Following the suspension of mining in the Cadia Hill open pit, the fleet has transitioned to stockpile reclamation activities. Mobile equipment that is surplus to requirements at the Cadia Valley operations has been transported to the Telfer mines.

Production process and metallurgy

Ore from Cadia Hill is processed through a plant comprising a crushing, grinding and flotation circuit to produce a gold rich copper concentrate. Open pit ore is transported by truck to a primary crusher. Crushed ore is then transported via conveyor onto a crushed ore stockpile. Reclaim feeders positioned beneath the crushed ore stockpile feed ore onto a conveyor which delivers ore to the two stage grinding circuit. The first stage uses a single 20 Megawatt (“MW”) semi-autogenous grinding (SAG) mill. The second stage uses two 9 MW ball mills in parallel. The finely ground ore is then treated by a conventional flotation process to recover the copper sulfides and gold into copper concentrate containing elevated gold levels. As a part of the Cadia East Project, the ore processing facilities have been upgraded to provide for material to be taken from the crushed ore stockpile through a high pressure grinding roll circuit before a blend of resultant feed sizes is fed to the SAG mill.

A gravity circuit recovers the gold which is smelted on-site to produce gold doré. The remainder of the recovered gold is contained within the copper-gold concentrate. A notable aspect of the Cadia Hill concentrator design is the use of high capacity equipment in a single processing line to minimize capital and operating costs.

The copper-gold concentrates from both the Cadia Hill treatment plant and the adjacent Ridgeway treatment plant are combined and pumped as slurry to a filtration plant in the nearby town of Blayney. In the filtration plant, the concentrate is de-watered and then transported by rail to Port Kembla, where it is stockpiled before export to smelters in the East Asia region, primarily in Japan and South Korea.

Services and utilities

Cadia Valley (which includes Cadia Hill and Ridgeway) obtains its water from four main sources:

- grey water from Orange, Blayney and Millthorpe;
- dewatering from Ridgeway underground mine and Cadia Hill pit;
- surface storage in the Cadiangullong and Rodds Creed dams; and
- pumping from allocated water licenses on the Belubula River and from the weir on Flyers Creek.

As a result of previous drought conditions, Newcrest is investigating a range of options for ensuring the long-term security of supply of water for the Cadia Valley operation to improve flexibility of on-site water management on an ongoing basis. As a part of the project extensions to the Cadia Valley operations under the Cadia East Project, Newcrest has upgraded and augmented Cadia Valley's water management and supply system, and constructed a new dewatering facility.

Cadia Valley purchases its electricity from energy retailers that service eastern Australia. Works to increase the capacity of the power line connecting Cadia Valley to the electricity grid, so as to ensure the needs of the Cadia East Project are met as power consumption ramps up, commenced in the 2012 Fiscal Year and are expected to be completed in the 2013 Fiscal Year.

Operational consumables, supplies and maintenance parts are predominately sourced from major suppliers within Australia and other countries in Asia and the Pacific region. Petroleum products and quicklime are sourced from Australia. The majority of supplies are directly shipped to Newcrest's site. Supplies are generally secured through contracts varying between one to five years in duration.

Title/lease rights/royalties

Newcrest holds freehold title to the land on which its mines and operations are located at Cadia Hill (and Ridgeway). In addition, four mining leases have been granted over this land by the New South Wales government and enable Newcrest to conduct its Cadia Hill (and Ridgeway) mining operations. These leases also cover the mining operations at Ridgeway (including Ridgeway Deeps) and the proposed mining operations at Cadia East. The leases are for a term of 18 to 21 years and currently expire between October 2017 and March 2022. The leases are renewable at the discretion of the New South Wales government.

See "— Legal and regulatory matters" for information regarding certain tenure related disputes in respect of two exploration licenses situated adjacent to the Cadia Valley operations.

For information on royalties, see "— Regulation, health, safety, environment and community — Australian regulation — Mining legislation."

Ridgeway

Overview

The Ridgeway gold-copper mine, which includes the Ridgeway Deeps block cave, is an underground operation located within the Cadia Valley operation adjacent to Cadia Hill. The two mines share a number of infrastructure facilities and services, enabling the two concentrators to be efficiently operated as a single complex. Ridgeway is 100% owned by Newcrest.

The table below provides statistics of the mine.

Category	Statistic
Ownership	100% Newcrest
Location	Orange district, central New South Wales, Australia
Year commenced operations	April 2002
Style of mineralization	Porphyry
Contained metals	Gold, copper and silver
Mining method	Underground (approximately 500 meters below the surface). Mining of the sub-level cave mine was completed in the 2010 Fiscal Year and mining transitioned to the lower level block cave, Ridgeway Deeps
Processing method	Flotation and gravity
Approximate treatment rate	6 Mtpa
Product	Copper-gold concentrate, gold doré
Forecast mine life	2017
Mineral Resources	150 Mt @ 0.70 g/t gold and 0.37% copper for 3.3 Moz gold and 0.54 Mt copper
Ore Reserves	100 Mt @ 0.77 g/t gold and 0.36% copper for 2.5 Moz gold and 0.35 Mt copper
2012 Fiscal Year production	223 koz gold 30 kt copper 225 koz silver

The Ridgeway deposit, which lies approximately three kilometers north-west of Cadia Hill, was discovered in November 1996. The Ridgeway mine was officially opened in April 2002 following the commissioning of the underground sub-level cave mine and ore processing facilities. The mining of the original Ridgeway resource using sub-level caving was completed in the first half of 2010, to a depth of 800 meters.

In 2010, operations transitioned from the original sub-level cave operation to a block cave operation mining the Ridgeway Deeps resource, which is below the initial Ridgeway resource and extends down to a depth of 1,100 meters. It included the development of a block cave, the extension of the underground ore handling system (including the installation of new underground crushers) and modifications to the processing plant. Newcrest is implementing on an ongoing basis an improvement program to ramp up capacity to up to 8 Mtpa, with 6.6 Mt of ore processed at Ridgeway during the 2012 Fiscal Year.

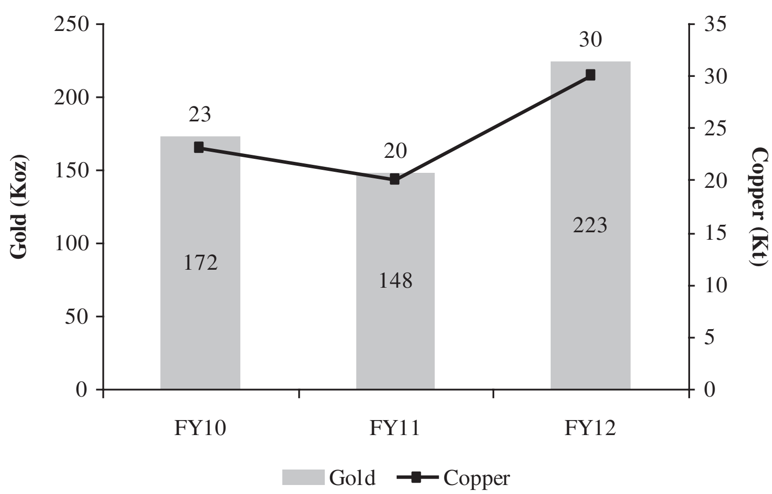
Geology

Ridgeway is the westernmost deposit identified within the Cadia Valley mineralized corridor. The ore body has no surface expression as the top of the ore body lies approximately 500 meters below the surface. The shape of the ore body resembles an inverted teardrop measuring approximately 450 meters by 250 meters and extending in excess of 850 meters in depth. The mineralization remains open at depth. It is bounded by a series of shears which form distinct contacts between ore, waste and low-grade mineralization. The gold-copper mineralization at Ridgeway occurs as quartz veins, sheeted quartz sulfide veins and stockworks. The gold occurs mainly as free grains in quartz or on the margins of sulfide grains. The principal copper sulfide minerals are chalcopyrite and bornite.

Production

In the 2012 Fiscal Year, Ridgeway produced 223,314 ounces of gold, 29,901 tonnes of copper and 224,816 ounces of silver. In the 2011 Fiscal Year, Ridgeway produced 147,904 ounces of gold, 19,788 tonnes of copper and 177,389 ounces of silver. In the 2010 Fiscal Year, Ridgeway produced 171,974 ounces of gold, 22,891 tonnes of copper and 175,979 ounces of silver. See "— Recent developments" for information on factors affecting production at Ridgeway for the first quarter of the 2013 Fiscal Year."

The chart below illustrates Ridgeway's gold and copper production since the 2010 Fiscal Year.



Costs

See "— Cadia Valley operations — Cadia Hill — Costs" above for a discussion of cash costs and production costs for the combined Cadia Hill and Ridgeway. This information is provided on a combined basis to be consistent with how Newcrest has reported cash costs and productions costs since the 2011 Fiscal Year.

Mining technique

Mining of the Ridgeway sub-level cave was substantially completed early in 2010 and operations were transitioned to mining the Ridgeway Deeps block cave. Whereas the initial Ridgeway ore body was mined using sub-level caving (whereby the ore body was sequentially extracted from the top down using a drilling and blasting method that allowed the overburden to cave under gravity as extraction progressed downwards), Ridgeway Deeps uses a block caving technique.

Block caving at Ridgeway Deeps involves the development of a single extraction horizon at the bottom of the ore body. Following blasting of the ore body immediately above the extraction horizon, fractured ore falls through drawbells excavated into the roof of the extraction horizon, before being extracted by boggers, crushed underground and transported to the surface by a 3.5 kilometer long conveyor. As ore is removed from the drawbells, the ore body caves in, with further ore fracturing and falling into drawbells, providing a steady stream of production.

Block caving offers potentially lower underground mine operating costs than sub-level caving as a result of implementing semi automated loading, rock breaking, ore handling and cave management systems operated from a control room at ground level with a small number of operators.

The mining fleet at Ridgeway includes diesel loaders, electric loaders, secondary break equipment, drilling jumbos and graders.

Production process and metallurgy

The underground ore is processed in the Ridgeway concentrator. This concentrator uses similar processes to the adjacent Cadia Hill concentrator, with the major differences being the size of the facility, which is designed to treat lower volumes of higher grade ore.

Ore is reclaimed from the surface stockpile and fed into the concentrator comminution circuit. This circuit consists of a single 6.5 MW SAG mill and single 6.5 MW ball mill. Ground ore slurry from the comminution circuit passes to a conventional flotation circuit to recover gold and copper to a copper concentrate containing elevated gold values. The Ridgeway concentrate is combined with concentrate from Cadia Hill, and is pumped as slurry to a filtration plant in the nearby town of Blayney.

A gravity circuit recovers the gold, which is smelted on site to produce gold doré. The hardness of the Ridgeway Deeps ore required the addition of a secondary crushing unit and a concentrate re-grind mill to the existing plant to maintain the plant's throughput rate and to increase recoveries.

Services and utilities

For information on services and utilities associated with the Ridgeway mine, see "— Cadia Valley operations — Cadia Hill — Services and utilities" above.

Title/lease rights/royalties

For information on title and lease rights associated with the Ridgeway mine, see "— Cadia Valley operations — Cadia Hill — Title/lease rights/royalties" above.

For information on royalties, see "— Regulation, health, safety, environment and community — Australian regulation — Mining legislation."

Lihir operation

Overview

The Lihir operation, located on the island of Niolam, 900 kilometers north-east of Port Moresby in Papua New Guinea, is owned and operated by Lihir Gold Limited (a 100% owned subsidiary of

Newcrest). Newcrest acquired the Lihir operation through its acquisition of Lihir Gold Limited in August 2010. The island of Niolam is a volcanic sea mount that rises steeply from the sea to approximately 600 meters above sea level. The island is approximately oval in shape, roughly 22 kilometers from north to south and 15 kilometers from east to west at its widest point and consists of five volcanic units. All of the known ore deposits are located in the Luise Caldera volcanic crater on the east coast of the island of Niolam. Geothermal activity is still present in the Luise Caldera. Gold doré is the sole product from the operation.

The table below provides statistics of the mine.

Category	Statistic
Ownership	100% Newcrest
Location	Island of Niolam, New Ireland Province, Papua New Guinea
Year commenced operations	May 1997
Contained metal	Gold
Mining method	The Lihir mine consists of a single ore body with three linked open pits - Minifie, Lienietz and Kapit
Processing method	Ore is predominantly refractory sulfide ore which must be treated via pressure oxidation through an autoclave before the gold can be recovered by cyanide leaching
Approximate treatment rate	6.0 Mtpa, increasing to 10.5 to 12.0 Mtpa following completion and ramping up of the Lihir MOPU Project
Product	Gold doré
Forecast mine life	> 30 Years
Mineral Resources	880 Mt @ 2.0 g/t gold for 56.6 Moz
Ore Reserves	420 Mt @ 2.3 g/t gold for 31.5 Moz
2012 Fiscal Year production	604 koz gold 11 koz silver

The mine consists of a single ore body with three linked open pits. Currently, gold production is primarily sourced from the Minifie and Lienietz pits, which are being developed in phases, with the Lienietz pit expected to be completed in the 2014 Fiscal Year and the Minifie pit expected to be completed in the 2016 Fiscal Year. The initial development of the Kapit pit commenced in 2009 and is expected to become the primary source of production in 2018, with contributions from the Minifie and Lienietz pits expected to progressively decline. The Link, Coastal and Borefields zones are expected to provide further ore as mining progresses.

Newcrest is currently implementing the Lihir MOPU Project, which is expected to increase total annual gold production at Lihir to approximately 700,000 to 900,000 oz in the 2013 Fiscal Year with the objective to increase production to more than 1.2 Moz per annum in the medium term. For a description of this project, see "— Development projects — Lihir MOPU Project" below.

Geology

The island of Niolam consists of five Miocene-Pleistocene volcanic units with remnant geothermal activity still present in the Luise Caldera volcanic crater. The Luise Caldera measures approximately 5.5 kilometers by 3.5 kilometers. The currently defined gold mineralization occurs near the centre of the caldera within an area of approximately 2.0 kilometers by 1.5 kilometers. The mineral deposits are hosted by volcanics, intrusives and breccias with extensive alteration of the rocks within the caldera. Gold occurs primarily as sub-micron size particles in sulfide minerals, with pyrite being the main sulfide mineral. While the average sulfide content in the reserves, including stockpile material, is 5.1%, the sulfur content is highly variable.

The mineralization on the island of Niolam is contained within a single large and complex system, within which a number of adjacent and partially overlapping zones of mineralization have been defined. The bulk of currently defined mineralization is in the Lienietz, Minifie and Kapit pits, but the Link, Coastal and Borefields zones also contribute significantly to the mining inventory. The Minifie zone is the largest zone of mineralization and is about 1,000 by 600 meters with mineralization extending from surface (50 meters above sea level) to 250 meters below sea level. The Lienietz zone is north of Minifie and measures about 800 by 400 meters with mineralization extending from the surface (140 meters above sea level) to 300 meters below sea level. The Coastal zone is smaller and adjoins Lienietz, separating it from the sea. The Borefields zone is an extension of the Minifie mineralization and extends to the north-east. Kapit is a high-grade zone adjacent to Lienietz. The Kapit mineralization covers an area of about 450 by 300 meters, with mineralization extending from near the surface (30 meters above seal level) to 250 meters below sea level.

Production and plant reliability

In the 2012 Fiscal Year, Lihir produced 604,336 ounces of gold. In the 2011 Fiscal Year, Lihir produced 790,974 ounces of gold, of which 639,256 ounces were produced from August 30, 2010 to June 30, 2011, the period during which Newcrest owned this operation.

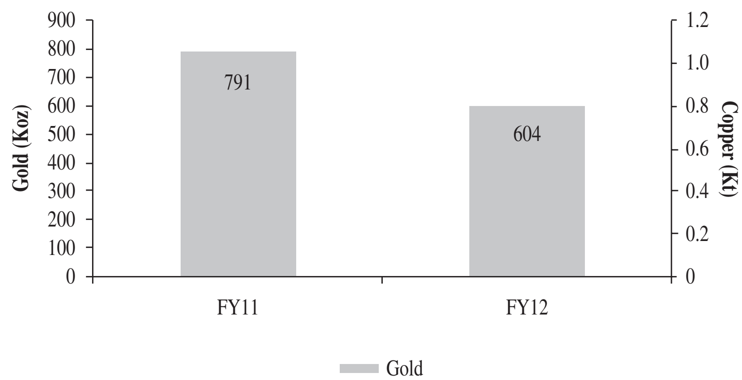
Lihir's production in the 2012 Fiscal Year was lower than originally forecast due to a major planned maintenance shutdown in August 2011 and plant reliability issues, as well as the impact of extreme rainfall with the resulting inundation of the open pit limiting access to the higher grade ore sources in the open pit.

Extreme rainfall at Lihir during the 2012 Fiscal Year, in particular, in the months of September to December 2011 and March 2012, inundated the Lihir open pits, restricting mining activity during the 2012 Fiscal Year. During 2012, Newcrest has materially improved dewatering capacity in the Lihir open pit to mitigate the impact of future heavy rainfall.

Newcrest believes that the existing Lihir plant underperformed due to long term underinvestment in fixed plant maintenance. At the time of Newcrest's acquisition of the Lihir operation, through its acquisition of Lihir Gold Limited in August 2010, it was expected that this underinvestment would be addressed with minimal production impact through maintenance and improvement work which could be timed to coincide with the commissioning of the expanded plant capabilities associated with the Lihir MOPU Project. See "—Development projects — Lihir MOPU Project." However, reliability failures occurred earlier than anticipated, resulting in production disruptions during the 2012 Fiscal Year. In response to these production issues, Newcrest undertook a detailed review of the integrity of the processing plant in order to identify, assess and prioritize the improvements necessary for plant reliability. Critical works were initiated during the 2012 Fiscal Year with a focus on the refurbishment of the leach circuit, improvement of the integrity of the electrical power system and replacement of the existing mine haulage fleet. Reliability improvement will remain a continuing priority at the Lihir operation. During the 2013 Fiscal Year, Newcrest's focus will be on continuing to improve the integrity of the electrical power system through the replacement of the C-Bus high voltage power sub-station, completing the leach circuit refurbishment, undertaking autoclave reliability projects, improving drill and ancillary mining fleet reliability and refurbishing the primary gyratory crusher. The focus during the 2014 Fiscal Year will be on upgrading site maintenance and inventory facilities and infrastructure, as well as implementing an additional phase of autoclave and electrical power system reliability initiatives. Sustaining capital expenditure at the Lihir operation is under constant review and is currently forecast to be approximately A$200 million per annum for the next two years to support this program.

See "—Recent developments" for information on factors affecting production at the Lihir operation for the first quarter of the 2013 Fiscal Year.

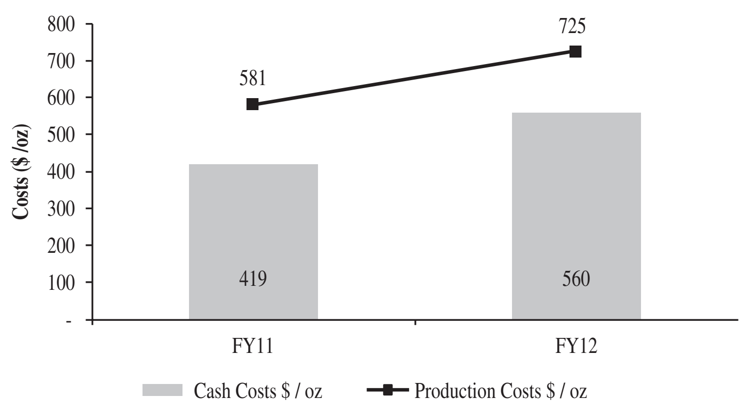
The chart below illustrates Lihir's gold production for the 2012 and 2011 Fiscal Years.



Costs

For the 2012 Fiscal Year, the cash cost was A$560 per ounce and the production cost was A$725 per ounce.

The chart below illustrates Lihir's cash costs and production costs for the 2012 and 2011 Fiscal Years.



Mining technique

The mining of the ore body at Lihir is based on open pit mining of three main linked pits that will be mined over the project life.

The pit design has been developed using a corporate and mine planning framework which guides the ultimate design. Scheduling and pit optimization work is undertaken using measured and indicated material to define a series of efficient and operational nested shells for mining and an ultimate zero profit shell to define the mining limits. These shells and ultimate pit shape are used to produce detailed designs.

Detailed designs have been developed for all phases (push backs) out to and including the ultimate pit shell. This has resulted in nine remaining mining phases which have been scheduled to demonstrate that mining is practical and economic over the life of the mine. The mining sequence has been optimized to maximize the life of mine value of the deposit and a variable mill feed cut-off grade for direct process ore has been determined for each year of the mining period.

In order to maximize project value, the mining production schedule is structured to deliver the higher grade ores to the processing plant as early as possible, consistent with practical and logical pit development. An elevated cut-off grade is therefore established, above which ore is processed immediately, while ore with a lower grade (above the marginal cut-off) is stockpiled for later processing. This high grade cut-off varies on a periodic basis, to maintain a continuous ore supply to the mill.

The ore is mined by conventional open pit blast and hauling mining methods.

The mining fleet, which is owned and operated by Newcrest, includes haul trucks, face shovels, large wheel loaders, various types of dozers and graders, water carts, and production drill rigs.

Production process and metallurgy and environmental matters

Most of the Lihir ore is refractory and requires pressure oxidation to liberate the gold from the sulfide mineralization prior to carbon-in-leach processing. The ore is crushed by a gyratory crusher and conveyed to a stockpile at the processing plant located at Putput Point on the island of Niolam. The crushed ore is segregated into flotation feed ore and direct feed high-grade ore, and then milled in two separate milling circuits. The flotation feed ore feed is concentrated in a flotation circuit to produce higher grade slurry. The flotation feed ore and high-grade ore slurries are then blended to form the feed slurry for the autoclaves, where the preheated slurry is subjected to pressure oxidation. The oxidation of the sulfide minerals liberates gold particles. The slurry containing the gold particles is passed through the two stage counter-current decantation thickener circuit to neutralize its acidity. The liberated gold is leached through cyanidation and loaded onto activated carbon, before recovery through carbon stripping, electro-winning and smelting. The gold doré is shipped to the Perth Mint for refining.

At the Lihir operation, tailings are disposed of using deep sea tailings placement. Deep sea tailings placement is used in Papua New Guinea and other countries where extreme deep submarine environments are located near to shore with unfavorable on-land geography or where social and economic conditions are unsuitable for construction of a tailings storage facility. In view of the heavy rainfall typically experienced on the island, the lack of suitable area for a tailings storage facility and the high seismicity of the region, deep sea tailings placement was the preferred tailings placement method for the Lihir operation. Baseline studies were undertaken prior to the approval by Papua New Guinea environmental authorities and commencement of the deep sea tailings placement and appropriate monitoring is undertaken to verify the operational performance of the system. The plant tailings are detoxified before being discharged offshore within the confines of the mining lease.

Services and utilities

The Lihir operation is located within a geothermally active area that produces geothermal steam. Power is supplied by a combination of geothermal and heavy fuel oil generators. There are 12 heavy fuel oil generators of 6.3 MW each. A 6 MW geothermal plant was commissioned in April 2003 and a 30 MW geothermal plant was commissioned in 2005. Construction and commissioning of a further 20 MW geothermal power expansion was completed in February 2007. During the 2012 Fiscal Year, Newcrest completed the installation and commissioning of eight diesel generators, mounted on a barge adjacent to the plant, each with a generating capacity of 9MW. A further two heavy fuel oil powered generators, each with a generation capacity of 9MW, will be installed around the second half of the 2012 Fiscal Year to provide additional capacity where generation from geothermal facilities is lower than anticipated.

The current site power requirement is approximately 76 MW to meet all the operating needs and allow for an appropriate spinning reserve (operating power margin to allow for fluctuations in demand). With the additional geothermal turbines, there is capacity to source up to 56 MW from geothermal energy with the remaining 20 MW from heavy fuel oil generators, depending on steam availability. Newcrest is actively seeking to source additional geothermal steam reserves to further reduce hydrocarbon sourced power generation. Additional generation capacity has also been installed to support additional electricity requirements following completion of the Lihir MOPU Project. See "— Development projects — Lihir MOPU Project" for more information.

Little or no infrastructure existed on the island of Niolam prior to the commencement of mine related activity and development of the Lihir operation required a significant program of infrastructure construction. In addition to the processing plant and barge loading facilities for waste rock disposal, infrastructure now includes a main administration office, an analytical/environmental laboratory, a training building, a warehouse, plant and mine maintenance workshops, plants for water and sewage treatment and emergency response facilities, as well as housing and camp accommodation, and related community facilities, such as a school, medical centre, supermarkets, an open market and a police station.

A wharf was constructed at Putput Point for general cargo ships and tankers. An airstrip and terminal facilities were constructed on the northern portion of the island. The airstrip was certified with the Papua New Guinea Civil Aviation Authority in 2007 allowing both domestic and international flights (direct to Cairns, Australia). Newcrest is planning to upgrade the airstrip to support the use of larger aircraft for international flights from Cairns. The existing road connecting the airstrip and the project site was improved and an unsealed ring road around the island was installed.

Fresh water is required in the processing plant and in the grinding circuit to reduce the chloride content of the ore. Potable water is also required. The nearest available source of water in sufficient quantity is the Londolovit River where a run off weir scheme and associated pumping station has been constructed. A water treatment plant, which was installed in 2003 and upgraded in 2009, serves to improve water quality. Some makeup water is extracted for processing and ancillary purposes from the pit area itself.

To support additional water requirements for the expanded plant following the Lihir MOPU Project, additional water will be sourced from the Londolovit river as well as water from the separate Wurtol catchment. Works to increase water sourced from the Londolovit river are expected to be completed in anticipation of completion of the Lihir MOPU Project. Works for water to be sourced from Wurtol, including the construction of a weir and pipeline to the plant, are expected to be advanced progressively as agreements with affected landowners are finalized. Newcrest is also studying the capacity to increase retention and use of rainfall water run-off from areas surrounding the pit and water in the pit during high rainfall events.

Operational consumables, supplies and maintenance parts are sourced from major suppliers within Papua New Guinea and Asia and the Pacific region. Petroleum products are sourced from Singapore, cyanide from South Korea, and quicklime from New Zealand. The majority of supplies are consolidated at Newcrest's forwarding agency and transported by regular shipments from Brisbane, Australia. Supplies are generally secured through contracts varying between one to five years in duration. The majority of freight sourced from Papua New Guinea is consolidated at Lae and then shipped to the island of Niolam.

Title/lease rights/royalties

Lihir Gold Limited, which Newcrest acquired, is a party to the Mining Development Contract dated March 17, 1995 with the Papua New Guinea government. This sets forth the terms upon which Lihir Gold Limited may exercise its rights under the Special Mining Lease ("SML"), which gives Lihir Gold Limited exclusive right to mine and produce gold from the Luise Caldera area on the island of Niolam, including the site of the processing plant on Putput Point. The SML can be terminated only if the Mining Development Contract is properly terminated. Under certain limited circumstances, the Papua New Guinea government may terminate the Mining Development Contract and, therefore, the SML. Any such termination would prohibit the continued operation of the Lihir operation.

Under the Papua New Guinea Mining Act, a developer may apply for a lease for mining purposes ("LMP") to cover ancillary areas required to support a mining operation. Newcrest holds six LMPs, four of which cover the Kunaye airport with two covering the Londolovit township and reservoir. A mining lease ("ML") is required for any quarrying operations outside the SML. Newcrest also holds two MLs for a hard rock quarry and limestone quarry. These LMPs and MLs are joined by two mining easements that provide corridors for road access and power line and water supply. In addition there is one Exploration License ("EL") which was granted in June 1983 and was to expire in March 2012. Newcrest submitted a timely application for renewal of the EL, and the existing license will remain in effect until a decision is made with respect to this renewal application. The SML and LMPs currently expire in March 2035. The two MLs currently expire in July 2015.

In Papua New Guinea, it is the continuing administrative practice of the State to reserve the right to purchase an equity interest of up to 30% in mining projects. The right to purchase such an interest, which is recorded as a condition in exploration licenses, is exercisable by the State once at any time prior to the commencement of mining. The Papua New Guinea government acquired a 30% interest in the Lihir operation on March 17, 1995 held through Mineral Resources Development Corporation ("MRDC"), a state entity. MRDC exchanged its interest for an indirect interest in 30% of the ordinary shares of Lihir Gold Limited. MRDC subsequently transferred half of those shares and sold its remaining interest on the open market, such that the State (directly or via MRDC) no longer holds a direct interest in the Lihir operations or any Newcrest Group company.

In Papua New Guinea, ad valorem mining royalties and production levies are paid to the government based on production.

See "— Regulation, health, safety, environment and community — Community" for a discussion of Lihir Gold Limited's community agreements.

Telfer mines

Overview

The Telfer gold-copper mines are located in the Great Sandy Desert in the Paterson province of Western Australia, approximately 450 kilometers east-south-east of Port Hedland. The mines are approximately 1,300 kilometers by air and 1,900 kilometers by road from Perth. Telfer is 100% owned by Newcrest.

The operation comprises two mines, Telfer Open Pit and Telfer Underground (collectively, the "Telfer mines"). Telfer Open Pit includes the Main Dome open pit and the West Dome open pit. Telfer Underground is located beneath the Main Dome open pit with ore transported to the surface via a hoist system. The ore from the mining operations is combined in a large, twin train, grinding and flotation treatment plant which produces gold doré and a copper-gold concentrate. As such, costs are quoted for the combined production from both Telfer Open Pit and Telfer Underground.

The O'Callaghans poly-metallic deposit is located approximately 10 kilometers from the Telfer processing plant. A Mineral Resource and Ore Reserve containing tungsten, copper, zinc and lead sulfide was reported in 2010. A pre-feasibility study is nearing completion on the development options for the O'Callaghans deposit. For more information on O'Callaghans, see "— Development projects — O'Callaghans."

The table below provides statistics of the mine.

Category	Statistic
Ownership	100% Newcrest
Location	North-west Western Australia
Year commenced operations	Telfer Open Pit - 2004 Processing plant - 2004 Telfer Underground - 2006
Style of mineralization	Reef and stockwork domains in Proterozoic sediments, weakly metamorphosed, structurally deformed by folding and faulting and intruded by granites
Contained metals	Gold, copper and silver
Mining method	Open pit and underground ore from the mining operations is combined in a twin train, flotation treatment plant
Processing method	Twin train crushing, grinding, flotation, gravity, recovery and leaching
Approximate treatment rate	17-23 Mtpa dependent on ore hardness
Product	Copper-gold concentrate, gold doré
Forecast mine life	Telfer Underground - 2017; Telfer Open Pit - 2023
Mineral Resources	Containing 21.3 Moz gold and 1.22 Mt copper
Ore Reserves	Containing 11.7 Moz gold and 0.63 Mt copper
2012 Fiscal Year production	540 koz gold 31 kt copper 367 koz silver

Background

The Telfer deposit was discovered in 1971 and was originally developed and operated by a joint venture between Newmont Holdings Ltd (now called Newcrest Mining Limited) and BHP Gold Limited (now called Newcrest Operations Limited). In October 2000, with the gold price at less than US$300 per ounce, mining operations were suspended due to escalating costs caused primarily by the prevalence of cyanide soluble copper encountered in the ore at the base of the Telfer Main Dome open pit.

A comprehensive feasibility study was completed in November 2002, which established an optimum strategy for the mining and processing of the Main Dome and West Dome ore from the surface and Telfer Underground ore from underground. Instead of viewing the copper as an impediment in the extraction process, as had previously been the case, the project sought to optimize the economic value of the deposit by the production of copper as a by-product.

The Telfer project was implemented in two phases:

- Stage 1 was completed in February 2004 and included the development of Telfer Open Pit, the development of the haulage shaft for Telfer Underground and construction of the related infrastructure; and

- Stage 2 was completed in March 2006 and involved the development of Telfer Underground and related infrastructure, and the construction of the processing plant and pyrite concentrate treatment plant.

Mining commenced in Telfer Open Pit in March 2004, with first production from November 2004 following completion of the processing plant. Production from Telfer Underground commenced in March 2006. The mine was officially re-opened in July 2005.

Ongoing poor reconciliation of Telfer Main Dome Mineral Resources to mill production led Newcrest to conduct a detailed review of the Mineral Resource and Ore Reserve estimates at the Telfer mines with the objective of "de-risking" the Telfer resource and reserve estimates and delivering more predictable outcomes. The review, which was completed in June 2011, involved a detailed review of the resource model, profit algorithm and metallurgical assumptions used in the reserve estimation process.

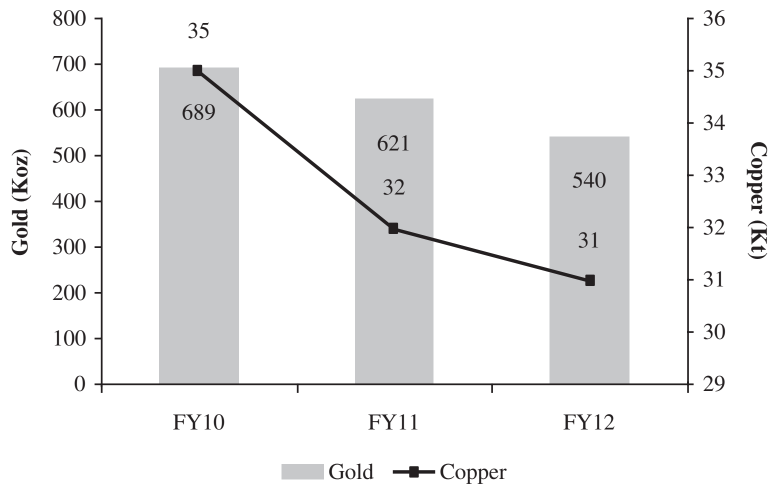
Geology

Gold and copper mineralization at the Telfer mines is hosted within reef and stockwork domains in Proterozoic sediments. Mineralization has been defined in Main Dome to a depth of 1.3 kilometers below the surface and in West Dome to a depth of 600 meters below the surface. Both deposits remain open at depth and are subject to ongoing exploration. The Telfer sequence is generally oxidized to a depth of up to 200 meters below the surface with local weathering along permeable structures of up to 1,000 meters below the surface.

Production

In the 2012 Fiscal Year, the Telfer mines produced 540,114 ounces of gold, 31,237 tonnes of copper and 366,945 ounces of silver. In the 2011 Fiscal Year, the Telfer mines produced 621,291 ounces of gold, 32,078 tonnes of copper and 373,101 ounces of silver. In the 2010 Fiscal Year, the Telfer mines produced 688,909 ounces of gold, 34,815 tonnes of copper and 446,174 ounces of silver.

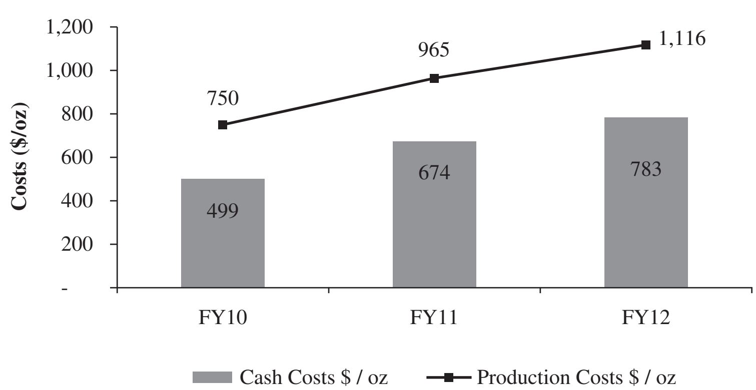
The chart below illustrates the gold and copper production at the Telfer mines since the 2010 Fiscal Year.



Costs

For the 2012 Fiscal Year, the cash cost was A$783 per ounce and production cost was A$1,116 per ounce.

The chart below illustrates the cash costs and production costs of the Telfer mines since the 2010 Fiscal Year.



Mining technique

Telfer Open Pit is a conventional truck and hydraulic excavator operation. The existing Main Dome and West Dome open pits will be deepened with cut-backs with an ultimate pit depth of 650 meters. Selective mining techniques are used for the excavation of the high-grade reefs, while broad areas of stockwork ore and waste are mined using bulk methods. The limited amounts of near-surface oxidized stockwork are also being bulk mined.

The main fleet for Telfer Open Pit, which is owned and operated by Newcrest, includes one hydraulic shovel for bulk excavation of ore and waste and three hydraulic excavators in backhoe configuration for selective digging of ore. Hauling is currently undertaken with 230 tonne class trucks. The fleet also includes various types of dozers and graders, water carts and production drill rigs.

During the initial phase of mining at Telfer Underground, the preferred mining method was the sub-level caving mining method as better grades occur at the top of the ore body. The development of this mine is based on similar procedures and techniques that proved successful in the development of Ridgeway. Ore is accessed through a series of horizontal tunnels and dumped into ore passes for transfer by truck to the primary crusher. The primary crusher discharges onto a loading conveyor which loads two skips that are hoisted to surface in a 1,100 meter deep haulage shaft with a 7 meter diameter.

Production process and metallurgy

The Telfer concentrator comprises a dual train comminution circuit followed by flotation and cyanide circuits. The process flowsheet is more complex than the other operations because of the need to accommodate differing ore types. Open pit ore is tipped into two gyratory crushers, which feed onto two coarse ore stockpiles. A third similarly sized crusher is located underground at Telfer Underground with crushed underground ore hoisted to surface via the shaft and then conveyed to the coarse ore stockpile where it is combined with open pit ore.

From the crushed ore stockpiles, conveyors deliver ore to the two stage grinding circuit (15 MW SAG mills and 13 MW ball mills), one on each train. Both streams contain a gravity recovery circuit. The gravity circuits recover the gold, which is smelted on site to produce gold doré. Following the gravity recovery circuit, those ores with a relatively low pyrite content are treated in a conventional flotation circuit to produce copper-gold concentrate with the tails being discarded. The ores with a higher pyrite content are treated via a sequential flotation process in which the first stage is a conventional copper flotation with depression of pyrite to produce a saleable copper-gold concentrate. Some high pyrite ores require further processing of the copper concentrate to reach a saleable grade. This is done using a copper regrind ISA mill which enables further separation of pyrite from copper. The ISA mill product is sent to the existing conventional cleaning circuit, enabling a higher grade concentrate to be produced. The tails from this first stage are then refloated to produce a pyrite-gold concentrate which is then re-ground to a finer size using a second pyrite ISA mill. The re-ground product is sent to a flotation circuit where approximately 50% of the contained gold and copper is floated to a concentrate which is sent to final concentrate storage. The tails from the regrind process are leached with cyanide in a conventional carbon-in-leach circuit to recover the remaining gold as gold doré.

The copper-gold concentrates are filtered to produce a dewatered concentrate which is trucked to Port Hedland from where it is exported to smelters, primarily in Asia.

Oxide ores are treated on dump leach pads that results in production of gold doré. Tailings are pumped to a single large tailings storage facility, which, once full, will be capped with topsoil and re-vegetated. The gold doré from the Telfer mines is refined at the Perth Mint.

Services and utilities

Due to the remote location of the Telfer mines, power supply infrastructure has been installed. Power is generated on site using three dual-fuel turbine sets. The primary fuel for the turbines is natural gas supplied to the Telfer mines through a long term gas sale agreement with gas producers in Western Australia. The gas is transported to the Telfer mines via back-to-back gas transport arrangements with EPIC Energy (Pilbara Pipeline) Pty Ltd and APA Group.

A diesel power station with capacity of approximately 20 MW provides back-up for the gas turbine power facility and additional capacity during periods of peak loads or gas turbine maintenance as it is required.

Other infrastructure comprises water supply and reticulation, power reticulation, sewerage, roads and drainage and an all-weather air strip capable of handling medium-sized commercial aircraft. The Telfer mines have been developed as a fly-in, fly-out operation with on-site accommodation capacity increased in the 2012 Fiscal Year to accommodate up to 1,700 personnel.

Operational consumables, supplies and maintenance parts are predominately sourced from major suppliers within Australia and other countries in Asia and the Pacific region. Petroleum products and quicklime are sourced from Australia. The majority of supplies are either directly shipped to Newcrest's site or consolidated in Perth for transportation to site on regular basis. Supplies are generally secured through contracts varying between one to five years in duration.

Title/lease rights/royalties

Newcrest holds 21 mining leases, plus a number of ancillary mining tenements, granted by the state of Western Australia that enable it to conduct its mining operations at the Telfer mines on vacant Crown land. Mining leases are granted for a term of 21 years and currently expire on a range of dates between June 2013 and January 2029.

For information on royalties, see "— Regulation, health, safety, environment and community — Australian regulation — Mining legislation."

Gosowong operation

Overview

The Gosowong operation, located on Halmahera Island in the North Maluku province in Indonesia, 2,400 kilometers northeast of Jakarta, is owned and operated by PTNHM, an Indonesian joint venture company, 82.5% of which is owned by Newcrest. The remaining 17.5% interest in PTNHM is held by PT Aneka Tambang. The Gosowong gold province is a highly prospective, high grade, epithermal mineral region covering an area of approximately 30,000 hectares.

To date, the Gosowong operation has mined three deposits: Gosowong, Toguraci and Kencana. PTNHM is currently mining the high grade Kencana and Toguraci underground mines and the lower grade Gosowong open pit.

The table below provides statistics of the Gosowong operation.

Category	Statistic
Ownership	82.5% Newcrest/17.5% PT Aneka Tambang
Location	Gosowong, Halmahera Island, North Maluku, Indonesia
Year commenced operations	1999 (open pit) 2005 (underground)
Style of mineralization	Epithermal vein
Contained metals	Gold and silver
Mining method	Underground and open pit
Processing method	Cyanide leaching
Approximate treatment rate	0.8 Mtpa
Product	Gold doré
Forecast mine life	>5 years
Mineral Resources	5.10 Mt @ 15 g/t gold and 21 g/t silver for 2.50 Moz gold and 3.40 Moz silver
Ore Reserves	5.10 Mt @ 12 g/t gold and 16 g/t silver for 2.00 Moz gold and 2.60 Moz silver
2012 Fiscal Year production	439 koz gold 271 koz silver

Construction of the original Gosowong open pit mine and processing plant at the Gosowong site commenced in October 1998, and the first gold was poured in July 1999. Mining at the Gosowong open pit mine was completed in May 2002 and sufficient stockpiled ore remained to continue ore processing until April 2003. Development of the Toguraci open pit commenced in July 2003, with first gold poured in February 2004. Mining was completed in May 2006. During mining from Toguraci open pit, 472,493 oz of gold and 529,851 oz of silver was produced.

The Gosowong processing plant is now used for processing ore from the Kencana and Toguraci underground mines and the Gosowong open pit. Kencana, a high-grade deposit averaging 34.5 grams of gold per tonne, was the first underground mine developed at Gosowong. Decline development commenced in July 2005 and the first underground ore was mined in March 2006. Production from Kencana is continuing.

Development of the Toguraci underground mine commenced in July 2005 upon approvals of the feasibility study and the environmental impact statement by the Indonesian Minister of Mines. First gold production at Toguraci occurred in March 2006.

The Kencana K2 ore body, which is located approximately 200 meters south-west of the original Kencana ore body and is approximately 100 meters deeper, was discovered at the Kencana system in 2005. Following the successful completion of an expansion project involving the extension of the Kencana decline beyond the initial K1 lode by 770 meters to K2 and K-link ore body, production from the K2 ore body commenced in April 2009.

Geology

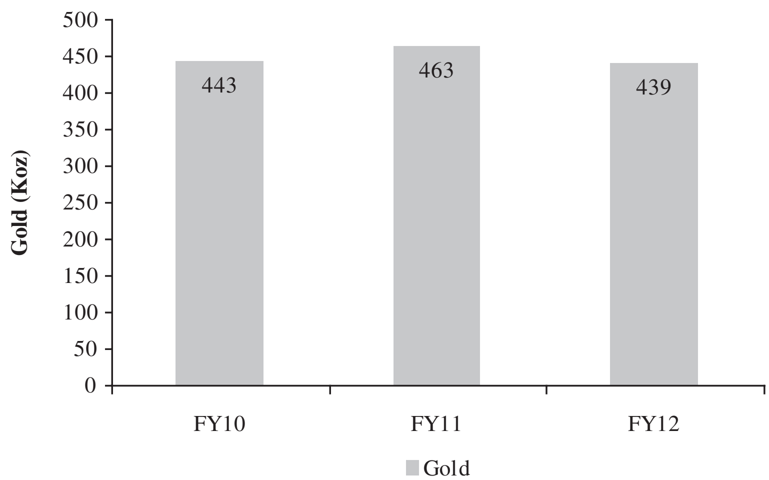
Economic mineralization is hosted within the Gosowong Formation, which is dominated by basalts, dacites, volcaniclastic rocks and intermediate intrusions. Volcanic rocks of the Pliocene Kayasa Formation overlie the Gosowong Formation. In the late Pliocene, the Gosowong and Kayasa volcanic sequences were locally intruded by andesite porphyry and quartz diorite. Post-mineral Quaternary pyroclastic flows and airfall tuff deposits cover part of the Gosowong Formation lithologies in the east and north.

Two styles of mineralization have been recognized to date within the Gosowong district: low-grade and uneconomic copper-gold porphyry mineralization and high-grade gold-silver epithermal veining. A number of epithermal vein gold occurrences and deposits, including Gosowong, Toguraci, Gosowong North, Dongak, Tobobo, Langsat and Kencana, have been recognized to date.

Production

In the 2012 Fiscal Year, Gosowong produced 439,384 ounces of gold and 271,342 ounces of silver. In the 2011 Fiscal Year, Gosowong produced 463,218 ounces of gold and 284,139 ounces of silver. In the 2010 Fiscal Year, Gosowong produced 442,525 ounces of gold and 254,976 ounces of silver.

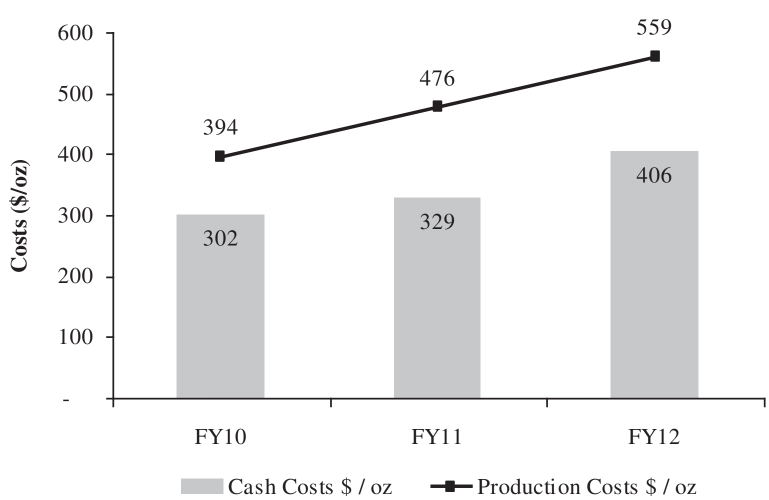
The chart below illustrates the gold production at the Gosowong operations since the 2010 Fiscal Year.



Costs

For the 2012 Fiscal Year, the cash cost was A$406 per ounce and the production cost was A$559 per ounce.

The chart below illustrates cash costs and production costs at Gosowong since the 2010 Fiscal Year.



Mining technique

The Kencana deposit is accessed via a single decline and has historically been mined using the underhand cut-and-fill mining method. This mining method allows good ore selectivity, which limits dilution and increases recovery. It is also suitable for the poor ground conditions and variable grade that have historically characterized the Kencana deposit. Mining is carried out using conventional underground techniques, with twin and single boom jumbos, loaders and articulated dump trucks. The current fleet consists of twin and single boom jumbos, underground loaders and articulated dump trucks. Mined out areas are backfilled with cemented paste fill.

Longhole stoping is also used at Kencana, in areas of lower grade and better ground conditions, including stockwork zones. Longhole stoping is the planned mining method for approximately 26% of the remaining reserves in Kencana.

At Toguraci, PTNHM employs conventional longhole stoping with backfill and the overhand cut-and-fill underground mining methods, and uses a mining fleet of conventional, diesel powered, rubber-tyred mobile mining equipment.

The Gosowong open pit is a small tonnage, high stripping ratio, extension of the original Gosowong open pit. Mining of the Gosowong open pit is carried out using trucks and excavators. Mining is planned in a single cutback of the original Gosowong open pit which closed in 2002, due to a failure of the upper reaches of the south wall that occurred towards the end of the planned mining of the original pit. Mining of the Gosowong open pit cutback commenced in July 2010 and is expected to be completed during 2013.

Production process and metallurgy

The processing plant at the Gosowong site, which has a capacity of 800,000 tonnes per year, comprises a primary jaw crusher followed by two SAG and ball mill circuits and a recently completed Vertimill circuit. The ore then undergoes a conventional cyanide leaching process. Gold and silver is recovered from the cyanide solution using the Merrill-Crowe zinc precipitation process and smelted to produce gold doré. The gold doré is refined by Logam Mulia, a refiner which is owned by Newcrest's joint venture partner, PT Aneka Tambang.

Services and utilities

Power supply for Gosowong is provide by a number of medium speed diesel gensets.

Operational consumables, supplies and maintenance parts are sourced from major suppliers within Indonesia and other countries in Asia and the Pacific region. Petroleum products are sourced from Singapore and cyanide from South Korea. The majority of supplies are consolidated at Newcrest's forwarding agency in Bitung Mandao and transported by regular shipments to site via a barge system. Supplies are generally secured through contracts varying between one to five years in duration.

Title/lease rights/royalties

In Indonesia, rights were previously granted to foreign investors, such as Newcrest, to explore, and develop, mineral resources within defined areas through Contracts of Work entered into with the Indonesian government. In April 1997, PTNHM entered into a Contract of Work (the "Gosowong

Contract of Work") with the Indonesian government covering Gosowong, under which PTNHM was granted the exclusive right to explore in the contract area, construct any required facilities, extract and process the mineralized materials, and sell and export the minerals produced, subject to certain requirements including Indonesian government approvals and payment of royalties to the Indonesian government. Under the Gosowong Contract of Work, PTNHM was given the right to continue operating the project for 30 years from operational start-up, or longer if approved by the Indonesian government. The Gosowong Contract of Work expires in 2029 and is currently being reviewed by the parties to assess whether any adjustments are necessary to comply with Indonesia's New Mining Law. For more information, see "— Regulation, health, safety, environment and community — Indonesian regulation" and "Risk Factors — Risks related to Newcrest's business and industry — Some of Newcrest's resources and reserves, deposits and mining operations are, and may in future be, located in countries that face political, economic, social, security and other risks. — Indonesia."

The Gosowong Contract of Work prescribes a production-based mining royalty. In addition, in December 2010, PTNHM signed an agreement with the regency and provincial government to make regional development contributions calculated based on gold and silver revenue, net of smelter returns.

Hidden Valley operation

Overview

The Hidden Valley operation is located in the Morobe Province in Papua New Guinea, 210 kilometers north-northwest of Port Moresby and 90 kilometers south-south west of Lae, the two largest cities in Papua New Guinea. Regionally, the goldfields district of the Morobe Province covers a portion of the Papuan orogenic belt which hosts a number of gold and copper-gold deposits. The Hidden Valley operation is owned by the Hidden Valley mine unincorporated joint venture, one of the three unincorporated joint ventures comprising the Morobe Mining Joint Ventures, which are each owned 50% by subsidiaries of Newcrest and 50% by subsidiaries of Harmony Gold Mining Company Limited.

The Hidden Valley operation comprises two open pit gold-silver mines and a processing plant. Construction and commissioning were delayed because of plant modifications and heavy rainfall that caused gearbox failures. Production ramp up commenced in 2010 and the Hidden Valley operation was officially opened in September 2010. Two separate open pits are in operation: the Hidden Valley-Kaveroi pit and the Hamata pit. The mill has been constructed to process approximately 4.2 Mtpa (dry metric) of ore from the two pits, with de-bottlenecking of the plant planned up to 4.7 Mtpa.

The table below provides statistics of the Hidden Valley operation.

Category	Statistic
Ownership	50% subsidiary of Newcrest/50% subsidiary of Harmony Gold Mining Company Limited
Location	Morobe Province, Papua New Guinea
Year commenced operations	2009
Contained metal	Gold and silver
Mining method	Open pit
Processing method	Flotation, cyanide leaching & gravity
Approximate treatment rate	4.2 Mtpa
Product	Gold doré
Forecast mine life	2024
Mineral Resources	68 Mt @ 1.4 g/t gold and 64 Mt @ 27 g/t silver for 3.1 Moz gold and 56.6 Moz silver These figures represent Newcrest's 50% share
Ore Reserves	34 Mt @ 1.6 g/t gold and 32 Mt @ 34 g/t silver for 1.8 Moz gold and 34.6 Moz silver These figures represent Newcrest's 50% share
2012 Fiscal Year production	89 koz gold 858 koz silver These figures represent Newcrest's 50% share

Geology

The major gold-silver deposits of the Morobe goldfield, including the Hidden Valley deposit are hosted in the Wau Graben. The Wau Graben developed as a back-arc rift basin in the southern extension of the New Guinea Mobile Belt (Owen Stanley Foreland Thrust Belt), covering an area of approximately 850 square kilometers in the Morobe goldfield.

The Hidden Valley deposit is interpreted as a low-sulfidation or adularia-sericite-type epithermal gold-silver system. The Hidden Valley deposit further forms part of the carbonate-base-metal-gold subgroup, with abundant carbonate vein-gangue.

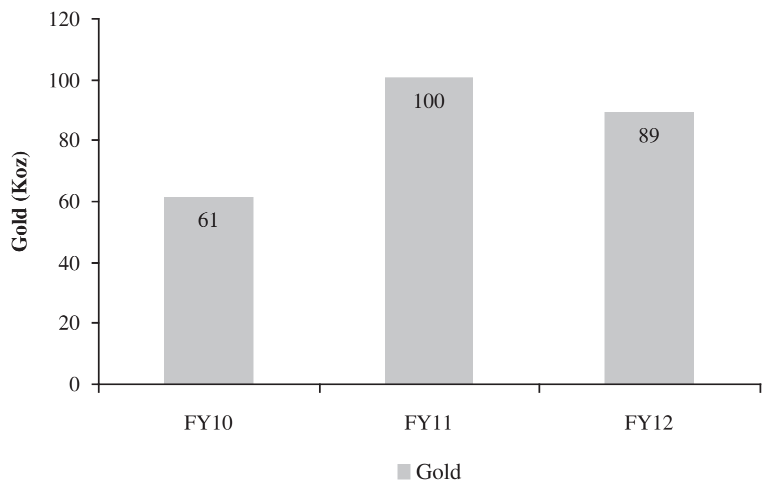
Discrete zones of intense stockwork fracture and mineralized veining comprise individual lodes. At the Hidden Valley deposit, gold and silver are related to steeply dipping (Hidden Valley Zone) and flat-lying (Kaveroi Creek Zone) sheeted vein swarms associated with an underlying shallow thrust.

Production

In the 2012 Fiscal Year, Newcrest's share of Hidden Valley's production was 88,801 ounces of gold and 857,540 ounces of silver. In the 2011 Fiscal Year, Newcrest's share of Hidden Valley's production was 100,232 ounces of gold and 673,031 ounces of silver.

Production at Hidden Valley in the 2012 Fiscal Year was impacted by high rainfall in the Morobe Province of Papua New Guinea, in which the mine is located, which resulted in inundation of the open pits and constrained mining rates and ore feed grade.

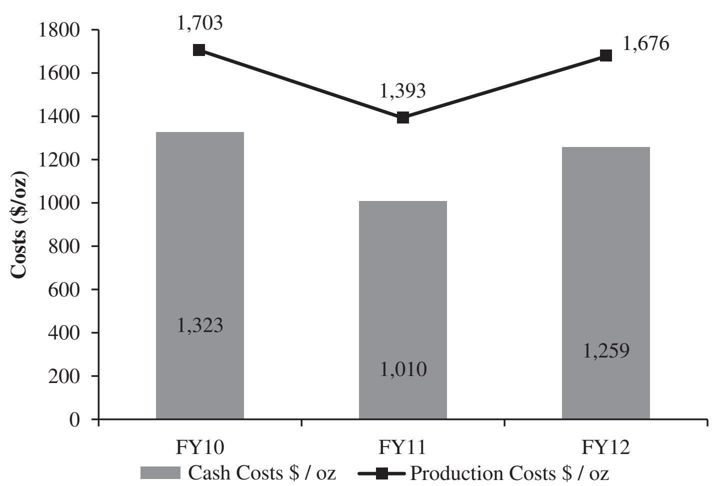
The chart below illustrates Newcrest's 50% share of the gold production at Hidden Valley since the 2010 Fiscal Year.



Costs

For the 2012 Fiscal Year, the cash cost was A$1,259 per ounce and production cost was A$1,676 per ounce for Newcrest's share. For the 2011 Fiscal Year, the cash cost was A$1,010 per ounce and production cost was A$1,393 per ounce for Newcrest's share.

The chart below illustrates Hidden Valley's cash cost and production cost since the 2010 Fiscal Year.



Mining technique

Mining at Hidden Valley is by conventional open pit methods.

The mining fleet includes hydraulic backhoe excavators, front-end loaders and dump trucks, as well as a range of ancillary equipment, such as excavators, track dozers, graders and a fuel truck, and drilling equipment.

Production process and metallurgy and environmental matters

The process plant is designed to treat oxide ore, sulfide ore and transitional oxide/sulfide ore. The treatment of all ore types commences with crushing and grinding. Oxide ore, which is sourced mainly from the Hamata pit and only contains gold, is then treated through a conventional carbon-in-leach circuit followed by elution. After crushing and grinding, primary or sulfide ore, which contains gold and silver, is leached with cyanide. The leach solution is concentrated in a counter current decantation circuit and treated using the Merrill-Crowe zinc precipitation process to precipitate the gold and silver. Feed made up of both oxide and sulfide ores is floated to separate the sulfides, which are leached and treated through the Merill-Crowe zinc precipitation process, while the oxide flotation tails go through the carbon-in-leach circuit. Gold is recovered in the form of separate gold doré.

Run-off from mine overburden and construction activities during the construction of the Hidden Valley mine may have contributed to increased sediment loads in the Watut River (which runs adjacent to the Hidden Valley mine) downstream of the operation in addition to non-mining related causes such as landslides. The Hidden Valley mine has an engineered tailings storage facility and no mine processing residue, or tailings, is discharged into the river. Run-off from the mine is now significantly lower due to mitigation measures including the cessation of side casting of waste rock and overburden in September 2009, ongoing revegetation of exposed slopes and erosion control, and the storage of waste rock in engineered waste rock facilities.

Following heavy rainfall in the Morobe Province of Papua New Guinea in late 2011, rainfall and runoff water accumulated on the surface of the tailings storage facility and authorization was sought from the Papua New Guinea Department of Environment and Conservation to increase the volume of ponded water from the surface of the tailings storage facility that the Hidden Valley operation was permitted to release from the site. The authorization was granted, permitting the increase in discharge rates for a period of up to six months and subject to strict water monitoring and water quality conditions. Release under the emergency authorization was completed in July 2012.

Services and utilities

Power supply is currently provided by a combination of grid electricity from PNG Power Limited and on-site diesel gensets. Newcrest anticipates that grid supply will be available once generation projects are completed, such as the Yonki Toe of Dam hydro-electricity project.

Operational consumables, supplies and maintenance parts are sourced from major suppliers within Papua New Guinea and other countries in Asia and the Pacific region. Petroleum products are sourced from Singapore, cyanide from Australia, and quicklime from New Zealand. The majority of supplies are consolidated at Newcrest's forwarding agency and transported by regular shipments from Townsville, Australia. Supplies are generally secured through contracts varying between one to five years in duration. The majority of freight sourced from Papua New Guinea is consolidated at Lae and then transported to site by road.

Title/lease rights/royalties

The Hidden Valley mine unincorporated joint venture parties hold a mining lease granted by the Papua New Guinea Mineral Resources Authority (Department of Mining), and signed by the Minister of Mining, for the Hidden Valley operations. The mining lease is currently granted for a period of 20 years and is due to expire in March 2025. The Hidden Valley mine unincorporated joint venture parties have obligations under a memorandum of agreement with the state, local government and the landowners.

The gold and silver production from Hidden Valley is subject to a 2% royalty, payable on the net return from refined production if refined in Papua New Guinea or a 2% royalty on the realized price if refined out of Papua New Guinea. In Papua New Guinea, it is the current administrative practice of the State to reserve the right to purchase an interest of up to 30% in mining projects. The right to purchase such an interest, which is recorded as a condition in exploration licenses, is exercisable by the State once at any time prior to the commencement of mining. This right was not exercised by the government over Hidden Valley, however, the memorandum of agreement with the Papua New Guinea government, Morobe provincial government and landowners included provisions for the Morobe provincial government and landowners to purchase an interest of up to 5% (in total) on commercial terms to be negotiated. Subsequent negotiations resulted in the Morobe provincial government and landowners agreeing to forego the direct interest in return for the establishment of a benefit sharing agreement, pursuant to which the Hidden Valley mine unincorporated joint venture parties are required to contribute approximately 0.2% of realized proceeds from the sale of gold and silver produced at Hidden Valley to a trust. The proceeds under the benefits sharing agreement are applied to community benefits projects and other community initiatives. See "—Regulation, health, safety, environment and community — Community" for a discussion of Hidden Valley's community agreements.

See "— Legal and regulatory matters" for a discussion of environmental, legal and regulatory matters at Hidden Valley.

Bonikro gold mine

Overview

Newcrest's interest in the Bonikro gold mine was acquired through its acquisition of Lihir Gold Limited in August 2010. Newcrest holds 89.89% of the shares in LGL Mines CI SA, which in turn holds a 100% interest in the Bonikro gold mine. The government of Côte d'Ivoire holds a 10% interest in LGL Mines CI SA, with a minority shareholder holding the remaining 0.11%. The Bonikro gold mine is located in central-southern Côte d'Ivoire in West Africa, 250 kilometers north-west of Abidjan, the nation's commercial capital and 60 kilometers from Yamoussoukro, the nation's political capital. The nearest town is Hiré, which is approximately 9 kilometers from the Bonikro gold mine.

The table below provides statistics of the mine.

Category	Statistic
Ownership	89.89% Newcrest/10% government of Côte d'Ivoire/0.11% minority shareholder
Location	Central-southern portion of Côte d'Ivoire
Year commenced operations	October 2008
Contained metal	Gold and silver
Mining method	Open pit mining method comprising drill, blast, load and haul
Processing method	The predominant method of gold recovery is via carbon-in-leach technology, with some gold recovered via a gravity circuit
Approximate treatment rate	2 Mtpa
Product	Gold doré
Forecast mine life	6 years
Mineral Resources	67 Mt @ 1.3 g/t gold for 2.9 Moz
Ore Reserves	26 Mt @ 1.3 g/t gold for 1.1 Moz
2012 Fiscal Year production	92 koz gold 13 koz silver

Construction of the open pit mine and process plant commenced in mid 2007 and first gold was poured in October 2008. The mine is expected to produce an average of 120,000 ounces of gold per annum with an estimated mine life of six years.

Geology

Two main rock types have been identified, but the mineralization is predominantly found within a granodiorite with a strike length of 800 to 900 meters. The granodiorite is fairly well confined within basalt and metasediment formations to the east and west. In the south, where most of the mineralization is found, the mineralization is contained within a planar lode dipping to the east. In the north, the extent and grade of the mineralization increases as it encroaches on the surfacing granodiorite. In the granodiorite itself, mineralization is diffused and found in conjunction with quartz veins.

The ore body contains laterite, oxidized, transitional and fresh material. The laterite material, over the centre of the pit, is up to 10 meters thick. The oxidized ore is 30 to 40 meters thick. The transitional material is relatively limited.

Production

In the 2012 Fiscal Year, Bonikro's production was 92,102 ounces of gold and 13,187 ounces of silver. During the 2011 Fiscal Year, Bonikro production was restricted to 49,940 ounces of gold and 5,267 ounces of silver (Bonikro produced 41,235 ounces of gold and 3,145 ounces of silver from August 30, 2010 to June 30, 2011, the period during which Newcrest owned this operation) as Newcrest decided to suspend operations as a precaution following the presidential elections in November 2010, which had resulted in civil unrest in Côte d'Ivoire. Production at Bonikro resumed towards the end of May 2011 and after Newcrest undertook detailed security assessments and conducted extensive local consultation to ensure the safety of employees. Newcrest has entered into a memorandum of understanding with the United Nations Development Program in connection with assisting with reconstruction activities in Côte d'Ivoire post the civil unrest.

Costs

For the 2012 Fiscal Year, the cash cost was A$898 per ounce and production cost was A$1,239 per ounce. For the 2011 Fiscal Year, the cash cost was A$1,236 per ounce and production cost was A$1,502 per ounce.

Mining technique

Ore is mined by conventional open pit mining methods comprising drill and blast, load and haul. The drill and blast activities in the pit are conducted by Newcrest, while the push back drill and blast activities are contracted out.

The development of an interim pit to a depth of 130 meters in the higher grade section of the ore body has now been completed. A series of four cutbacks on all sides of the pit, but predominantly to the west and south, is now underway. The final pit is expected to extend to a depth of 270 meters. Since production commenced in October 2008, the operation has transitioned from mining the softer, oxidized top layers to mining the harder fresh rock, and fresh rock now accounts for all of the ore mined.

The mining fleet consists of excavators, dump trucks and dozers, as well as a range of ancillary equipment such as a grader, a loader and drilling equipment.

Production process and metallurgy

The Bonikro plant is a conventional carbon-in-leach operation. After primary and secondary crushing, the ore is fed to a single stage grinding process, followed by a gravity circuit and carbon-in-leach circuit. The gold recovery is principally via the carbon-in-leach process.

Services and utilities

Power is provided to the site by Compagnie Ivoirenne d'Electricité, through a dedicated power line from the Hiré substation. Water supplies are provided from a dam on the site and bore supplies.

Title/lease rights/royalties

There is one issued exploitation permit, which was granted pursuant to a Decree no. 2007-05 dated January 17, 2007, at Bonikro in the sub-prefecture of Hiré, department of Divo, to Equigold CI S.A., which was renamed LGL Mines CI SA and became a subsidiary of Newcrest upon completion of the acquisition of Lihir Gold Limited on August 30, 2010. A second exploitation permit, which will extend the area of the existing exploitation permit, is pending.

The existing exploitation permit was issued for a period of eight years from January 2007 and is due to expire in January 2015. It may be renewed under certain conditions for successive periods until all of the deposit is exhausted.

On June 11, 2011, the Minister of Mines announced that the government of Côte d'Ivoire intended to review existing exploitation and exploration permits to check that current title holders have complied with their obligations and to prevent the freezing of minerals deposits. The review is ongoing. As a result of this process, Newcrest was granted renewal of five exploration permits for its regional exploration program. As mentioned above, the government of Côte d'Ivoire is also considering introducing a new mining code.

Gold produced at Bonikro is subject to a 3% royalty, payable on the net amount of gold sales revenue less refining and transport costs, to the Department of Finance of the government of Côte d'Ivoire.

The Finance Law for 2012 (provided under Ordinance n°2011-480 dated December 28, 2011) has fixed the rate of the tax on additional profit payable by any exploitation permit holder pursuant to article 84 of the mining code. The rate is 7% of total revenue less transportation and refining costs. The Tax Administration has issued an official note dated June 19, 2012 suspending the 7% mining tax. More recently, the government of Cote d'Ivoire is considering imposing an additional profits tax on gold mining companies. Newcrest understands that the rate of this tax will vary depending on the prevailing gold price. These taxes should not apply to Newcrest without its consent, as the Mining Convention with the state of Côte d'Ivoire provides that Newcrest should not be penalized by any change in legislation resulting in an increase in its tax, financial and customs expenses and that, in the event of a change to the laws and/or regulations significantly altering the project economics, the state of Côte d'Ivoire and Newcrest will seek in good faith to reach an agreement to modify the Mining Convention. However, there can be no assurance that the state of Côte d'Ivoire will not seek to apply such taxes or other extraordinary taxes to Newcrest.

Development projects

In accordance with Newcrest's strategy of enhancing existing operations, it currently has two major brownfields development projects, the Cadia East Project and the Lihir MOPU Project, on schedule to commence commercial production and commissioning (respectively) during the second quarter of Fiscal Year 2013, as well as a suite of further brownfields development projects at Gosowong and Telfer, including O'Callaghans as well as the Wafi-Golpu exploration project.

Newcrest's development and project team focuses on the development, feasibility, design and construction of Newcrest's mining projects. The team develops business cases and mine plans and estimates the costs, timing and resources required to begin both extraction and processing of the ore bodies that the exploration and development team has identified. The team works closely with the operations team to ensure the project delivers the planned outcomes.

Cadia East Project

Overview

The Cadia East Project has involved the development of the Cadia East deposit, which is one of the largest gold deposits in the world. This project is in the final stages of development and is expected to commence commercial production during the second quarter of the 2013 Fiscal Year. It is a mineralized system located on the eastern edge of the Cadia Hill ore body, within the Cadia Valley mineralized corridor.

The deposit is a porphyry zone of gold-copper mineralization extending up to 2.5 kilometers east of Cadia Hill. The system is up to 600 meters wide and extends to 1.9 kilometers below the surface. As at December 31, 2011, the Cadia East ore body comprised a Mineral Resource of 2,300 Mt containing 33.1 Moz of gold and 6.58 Mt of copper, along with an Ore Reserve containing 22.2 Moz of gold and 3.67 Mt of copper. Newcrest expects the development of the Cadia East Project will underpin production from the Cadia Valley for at least the next 30 years.

Planned mining method

Mining studies identified the low cost, bulk underground mining method of panel caving as the mining method that will deliver the optimum technical and economic outcomes for development of this ore body. The Cadia East panel caving will be conducted initially in two lifts. Mining will extend from 500 meters to approximately 1,450 meters below surface.

Panel caving is a natural caving method which uses ground stresses, rock structures and gravity to break the rock. Orebodies best suited to panel caving are those where the horizontal dimensions are greater than those that are suited to block caving. Ore extraction advances across the ore body as panels are progressively developed. Broken ore is removed by using underground mobile loaders and ore conveyors. The project includes the significant construction of underground infrastructure including underground crushers, declines, production/undercut levels and ventilation shafts, handling and conveyor systems.

Description of Project and Status

The Cadia East Project involves the development of the Cadia East deposit adjacent to the Cadia Hill open pit mine into a single underground mine, involving multiple overlapping panel caves, and expansion of the existing facilities and processing plant at the Cadia Valley operations as detailed below. The project remains on schedule with commencement of commercial production expected during the second quarter of the 2013 Fiscal Year. Capital costs to achieve commercial production at Cadia East are expected to be within 10% above the original estimated capital costs of A$1,900 million to commercial production (with the increase in capital cost against original budget due to lower than anticipated production from the panel cave before commencement of commercial production resulting in lower revenue credited against capital costs) and, as at June 30, 2012, capital costs totaling A$1,753 million had been incurred. As at June 30, 2012, an additional A$154 million in capital costs has also been incurred as expansionary capital to develop the broader mine footprint.

Whilst the project remains on schedule, with first commercial production expected during the second quarter of the 2013 Fiscal Year, production from panel cave 1 has been at lower rates than expected. A delay in completing one of the transfer points in the underground conveyor network has restricted the capacity of the ore handling system and reduced the rate at which material can initially be transported to the surface. The expected completion of this transfer point during the first quarter of the 2013 Fiscal Year, will enable panel cave 1 to resume its planned ramp-up profile.

Key project extensions to the Cadia Valley operations under the Cadia East Project include:

- development of underground crushing, handling and incline conveyor systems to transfer ore to the surface processing facilities, which is 50% complete, fully committed and within budget and on schedule;
- development of supporting infrastructure for the underground mine, including multiple ventilation shafts, and personnel and equipment access systems, which is fully committed and within budget and on schedule;
- upgrade of the existing Cadia Valley operations ore processing facilities, which has been completed;
- upgrade and augmentation of the existing Cadia Valley operations water management/supply system, including additional pipeline/pumping systems and raising of the Upper Rodds Creek Water Holding dam, which has been completed; and
- installation of a new concentrate pipeline and return water pipeline between the Cadia Valley operations and the dewatering facility, which has been completed.

As at June 30, 2012, the Cadia East Project was fully committed and was approximately 80% complete.

See "— Cadia Valley operations — Cadia Hill — Title/lease rights/royalties" for a discussion on lease rights for the Cadia East Project.

See "— Legal and regulatory matters" for a discussion on regulatory matters for Cadia East.

Lihir MOPU Project

Overview

Newcrest is currently implementing the Lihir MOPU Project, which consists of a major plant expansion that is expected to lift gold production capacity at the Lihir operations. This project is in its final stages of development with completion expected by the second quarter of the 2013 Fiscal Year.

Following the upgrade, the annual throughput capacity of the process plant at the Lihir operation is targeted to increase to approximately 10.5 to 12.0 Mtpa, depending on the sulfur content of the ore feed and other factors. The increased throughput is expected to increase total annual gold production from the Lihir operation by approximately 240,000 ounces per annum.

The increase in gold production is expected to be achieved in two ways:

- by maximizing direct feed ore to the autoclaves, thereby increasing gold recoveries and consequently total gold production; and

- by optimizing the processing operation and increasing the oxidation of the sulfides contained in the ore.

Description of Project and Status

The Lihir MOPU Project is a major plant expansion that involves the installation of an additional autoclave (which will have twice the capacity of each of the existing autoclaves), as well as additional crushing, grinding, thickening and leach plant facilities. The grinding capacity of the plant is expected to increase from approximately 6 Mtpa to 10.5 to 12.0 Mtpa.

The project is expected to cost approximately US$1,300 million. At June 30, 2012, US$1,182 million of this capital expenditure had been incurred. The project remains on schedule, is approximately 91% complete and on budget, and Newcrest expects to commence commissioning and ramp up of production in the second quarter of the 2013 Fiscal Year.

The above estimate of US$1,300 million for the project excludes capital investment required for expansion of power generating capacity. The expanded plant is predicted to increase average power demand from the current demand of 76 MW to 126 MW. The feasibility study has been developed on the basis that the expanded plant will be primarily powered by steam from geothermal sources through an expansion of the geothermal power generating capacity. Existing geothermal power generation capacity at the Lihir operation totals 56 MW. Optimization of the existing plant could lift production to 76 MW through improvements to turbines and addition of binary units to utilize heat from brine, which is currently rejected as waste. These improvements are subject to verification of steam supply and completion of cost evaluation of other technologies.

Pending definitive geothermal resource exploration and final evaluation, an interim power station has been installed. A detailed feasibility study for the interim power station was completed and approved in 2009. The interim power station will meet the power requirement of the expanded plant until the geothermal expansion is effected or some other power generating technology has been established to meet long term power needs. The interim power station is a barge-mounted heavy fuel oil reciprocating engine power station providing 70 MW of generating capacity and entered service in December 2011.

The primary approvals required for the Lihir MOPU Project include amendment of Lihir's existing environmental permits (for extraction and discharge) in accordance with the requirements of Papua New Guinea Environment Act and Regulations 2000 and a variation to the Approved Proposal For Development in accordance with Newcrest's Mining Development Contract. In March 2011, the Lihir MOPU Environmental Impact Statement received approval in principle from the Papua New Guinea Minister for Conservation and Environment. The formal environmental approvals and approval of the Approved Proposal for Development were issued by the Papua New Guinea Department of Environment and Conservation in March 2012. Approval has been obtained from the Chief Inspector of Mines to construct the Lihir MOPU Project in accordance with the requirements of the Papua New Guinea Mining Safety Act and Regulations.

Wafi-Golpu

The Wafi-Golpu exploration project is located in the Morobe Province of Papua New Guinea, approximately 65 kilometers west of the town of Lae. The project is owned by the Wafi-Golpu unincorporated joint venture, one of the three Morobe Mining Joint Ventures in which subsidiaries of Newcrest and Harmony Gold Mining Company Limited each hold 50%.

Wafi-Golpu is a world-class gold-copper district that consists of:

- the Golpu porphyry related copper-gold deposit;
- the Nambonga porphyry related copper-gold deposit;
- the Wafi high sulfidation epithermal gold deposit; and
- a portfolio of high quality exploration targets located within the Wafi Transfer Zone.

On August 29, 2012, Newcrest updated its Ore Reserves and Mineral Resources estimates for Wafi and Golpu following completion of the technical pre-feasibility study on the Golpu deposit (and advancement of the concept study for the Wafi deposit) by the Wafi-Golpu unincorporated joint venture parties. As at August 29, 2012, the Golpu Mineral Resources estimate comprises 1,000 Mt at an average grade of 0.63 g/t of gold and 0.90% copper and containing 20.3 Moz of gold and 9.0 Mt of copper. The Golpu Ore Reserves estimate comprises 450 Mt at an average grade of 0.86 g/t gold and 1.2% copper and containing 12.4 Moz of gold and 5.44 Mt of copper. Further Mineral Resources at Wafi-Golpu comprise the Wafi Mineral Resources (140 Mt at a grade of 1.7 g/t of gold and containing 7.2 Moz of gold) and the Nambonga Mineral Resources (40 Mt at a grade of 0.79 g/t of gold and 0.22% copper containing 1.0 Moz of gold and 0.09 Mt of copper). Newcrest has a 50% interest in the Wafi-Golpu Mineral Resources and the Golpu Ore Reserves. See “Reserves and Resources” for further information.

The Golpu technical pre-feasibility study confirms Golpu as a world-class deposit with an expected mine life of 26 years. The technical pre-feasibility study identifies the underground block caving method as the proposed mining method, with two lifts (Lifts 1 and 2) to an aggregate depth of approximately 1.45 kilometers, and with ore treated by flotation to produce a copper-gold concentrate. Drilling beneath Lift 2 has returned significant high grade intersections and mineralization remains open at depth indicating potential for a third mining lift (Lift 3) beneath the current base of the Golpu Ore Reserves. The impact of developing a third mining lift at Golpu (including capital costs, production and timing impacts) is not included in the forecast total capital costs discussed below. Exploration drilling of the Lift 3 area is ongoing.

The total capital cost to develop the Golpu deposit is estimated at US$4.8 billion to establish the Golpu mine and achieve first commercial production, which is anticipated around 2019, with projected annual production of up to approximately 550 koz of gold and 330 kt of copper (100% terms) and projected average annual production of approximately 400 koz of gold and 250 kt of copper (100% terms) during the period 2025 to 2040. Forecast capital costs include mine development costs and the costs for establishing underground and surface supporting infrastructure and utilities. Under the Golpu technical pre-feasibility study, production from Lift 1 is expected to ramp up to 15 Mtpa over a four year period, commencing in 2019, with development of the Lift 2 undercut and initial production expected to commence in 2024. Production from Lift 2 would be scheduled to progressively ramp up to reach 22 Mtpa in 2029.

The Golpu project is not yet in the feasibility study phase. Newcrest and its joint venture partner, Harmony, are engaging with key stakeholders (including the Papua New Guinea and provincial governments, landholders and community representatives) to ensure clear alignment on the objectives and requirements for the project's development and key elements of the next phase of work. In addition, capital costs, which have been estimated to the pre-feasibility level, are now being closely evaluated to assess what opportunities exist to further refine them given the potential impact of the continuing weaker global economic conditions on mining activity and key input costs, such as labor and fuel. Subject to satisfactory resolution on these outstanding matters, it is expected that the Golpu project will progress into the feasibility study phase during the first half of calendar 2013.

Assuming that the Golpu project proceeds to the feasibility study phase as discussed above, pre-execution phase expenditure for the period from July 1, 2012 to December 31, 2014 is estimated at approximately US$800 million (100% terms) for, among other matters, resource definition drilling and studies, access decline and advanced exploration works and contractor and owner costs. The forecast pre-execution expenditure is included in the forecast total capital cost to achieve first commercial production of US$4.8 billion. Only resource definition drilling and studies costs of US$240 million (100% terms) have been committed for the 2013 Fiscal Year. After first production, there would be ongoing capital expenditure for the remainder of the mine life, including ongoing mine development to deliver the projected production. Total capital expenditure for the life of the project, including the US$4.8 billion forecast capital cost to first commercial production, is estimated to be US$9.8 billion over 32 years (100% terms).

A concept study into the development options for the Wafi deposit is continuing and is expected to progress to pre-feasibility study later in the 2012 calendar year.

For the purposes of Newcrest's secondary listing on the TSX, and in accordance with Canadian National Instrument 43-101, within 45 days after the date on which the updated Mineral Resources and Ore Reserves estimates were declared (that is, by October 13, 2012), Newcrest will file with the Canadian securities regulatory authorities a technical report on the Wafi-Golpu property which will include a summary of the technical and financial outcomes from the technical pre-feasibility study (for Golpu Lifts 1 and 2). These outcomes support the updated estimates of Mineral Resources and Ore Reserves for the Golpu deposit.

The exploration program for the Wafi-Golpu exploration project during the 2013 Fiscal Year will focus on continued drilling to support the Golpu studies and assessing the potential additions to the Golpu Mineral Resource base, supporting the advancement of the Wafi deposit from the concept study to pre-feasibility stage, and advancing the portfolio of highly prospective exploration targets within the Wafi-Golpu tenement area.

Based on current regulations, future metal production from the Wafi-Golpu exploration project will be subject to a 2% royalty payable on the net return from refined production if refined in Papua New Guinea or a 2% royalty payable on the realized price if refined outside Papua New Guinea. The Papua New Guinea government royalty has been accounted for in project financial models.

Under the terms of the Wafi-Golpu exploration licenses, consistent with continuing administrative practice, the Papua New Guinea government has reserved the right to purchase up to a 30% equity interest in any mineral discovery at Wafi-Golpu. This right can be exercised once at any time prior to the commencement of mining. The purchase price must be equal to the pro rata share of historical exploration costs as at the date of exercise. The government has indicated that it would be likely to exercise its option in connection with the Wafi-Golpu exploration project, through a nominated subsidiary of state-owned Petromin PNG Holdings Limited. The option has not been exercised to date. If an interest is acquired by the government of Papua New Guinea, it must contribute to all ongoing exploration and development costs on a pro rata basis. If the government of Papua New Guinea chooses to take up the full 30% interest, Newcrest's interest would be reduced, pro rata with Harmony, to 35%.

There are two Exploration Licenses granted for Wafi-Golpu. The Exploration License that covers the Golpu ore-body was renewed in December 2011 and was due for its next renewal in March 2012. The renewal application was submitted in December 2011 and renewal is pending. The second Exploration License is due for its next renewal in January 2013. The renewal application is due to be submitted in October 2012.

The Wafi-Golpu unincorporated joint venture has compensation agreements with landowners to support continuing exploration and study activities. Further arrangements with landowners are likely to be entered into as the project advances.

O'Callaghans

The O'Callaghans poly-metallic deposit is located approximately 10 kilometers from the existing processing plant at the Telfer mines. Mineralization containing economic quantities of tungsten, copper, zinc and lead has been identified approximately 300 meters below surface as a sub-horizontal layer of poly-metallic skarn (altered limestone) mineralization up to 60 meters thick and a Mineral Resource and Ore Reserve containing tungsten, copper, zinc and lead was reported in 2010. A pre-feasibility study to assess development options for the O'Callaghans deposit is nearing completion. O'Callaghans has the potential to reduce Telfer's cash costs by generating additional Telfer by-product credits.

Exploration

Discovery of new ore bodies remains an important element in Newcrest's strategy. A key objective of Newcrest's exploration activities is to control large mineral districts, or provinces, in order to secure long-term mining operations, while enhancing the potential for further discoveries. The principal targets are large porphyry related gold-copper deposits, epithermal gold-silver deposits plus orogenic and sediment hosted gold deposits. Newcrest has a strong track record over 15 years of discovering major deposits, including the Cadia Hill, Cadia East, Ridgeway, Gosowong and O'Callaghans deposits.

Newcrest's exploration approach has generated a significant project pipeline with brownfields exploration in areas where it already has production facilities. This enables Newcrest to bring in incremental or replacement resources and reserves with lower additional capital expenditure and allows for new deposits to be brought into production more quickly than a greenfields site. This approach has proven to be successful to date, with Cadia East being the result of exploration in one of Newcrest's large operating provinces.

Newcrest also maintains an extensive greenfields exploration program. Both the Cadia Valley and Gosowong sites were developed as a result of greenfields exploration and now offer significant brownfields development opportunities. Exploration efforts are utilizing Newcrest's strengths such as porphyry-epithermal expertise, low cost bulk mining, project development capability and the ability to successfully implement step-change innovations.

Brownfields Exploration

Cadia Valley, New South Wales, Australia

A recent program within Cadia Valley has identified a number of high quality targets with similar characteristics to known mineralization that have not been adequately drill tested to date. These areas will be the focus of exploration activities over coming two years.

Lihir, Papua New Guinea

On the island of Niolam where Lihir is located, resource extension and infill drilling continues on the coastal zone to the east of the existing resource. New results confirm that mineralization extends up to 500 meters east of the current resource boundary and remains open in that direction. Early indications are that mineralization also continues to the north of the coastal zone in the Kapit north east area where first-pass broad spaced drilling is underway.

Telfer, Western Australia

The Telfer brownfield exploration program is focused on discovering higher grade underground mineralization to sustain future underground production, near surface lower strip ratio resources within the vicinity of the West Dome pit and discovering new zones of mineralization within the regional tenement package. The exploration program is also targeting base metal mineralization at Camp Dome and Trotmans Dome.

Gosowong, Indonesia (82.5% interest)

The Gosowong province remains highly prospective and exploration activity is focused on discovering new epithermal vein deposits. Main targets include the Toguraci Corridor, Kencana — Gosowong Corridor, Matat — Batu Api area and the regional Contract of Work. Exploration is also targeting incremental resource at Toguraci and Kencana.

Bonikro, Côte d'Ivoire (89.89% interest)

Exploration activities recommenced at Bonikro in June 2011 following a period of precautionary suspension of activities associated with presidential election related civil unrest in Côte d'Ivoire. Exploration activities at Bonikro are undertaken by LGL Mines CI SA, an incorporated joint venture company in which Newcrest holds 89.89%, with the remaining interests held by the government of Côte d'Ivoire and a minority shareholder. Newcrest is exploring numerous prospects within 30 kilometers of the Bonikro mine that have the potential to supplement the present mine plan. A number of advanced targets are expected to be drill tested in the next 12 to 18 months.

Greenfields Exploration

Namosi, Fiji (69.94% interest)

The Namosi project, which is located approximately 30 kilometers west of Fiji's capital city, Suva, is centered on a district that has been periodically explored over the past 40 years and is highly prospective for copper-gold porphyry systems.

In late 2007, Newcrest signed a joint venture agreement with Nittetsu Mining Co. Ltd and Mitsubishi Materials Corporation to establish the Namosi Joint Venture to explore for porphyry copper-gold and epithermal style gold mineralization in the Namosi region of Fiji. Newcrest owns 69.94% of the Namosi Joint Venture and is the manager of the exploration activities.

The Namosi Joint Venture commenced exploration at Namosi in early 2008. As at December 31, 2011, 100% of the Namosi (Waisoi Open Pit) Mineral Resource contained 5.6 Moz of gold and 5.58 Mt of copper, along with Ore Reserves containing 2.8 Moz of gold and 2.68 Mt of copper. Newcrest has a 69.94% interest in the Namosi Mineral Resource.

Exploration activities are currently suspended while the Namosi Joint Venture, the Fiji government and landowners work through environmental remediation concerns raised by a landowner representative group in connection with past drilling activities. Following the successful implementation of an agreed accelerated rehabilitation program, the Fiji government has advised that exploration activities can recommence with an anticipated start date in October 2012. A pre-feasibility study to evaluate the development alternatives for the Namosi project is ongoing. Subject to recommencement of activities, the proposed exploration program for Namosi will target higher grade mineralization within the Waivaka corridor.

Tandai, Indonesia (70% interest)

In March 2011, Newcrest entered into a joint venture arrangement with Sumatra Copper & Gold in connection with the Tandai exploration project. Newcrest currently has a 70% interest in the joint venture. Tandai is a high grade, epithermal intermediate sulfidation system, with gold-silver mineralization hosted by a series of veins and breccias distributed over a vertical extent exceeding 500 meters and more than 5 kilometers of strike. The vein system has a history of prior production of gold mined from the Tandai trend. Exploration activities include a geophysical survey, first pass core drilling and reconnaissance sampling programs.

Manus Island, Papua New Guinea (64.8% interest)

In January 2011, Newcrest entered into a joint venture agreement with Triple Plate Junction in connection with the Manus exploration project. Newcrest currently has a 64.8% interest in the joint venture. Previous exploration has defined the presence of porphyry copper mineralization, however very little modern gold exploration has been undertaken within and around the known prospects. The first phase of exploration consisting of a heli-magnetic survey, surface sampling and mapping has been completed with multiple porphyry and epithermal targets identified. The first phase of drilling has recently commenced at Manus.

Mt Andewa / Mt Shrader, Papua New Guinea (Newcrest farming in to 60% interest)

In June 2012, Newcrest entered into a farm-in agreement with Frontier Resources Limited, an Australian listed junior exploration company, and its wholly-owned Papua New Guinea subsidiary, Frontier PNG Copper Limited, pursuant to which Newcrest may earn a 60% interest in Frontier's Mt Andewa and Mt Schrader early-stage exploration projects in the West New Britain province in Papua New Guinea. Under the terms of the farm-in agreement, Newcrest has an option to increase its interest to 72% at the decision to mine point which, if exercised, will ensure that Newcrest maintains a majority interest in the project if the State of Papua New Guinea exercises its option to purchase up to a 30% equity interest. See "Risk Factors — Risks related to Newcrest's business and industry — Some of Newcrest's resources and reserves, deposits and mining operations are, and may in future be, located in countries that face political, economic, social, security and other risks. — Papua New Guinea" for more information regarding the current administrative practice in Papua New Guinea reserving the right of the government to purchase up to a 30% equity interest in mining projects.

Morobe Mining Joint Ventures, Papua New Guinea (50% interest)

In the Morobe Province of Papua New Guinea, where the Hidden Valley operation and Wafi-Golpu exploration project are located, the Morobe Mining Joint Ventures, three unincorporated joint ventures in which subsidiaries of Newcrest and Harmony Gold Mining Company of South Africa each hold a 50% interest, referred to collectively as the Morobe Mining Joint Ventures, are focused on making new discoveries within the Wafi Transfer Zone, defining additional ore sources within the Hidden Valley — Wau region and discovering new epithermal and porphyry deposits within the regional tenement package. The Wafi Transfer Zone is a highly prospective corridor that extends for at least 25 kilometers. It contains the Wafi-Golpu deposits and a number of grass roots exploration and porphyry targets with the focus of the present program to advance these targets with the aim of delivering a new advance target within the next twelve months. Within the Hidden Valley — Wau district, the present exploration is focused on growing the Kerimenge prospect as well as identifying new targets along the main prospective corridors. The aim is to define new resources for the Hidden Valley operation. The regional exploration program is designed to advance the portfolio of regional targets including the highly prospective Garawaria prospect where recent work has identified widespread gold mineralization.

Côte d'Ivoire — Regional Exploration

Newcrest's strategy for the Côte d'Ivoire regional exploration program is to assess Newcrest's regional tenements for greater than 3 Moz gold deposits. Newcrest's Côte d'Ivoire regional tenements cover approximately 15,000 square kilometers of highly prospective Birimian aged Greenstone belt host rocks to the major gold deposits within West Africa. In August 2012, Newcrest was granted renewal of five exploration permits for its regional exploration program. A number of highly prospective targets have been identified within these tenements, including the Boaufle, Mankono and Timbe Bouake targets. During the 2013 Fiscal Year, Newcrest's exploration program is focused on advancing these targets to identify at least one advanced target.

Copper-gold concentrate and gold bullion sales

Newcrest generates revenue from the sale of gold bullion and copper-gold concentrate ("concentrate").

Gold doré bars, from which gold bullion is produced, are the primary product from all Newcrest operations apart from Cadia Valley and Telfer (although Cadia Valley and Telfer also produce gold doré). Gold doré is an alloy consisting mostly of gold but also containing copper, silver and other metals. Gold doré is sent to refiners to produce gold bullion that meets the required market standard of 99.95% pure gold. The refiner bears the risk and insures the gold doré from the time it arrives at the specified delivery location. Other than in the case of the Gosowong operation, title passes to the refiner at outturn of the refined product. In the case of the Gosowong operation, title stays with PTNHM unless the refiner purchases the refined product, in which case title passes when PTNHM's metal account has been credited with the appropriate amount of the metal.

Concentrate is produced from ore mined at Cadia Hill, Ridgeway, Telfer Open Pit and Telfer Underground gold-copper mines. Newcrest is paid for the copper, gold and silver content in the concentrate, less a series of deductions commonly referred to as "realization charges." Generally these realization charges are agreed between Newcrest and the respective smelter or merchant customers on an annual basis (in the case of frame or long-term contracts). Newcrest is one of the world's largest producers of copper concentrate with a high gold content. The gold content in concentrate from Cadia Valley has generally been between 40 to 80 g/t. The gold content in concentrate from Telfer has generally been between 50 to 80 g/t.

The table below details Newcrest's metal sales and revenue for the 2010 Fiscal Year to 2012 Fiscal Year.

	Year ended June 30,		
	2012	2011	2010
Sales by metal			
Gold (koz)	2,333	2,474	1,745
Copper (kt)	79	74	87
Silver (koz)	1,997	1,892	1,347
Realized price			
Gold (A$/oz)	1,609	1,378	1,252
Copper (A$/lb)	3.58	3.93	3.40
Silver (A$/oz)	31.55	29.04	18.32
Average AUD:USD	1.0319	0.9871	0.8808
Revenue by metal (A$million)			
Gold	3,740	3,409	2,126
Copper	613	638	652
Silver	63	55	24
Total sales revenue	**4,416**	**4,102**	**2,802**

Newcrest's gold bullion, which in 2012 Fiscal Year represented 54% of its revenue, is sold to customers in Asia and the Pacific region, Australia and England.

Newcrest's concentrate is sold primarily into Asia, where the majority of the concentrate is sold to established smelters in Japan and South Korea. However, recent sales into China through both smelters and merchants have diversified Newcrest's customer base for concentrate.

The table below provides a summary of sales revenue by region by product type for the 2010 Fiscal Year to the 2012 Fiscal Year.

	Year ended June 30,		
	2012	2011	2010
		(A$million)	
Bullion sales			
Australia - Bullion	2,366	2,238	981
Other - Bullion	2	6	2
Total bullion	**2,368**	**2,244**	**983**
Concentrate sales			
Japan - concentrate	730	1,021	770
South Korea - concentrate	159	53	130
China - concentrate	95	91	155
Europe - concentrate	762	576	671
USA - concentrate	302	117	93
Total concentrate	**2,048**	**1,858**	**1,819**
Total sales revenue	**4,416**	**4,102**	**2,802**

Concentrate

Newcrest aims to secure customers for a majority of its concentrate production from smelters pursuant to long-term contracts. The majority of these smelters are located in Japan. The remaining concentrate production is sold to other regional smelters or merchants through shorter term agreements or spot sales, as described in more detail below in "— Other merchants." Merchants on-sell the concentrate to smelters under their own commercial agreements. In the case of concentrate from Telfer, the allocation to merchants is generally higher due to the nature of the concentrate, including the presence of deleterious material including arsenic and lower copper content.

Generally, Newcrest enters into long term or "frame" contracts with Newcrest's preferred smelters, which can be either "block" contracts or "brick" contracts. In a block contract, 100% of the quantity for each contractual period is priced at one time (usually in one-year periods). Brick contracts typically price 50% of each year's annual quantity over a two-year period. Consequently, with brick contracts the volatility of commercial terms is decreased, as commercial terms applied in any one-year period will be the average of agreed terms over two years. Newcrest's frame contracts may vary in duration from three to seven years. A number of Newcrest's frame contracts with its preferred smelters were due to expire prior to the end of calendar 2014, but since late 2011 have been progressively renewed or extended, including a significant contract with a major Japanese smelter covering up to 170,000 DMT of concentrate per year executed in September 2011 and a further long-term contract with a second Japanese smelter executed in February 2012.

Cadia Hill has been producing concentrate since 1998, while Ridgeway has been producing concentrate since 2002. The concentrate from Cadia Hill and Ridgeway is classed as a "clean" concentrate (with low impurities). The majority of concentrate production from Cadia Hill and Ridgeway is currently sold under two long-term or "frame" contracts with Pan Pacific Copper Co Ltd (a joint venture between Japan's Nippon Mining & Metal Co Ltd and Mitsui Mining & Smelting Co Ltd), and Mitsubishi Materials Corporation. The balance is sold to a merchant, Trafigura AG, under a shorter term contract or under a number of "spot" sales agreements with other merchants. Additional long-term sales are being contemplated with a number of smelters in Asia, particularly in China.

Telfer Open Pit has been producing concentrate since 2005, while Telfer Underground commenced production of concentrate in 2006. Newcrest has long-term or "frame" contracts for Telfer concentrate with Pan Pacific Copper Co Ltd, Sumitomo Metal Mining Co. Ltd., LS-Nikko Copper Inc., Trafigura Beheer BV, J.P. Morgan Metals & Concentrates USA (recently acquired by Freepoint Commodities, LLC) and Louis Dreyfus Commodities of Switzerland. Spot sales with merchants also take place from time to time. Similar to Cadia, Newcrest is exploring opportunities for additional long-term sales arrangements for Telfer concentrate with a number of smelters in Asia.

Other merchants

Sales to merchants are targeted to account for less than 20% of Newcrest's total concentrate production on a long-term basis. The actual percentage will vary depending on actual production quantities and economic conditions. In the 2012 Fiscal Year, actual sales to merchants accounted for approximately 50% of Newcrest's total concentrate sales. There are approximately eight to ten merchants active in the concentrate market. Merchants have tended to play a diminishing role in the Japanese market. However, in South Korea, China, India and Eastern Europe the merchants have maintained their importance.

Merchants provide much needed liquidity to both mines and smelters in times of production shortfall or excess. Additionally, they are able to take on credit and performance risk unacceptable to mines or smelters, as principals, when dealing with second-tier or third-tier smelter destinations.

Merchants will either enter into frame contracts with the mines or spot contracts. Frame contracts with merchants are usually negotiated as annual blocks. Most frame contracts specify a fixed annual sales tonnage or tonnage range. For spot contracts, all terms and conditions covering the sale of the concentrate are established at the time of sale.

Newcrest has in place a number of long-term sales contracts with merchants and has also executed a number of spot sales with merchants that have proven to be successful in terms of both performance and financial return.

Shipping arrangements

All concentrate is shipped on a cost, insurance and freight free out ("CIF") basis where Newcrest arranges a carrying vessel and insurance on behalf of the buyer. Most of the global trade in concentrate is made on a CIF or cost and freight ("CFR") basis.

Concentrate from Cadia Hill and Ridgeway is shipped to smelters in Japan and South Korea via a sub-contracted facility in Port Kembla in New South Wales. Cadia Hill and Ridgeway concentrate exports are covered by a small contract of affreightment, as well as spot charters.

Concentrate from Telfer is shipped on a CIF basis to smelters in Japan, South Korea, China and India. This concentrate is shipped via a Newcrest facility in Port Hedland in Western Australia. Telfer concentrate exports are shipped via two small contracts of affreightment as well as spot charters. From time to time, Newcrest has experienced some timing delays in shipment from Port Hedland due to berth congestion.

Concentrate in-store sales

From time to time, Newcrest makes in-store sales of concentrate. Historically, most in-store sales have been to merchant customers. In the case of in-store sales, a title and holding certificate executed by Newcrest replaces the bill of lading as the title document to the concentrate. Concentrate that is covered by this certificate is held for the buyer in the storage shed until shipment.

Concentrate customer credit risk management

All sales to direct smelter customers, with the exception of LS-Nikko in South Korea and in-store sales, are made on an open account basis with both title and risk passing as the concentrate passes over the rail of the carrying vessel. Payment of 90% of the provisional value of the shipment is generally due 3 days after the carrying vessel's arrival at the port of discharge. The balance of 10% is due when all final shipment weights and assays are known. Sales to LS-Nikko are covered by letters of credit opened by LS-Nikko in favor of Newcrest by a bank acceptable to Newcrest. Such arrangements are typical in the industry for sales to these customers.

Sales to all merchants require pre-payment by the merchant prior to Newcrest relinquishing possession of the title documents (be those bills of lading or a title and holding certificate for in-store sales). This arrangement covers 100% of the shipment value. At times, an escrow arrangement with a major bank is used where the bank will hold the documents until payment is received from the merchant. In the case of merchant sales (other than in-store sales), risk passes as the concentrate passes the vessel's rail, whilst title is passed upon receipt of payment.

Credit reviews are undertaken on all concentrate customers by Newcrest and mitigation recommendations offered if deemed necessary, such as letters of credit or prepayment.

Gold doré and bullion

Newcrest uses the Western Australia Mint in Perth (the "Perth Mint") under a long-term contract to refine gold doré from the majority of its operations (Lihir, Telfer, Cadia and Hidden Valley). Gosowong gold doré is refined at the Logam Mulia refinery located in Jakarta, Indonesia, which is owned by Newcrest's joint venture partner, PT Aneka Tambang. Newcrest's Contract of Work in Indonesia requires gold doré refining to be performed in-country. Bonikro gold doré is refined by Metalor Technologies S.A ("Metalor") in Switzerland.

Credit risk is limited due to the prompt sale of bullion. Newcrest can choose to electronically swap the gold that is refined at the Perth Mint to its bullion accounts in London and then sell it on to customers who deal in gold or sell it to its relationship banks in Australia or Asia. These transactions do not have any sales restrictions and do not require formal sales contracts in place. Newcrest also performs internal credit reviews.

Exposure to the Perth Mint is limited to two business days. The Perth Mint is wholly owned by the Western Australian government (rated AAA/Aaa).

Logam Mulia exposure is up to nine business days before the bullion is collected by Securicor and shipped to the customer.

Exposure to Metalor is limited to six business days before the bullion is transferred to the customer's account. Metalor is deemed a low risk supplier due to a combination of business strength, long standing relationships and country of operation.

Bullion is sold on a spot price basis to all participating customers minimizing credit exposure to two business days. Gold bullion customers are usually Newcrest's lending banks and these gold bullion banks are currently rated AA-.

Gold doré transportation is undertaken by a recognized security transportation company and either embedded in the refining agreement with the refinery or undertaken directly by Newcrest on a stand-alone basis. There are a number of providers in the market of these services, so Newcrest is not reliant upon a sole provider.

Regulation, health, safety, environment and community

Newcrest's rights to own and exploit Ore Reserves and Mineral Resources and deposits are governed by the laws and regulations of the jurisdictions in which these mineral properties lie. In addition, Newcrest's operations are subject to extensive environmental laws and regulations and a variety of general workplace and industry-specific health and safety laws and regulations in the various jurisdictions in which it operates. Newcrest also has an ongoing commitment to work with local communities to minimize the adverse impacts of its operations and to improve infrastructure and opportunities for further development.

Australian regulation

Mining legislation

The primary mining legislation that regulates the assessment, development and utilization of Newcrest's mineral resources in Australia is:

- at the Telfer mines, Western Australia, the Mining Act 1978 (WA); and
- at the Cadia Valley operations, New South Wales, the Mining Act 1992 (NSW).

With limited exceptions, all minerals located on or below the surface of land in a state or territory are owned by the relevant state or territory. As the owner of the minerals, the state or territory is entitled to grant exploration and mining tenements that confer rights on licensees or lessees to explore for and extract minerals in return for the payment by the grantee of royalties. In each state and territory, there is a minister and a government department responsible for administering the relevant mining legislation for that state or territory. The grant of a mining or exploration tenement is generally at the discretion of the relevant minister or a mining registrar appointed under the legislation in the relevant state or territory.

The most common forms of tenure are exploration and prospecting licenses, mining leases and licenses, miscellaneous licenses and general purpose leases. Conditions are imposed on the grant of most tenements under the applicable legislation in the relevant state or territory. These include conditions relating to the environment, payment of royalties and annual rent, and required minimum expenditure. If the tenement conditions are not complied with, the tenement may be liable to forfeiture.

Exploration licenses

The holder of an exploration license is generally authorized to exclusively carry out exploratory operations of a kind set out in the legislation and the exploration license within the license area in respect of any minerals falling within the authorization during its term.

- Western Australia. In Western Australia, an exploration license granted or applied for before February 10, 2006 will remain in force for five years from the date of grant and may be renewed by the Mining Minister, in prescribed circumstances, for a period of one or two years, followed by a further period of one or two years. In the case of exceptional circumstances, the Minister may extend the term for a further period or periods of one year. The holder of such an exploration license must surrender 50% of the area over which the license is in force at the end of the third year and the end of the fourth year of the term of the license. An exploration license applied for on or after February 10, 2006 will remain in force for five years from the date of grant and may be renewed by the Mining Minister for five years (plus further renewals of two years each), if prescribed grounds exist. The holder of such an exploration license must surrender 40% of the area over which the license is in force at the end of the fifth year of the term of the license.

- New South Wales. In New South Wales, an exploration license will remain in force for up to five years from the date of grant and may be renewed for a further term of up to five years. However, the New South Wales Department of Primary Industries has a policy of granting exploration licenses with two year terms with renewal terms of two years. When the holder of an exploration license seeks to renew such license in New South Wales, the holder must surrender not less than 50% of the area over which the license was in force at the time of the application for renewal unless there are special circumstances to justify renewal over a larger area.

Mining leases

In most Australian states, if the holder of an exploration license establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration license has a priority right against all others to apply for a mining lease which gives the holder exclusive mining rights with respect to specified minerals on the property covered by the mining lease. In Western Australia, if the exploration license was applied for on or after February 10, 2006, the licensee will need to show both the existence of significant mineralization in relation to the area to which the mining lease application relates and that the resource will be exploited.

Mining leases can only be assigned or transferred with the consent of the relevant minister.

It is possible for an individual or entity to own the surface of the property and for another individual or entity to own the mineral rights granted under a mining tenement.

In Australia, various ad valorem royalties and taxes are paid to state and territory governments, generally payable by reference to the quantity of mineral bearing ore removed, the quantity of mineral mined or the profits or gross proceeds of sale. The exact basis for calculating royalties and taxes depends on the resource being exploited and the jurisdiction governing the relevant mining activities.

- Western Australia. In Western Australia, the holder of a mining lease is entitled, subject to the Western Australian Mining Act and to the conditions of the mining lease, to work and mine the land, take and remove any minerals and dispose of them, take and divert water subject to the Rights in Water and Irrigation Act 1914 (Western Australia), and do all things necessary to effectually carry out mining operations in, on or under the land. However, the grant of a mining lease does not in itself confer authority to produce minerals. Further approvals are generally required before production may commence, including approvals in respect of environmental impact.

  Based on the current provisions of the Western Australian Mining Act, a mining lease will remain in force for an initial term of 21 years and may be renewed for a further term of 21 years as of right. The Western Australian Mining Minister may further renew the term of a mining lease for successive periods of 21 years each. A mining lease granted before February 10, 2006 may have an area not exceeding 10 square kilometers. In respect of mining leases granted on or after February 10, 2006, the Western Australian Mining Minister has discretion to grant the mining lease over an area considered appropriate (and including sufficient land to encompass the resource and required infrastructure).

  The holder of a mining lease owns all minerals lawfully mined from the land in accordance with the mining lease. However, a royalty is payable to the state in respect of all minerals recovered from a mining lease at the rate prescribed for the relevant commodity in the Mining Regulations 1981 (Western Australia) and any relevant State Agreement Acts to which the relevant project is subject.

  Newcrest holds 21 mining leases at Telfer that expire on a range of dates between June 2013 and January 2029.

  In Western Australia, at Telfer, the royalty rate for gold is 2.5% of revenue calculated each month against the average spot price for gold bullion on the London Bullion Market during the relevant period. For copper, the royalty rate is 5% of the gross invoice value for copper concentrate shipments, less allowable deductions (being transport and packaging costs). In May 2012, the Western Australian government announced a review of royalties in Western Australia as part of its 2013 Fiscal Year State budget. The review will occur over a three year period. It is not yet known what, if any, changes the Western Australian government may propose to royalties payable in Western Australia as a result of the proposed review, or the impact of proposed changes on the Telfer operations.

- New South Wales. In New South Wales, the holder of a mining lease is entitled to, in accordance with the conditions of the mining lease, prospect and mine the land, carry out primary treatment operations and carry out any mining purpose on the land.

  The maximum initial term of a mining lease in New South Wales is 21 years, however the Premier has discretion to grant a longer term. A mining lease may be renewed for a period to be determined by the decision-maker, which may not exceed 21 years, although the Premier has discretion to grant a longer term.

  The holder of a mining lease owns all minerals lawfully mined from the land in accordance with the mining lease. However, a royalty is payable to the state in respect of all minerals recovered from a mining lease at the rate prescribed for the relevant commodity in the Mining Regulation 2010 (New South Wales) and the relevant project development agreement with the state (if any).

  Newcrest holds four mining leases at Cadia Valley that expire on a range of dates between October 2017 and March 2022.

  In New South Wales, at Cadia Valley, the royalty rate is 4% of the value of the bullion and concentrate 'recovered' ('recovered' being sold material and increase in stockpile material available for sale), less allowable deductions (being treatment costs, depreciation and a portion of administration costs).

Environmental protection legislation

The types of environmental approvals that a mining project, including changes and expansions to existing projects, may require depends on the likely impacts on the environment that the project will have, and the significance of those impacts. In general terms, the more significant the potential environment impacts are, the more detailed and lengthy the environmental approvals processes will be, and the more onerous the resulting approval conditions will be. Ground works usually cannot commence until environmental approvals are issued. Consequently, the environmental approvals process can impact upon the timing of other regulatory approvals and commencement of a project.

There can be substantial costs involved in ensuring that the implementation of a project is done in compliance with environmental approvals and with general environmental legislation and regulations. Failure to comply with relevant environmental approvals, legislation or regulations can have significant implications for a project, including regulatory notices to cease operations, as well as substantial penalties. Environmental approvals can also require ongoing and public compliance reporting.

Native title legislation

Mineral exploration and mining titles may cover land that is subject to native title. The common law of Australia recognizes a form of native title that, in circumstances where it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands. Native title rights and interests do not derive from statute, and must relate to land and waters. They may be communal, group or individual, but are not transferable. Native title legislation exists at both the Commonwealth and state level. The Commonwealth's Native Title Act 1993 came into effect on January 1, 1994. The purpose of the Native Title Act is to recognize and protect native title rights and interests, to establish procedures to allow for the valid extinguishment of native title by grants of other interests in land where native title may exist, and to provide for the administration of native title claims and payment of compensation in certain circumstances. Many of Newcrest's exploration and mining tenements are located on land over which native title claims have been made or may be made in the future. Newcrest does not currently expect that native title claims will have a material adverse effect over any of its existing operations in Australia.

Indigenous heritage legislation

All jurisdictions in Australia have Aboriginal cultural heritage legislation to protect sites of particular significance to indigenous peoples. The primary Aboriginal heritage legislation governing Newcrest's mineral resources is:

- at Telfer, Western Australia, the Aboriginal Heritage Act 1972 (WA);
- at Cadia Valley, New South Wales, the National Parks and Wildlife Act 1974 (NSW); and
- across Australia, the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth).

The legislation broadly requires consent to be obtained from the Commonwealth, and/or the relevant state or territory, before sites can be disturbed. Protection of such sites may result in some areas being unavailable for mining or other activities. It is an offence to damage or interfere with an Aboriginal object or place without consent, regardless of whether a site is registered under heritage legislation. There are numerous sites on Newcrest's exploration and mining tenements that have been registered under heritage legislation.

Papua New Guinea regulation

The primary source of Papua New Guinea mining legislation is the Papua New Guinea Mining Act, which governs the granting of mining rights and the conditions upon which those rights may be terminated.

Under the Papua New Guinea Mining Act, all minerals existing on, in or below the surface of any land in Papua New Guinea, including any minerals in any water lying on any land in Papua New Guinea, are the property of the State. The Papua New Guinea Mining Act establishes a regulatory regime for the exploration for, and development and production of, minerals and is administered by the Mineral Resources Authority ("MRA"). The Papua New Guinea Mining Act sets out a detailed regime dealing with: the types of mining tenements which may be granted by the State, which include exploration licenses, special mining leases, mining leases, alluvial mining leases; leases for mining purposes; mining easements; the terms and conditions applying to the issue of such mining tenements, including with regard to the payment of rents, fees and royalties, registration of interests and dealings in tenements; compensation of landowners; and agreements with the State. Under the Papua New Guinea Mining Act, the government of Papua New Guinea may enter into a mining development contract to regulate a mining development.

A mining lease may have a term of up to 20 years and may be extended for periods of up to ten years. A special mining lease, typically granted in the case of significant mining developments, may have a term of up to 40 years and may be extended by further periods of up to 20 years. Exploration licenses are issued for a period of two years, which may be extended for additional two-year periods without limitation, although, on each extension, 50% of the area covered by the license must be relinquished.

In Papua New Guinea, it is the current administrative practice of the State to reserve the right to purchase up to a 30% equity interest in mining projects. The right to purchase such an interest, which is recorded as a condition in exploration licenses, is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the purchase price is a pro rata share of the historical exploration costs. If the right is exercised, the State becomes responsible for its proportionate share of ongoing exploration and project development costs.

In Papua New Guinea, citizens have the right to carry out non-mechanized mining of alluvial minerals on land owned by them. These customary rights do not extend over a mining lease unless an alluvial mining lease is obtained.

Almost all land in Papua New Guinea is held by traditional owners under customary law. The specific elements and rules of the system of customary land tenure vary from place to place. However, customary land ownership is generally based on clans with individuals in each generation having rights of occupation or use. It is not possible for a person other than the State to purchase or lease customary land from its traditional owners. There is considerable difficulty in identifying landowners of a particular area of land because of the absence of a formal written registration system.

The holder of a mining lease or a special mining lease is required to pay a royalty to the State equal to 2% of the net smelter return from the minerals if refined in Papua New Guinea or a 2% royalty payable on realized price if refined outside of Papua New Guinea. The owners of the land covered by the mining lease are entitled to 20% of the amount of royalty payable to the State. In addition, there is a levy on all mining companies of 0.25% of the value of minerals produced by them, which is payable to the MRA and is designed to fund its operation as the administering body for the mining industry.

Prior to commencing exploration, compensation for loss or damage must be agreed with the landowners or determined by the mining warden. Prior to commencing mining, a written agreement must be entered into with landowners dealing with compensation and other matters.

See "— Lihir — Title/lease rights/royalties," "—Hidden Valley — Title/lease rights/royalties" and "— Wafi-Golpu" for information on mining leases and exploration licenses for Newcrest's mining operations and projects in Papua New Guinea.

See "Risk Factors — Risks related to Newcrest's business and industry — Some of Newcrest's resources and reserves, deposits and mining operations are, and may in future be, located in countries that face political, economic, social, security and other risks." for information on risks in connection with Newcrest's operations in Papua New Guinea.

Indonesian regulation

The primary source of Indonesian mining legislation prior to January 2009 was the 1967 Mining Law, under which rights were previously granted to foreign investors to explore for and to develop mineral resources within defined areas through Contracts of Work entered into with the Indonesian government. In January 2009, the New Mining Law commenced which implemented a new system of mining permits. Under the transitional provisions of the new law, the Contracts of Work remain valid until the expiry of the contract, being 2029 in the case of the Gosowong Contract of Work. However, the transitional provisions also specify that existing contracts be "adjusted" to take into account the New Mining Law.

PTNHM, which holds the Gosowong Contract of Work, has agreed to enter into good faith negotiations with the Indonesian Ministry of Energy and Mineral Resources as representative of the government of Indonesia, which is the counter-party to the Gosowong Contract of Work. These negotiations are taking place under Article 23(3) of the Gosowong Contract of Work, being the general consultation provision, which involves a consideration of whether, in the light of all relevant circumstances, the financial or other provisions of the contract need revision to ensure that the agreement operates equitably and without major detriment to the interest of either party. Article 23(3) requires the parties to the Gosowong Contract of Work to agree to any revision to the contract arising from this process. These negotiations are in progress and, accordingly, it is not possible to predict what adjustments, if any, may be made to the royalty rate and fiscal or other terms of the Gosowong Contract of Work.

Under the Contract of Work regime, the contract itself was the instrument regulating the rights and obligations of a mining company in relation to the development and operation of a mining project. Contracts of Work had the status of special law and overrode the Indonesian laws of general application where the relevant subject matter was specifically dealt with in the terms of the Contract of Work itself.

Royalties and taxes are payable to the Indonesian government in accordance with the terms of a Contract of Work.

The New Mining Law adopts a new licensing regime of mining business permits and special mining business permits. Under the New Mining Law and relevant implementing regulations, holders of mining business permits and special mining business permits must:

- prioritize the domestic need for minerals and coal and may only export minerals or coal produced after the domestic need for minerals and coal is satisfied; and

- observe benchmark pricing, either for domestic sale or when exporting minerals and/or coal, calculated based on a formula that references a market mechanism and/or international minerals and coal prices which is stipulated by the Indonesian government on a monthly basis.

Any potential impact of these implementing regulations on Contract of Work holders, such as PTNHM, may depend on outcomes of the negotiations described above.

In addition, the New Mining Law and relevant implementing regulations (including the government of Indonesia's recent amendment to existing implementing regulations in relation to the divestment obligation) require holders of mining business permits and special mining business permits whose shares are owned by foreign parties to progressively divest a minimum 51% of their shares to the central government, regional governments, state owned enterprises, region owned enterprises or national companies after five years of production, with at least 20% divested in the sixth year; 30% in the seventh year; 37% in the eighth year; 44% in the ninth year; and 51% in the tenth year.

These divestment requirements do not automatically apply to Contract of Work holders, such as PTNHM. The issue of divestment may be raised in the negotiations referred to above in relation to PTNHM's Contract of Work and any change to the existing divestment requirements in PTNHM'S Contract of Work would need to be agreed by PTNHM. If the Indonesian government seeks to impose any new divestment requirements in respect of PTNHM, it could adversely affect Newcrest.

The New Mining Law and relevant implementing regulations also require that holders of mining business permits and special mining business permits carry out processing and refinement activities in Indonesia and gives broad rights to the government of Indonesia, in the national interest, to control the production and export of minerals and coal. The New Mining Law and relevant implementing regulations provide that Contract of Work holders have a maximum five year transition period, commencing on 12 January 2009, to commence in country processing and refinement.

Bank Indonesia, being the central bank of Indonesia, has issued regulations requiring exporters (including PTNHM) receiving export proceeds and debtors receiving offshore loans (in a foreign currency) to receive or deposit the proceeds in a domestic bank (including a branch office of a foreign bank) in Indonesia. There is no requirement at this stage for the funds to remain in Indonesia for any specified length of time.

In Indonesia, mining rights do not give rise to surface land rights. In forestry areas, the right to use forestry areas for mining is derived from forestry permits. Pursuant to Indonesian forestry laws, the utilization of forest areas for non-forestry activities, such as mining, can generally only be carried out in production forest. Underground mining in protection forest is permitted in limited circumstances. Newcrest conducts, and will continue to conduct, its exploration and mining activities in Indonesia in accordance with applicable forestry laws.

The Gosowong Contract of Work prescribes a production-based mining royalty.

See "Risk Factors — Risks related to Newcrest's business and industry — Some of Newcrest's resources and reserves, deposits and mining operations are, and may in future be, located in countries that face political, economic, social, security and other risks." for information on risks in connection with Newcrest's operations in Indonesia.

Côte d'Ivoire regulation

The main mining activities of the Bonikro gold mine are subject to:

- Law n° 95-553 of July, 18 1995 relating to the Mining Code (the "Mining Law of Côte d'Ivoire"); and
- Decree n° 96-634 of August 9, 1996 implementing modalities of the Mining Law of Côte d'Ivoire.

There is one issued exploitation permit, which was granted pursuant to a Decree n°2007-05 dated January 17, 2007, at Bonikro in the sub-prefecture of Hiré, department of Divo, to LGL Mines CI SA, which became a subsidiary of Newcrest upon completion of the acquisition of Lihir Gold Limited on August 30, 2010. A second exploitation permit, which will extend the area of the existing exploitation permit, is pending.

There is also one issued exploration permit for Bonikro which was granted pursuant to Decree n° 96-668 dated August 28, 1996 to Equigold CI SA, which was renamed LGL Mines CI SA and became a subsidiary of Newcrest upon completion of the acquisition of Lihir Gold Limited on August 30, 2010.

The existing exploitation permit was issued for a period of eight years from January 2007 and is due to expire in January 2015. It may be renewed under certain conditions for successive periods until all of the deposit is exhausted.

In addition to benefiting from an exploration permit and an exploitation permit, LGL Mines CI SA entered into a mining convention with the state of Côte d'Ivoire on May 3, 2007 (the "Mining Convention"). The Mining Convention defines the conditions for LGL Mines CI SA's performance of mining operations within the boundaries of the exploitation permit relating to the Bonikro gold mine. The Mining Convention also grants to LGL Mines CI SA a number of tax benefits. In certain limited circumstances, the state of Côte d'Ivoire may terminate the Mining Convention. The Mining Convention is renewable for a term of ten years, on the basis of a new feasibility study to be provided to the state by the permit holder at the time of its application for renewal of its exploitation permit.

In addition to the interests in and around Bonikro gold mine, Newcrest has interests in a suite of exploration permits in Côte d'Ivoire which expire on a range of dates between late 2012 and 2014.

On June 11, 2011, the Minister of Mines announced that the government of Côte d'Ivoire will take initiatives to attract investment in the mining sector. He also expressed his intention to review existing mining permits to check that current title holders have complied with their obligations and to prevent the freezing of minerals deposits. As a result of this process, Newcrest was granted renewal of five exploration permits for its regional exploration program. In addition, the government is also considering introducing a new mining code.

Gold produced at Bonikro is subject to a 3% royalty, payable on the net amount of gold sales revenue less refining and transport costs to the Department of Finance of the government of Côte d'Ivoire. The Finance Law for 2012 (provided under Ordinance n°2011-480 dated December 28, 2011) has fixed the rate of the tax on additional profit payable by any exploitation permit holder pursuant to Article 84 of the mining code. The rate is 7% of total revenue less transportation and refining costs. The Tax Administration has issued an official note dated June 19, 2012 suspending the 7% mining tax. More recently, the government of Cote d'Ivoire is considering imposing an additional profits tax on gold mining companies. Newcrest understands that the rate of this tax will vary depending on the prevailing gold price. These taxes should not apply to Newcrest without its consent, as the Mining Convention with the state of Côte d'Ivoire provides that Newcrest should not be penalized by any change in legislation resulting in an increase in its tax, financial and customs expenses and, that in the event of a change to the laws and/or regulations significantly altering the project economics, the state of Côte d'Ivoire and Newcrest will seek in good faith to reach an agreement to modify the Mining Convention. However, there can be no assurance that the state of Côte d'Ivoire will not seek to apply such taxes or other extraordinary taxes to Newcrest.

Fiji regulation

Exploration and mining activity in Fiji and its regulation and management is governed by the Mining Act Cap 146 (the "MA"). The MA covers "minerals," which includes precious metals (such as gold), precious stones, earthy minerals, radioactive minerals, coal and metalliferous minerals. Under the MA, all minerals in Fiji in or under all lands (of whatever ownership or tenure) are owned by the Crown and have not been parted with by the Crown except in any express grant made before the commencement of the MA in 1966. Minerals obtained in the course of prospecting under a prospector's right or a prospecting license remain the property of the Crown and cannot be removed or disposed of (except as may be necessary for sampling and assaying) without the consent of the Director of Mines. However, the holder of a permit to mine or a mining lease is entitled to remove or dispose of any minerals mined from the land the subject of the permit or lease.

Health, safety and environment

Australia

Newcrest's mining operations in Australia are subject to a variety of general workplace and industry-specific health, safety and environment laws and regulations.

Both state and federal legislation and regulations in Australia establish detailed workplace safety regimes, which include criminal and civil penalties for contraventions by companies and their senior management and directors in certain circumstances. The State, Territory and Commonwealth governments in Australia have agreed to adopt harmonized work health and safety legislation ("WHS Harmonisation"). WHS Harmonisation comprises general requirements applicable to all workplaces, as well as industry specific requirements, including with respect of mining. The general workplace requirements took effect from January 1, 2012 in New South Wales, but have been indefinitely delayed in Victoria and are currently subject to a public consultation process in Western Australia. New South Wales has also not adopted the new mining-specific provisions. The harmonized legislation is broadly similar in design to the pre-harmonized regime, though there are some key differences. For example, the harmonized legislation imposes obligations on businesses to ensure the health and safety of all workers within the business, regardless of whether they are employed by the business itself. Previously, the focus had been on businesses ensuring the health and safety of its employees (and deemed employees, such as contractors and their employees). There will also be a new duty on company officers to exercise due diligence to ensure their companies are complying with health and safety legislation.

Furthermore, certain jurisdictions, such as New South Wales, have maintained separate health and safety legislation for the mining industry. In New South Wales, mining health and safety legislation applies in addition to the harmonized legislation. The government in Western Australia has foreshadowed applying the harmonized legislation to the mining industry, although the mining industry currently has separate health and safety legislation.

There are also extensive environmental obligations established in legislation and regulations in Australia under state and federal laws. These include rehabilitation obligations with respect to areas which have been mined and are subject to mine closure. The environmental impacts of mining activities are principally regulated through environmental impact assessment and associated approvals and approval conditions under the federal and state environmental legislation.

Each relevant state's mining legislation requires mining companies to ensure that upon cessation of their activities the mine site is returned as far as possible to its previous natural condition. This broad objective is articulated through conditions imposed under the mining tenements issued to the tenement holder. State mining and environmental legislation impose general obligations on all persons not to pollute, not to cause serious or material environmental harm and not to clear land without an approval unless done under specific exemptions. Breach of an approval may give rise to remediation obligations and could also lead to enforcement action, including prosecution which may result in penalties. Federal environmental legislation also contains offences for persons who undertake an action which has a significant impact on specific matters of environmental significance to Australia without an approval. Failing to obtain an approval or breaching an approval may result in penalties.

On July 1, 2012, an emissions trading scheme commenced operation in Australia. The scheme imposes liability for direct emissions of greenhouse gases from facilities (that is, activities) in the stationary energy, industrial processing, resources and waste sectors (including for fugitive emissions from the extraction of natural gas, oil and coal) where the facility's annual emissions equal or exceed 25,000 tonnes of carbon dioxide equivalent of greenhouse gases.

Currently, the scheme does not impose liability in respect of most emissions associated with the consumption of liquid fossil fuels (such as petroleum and diesel); however, depending on the use to which they are put, those fuels may face an effective carbon price through being subject to increases in excise and customs duties or reductions in fuel tax credits. The Australian government is also developing regulations to establish a liquid fuels opt-in scheme under which, as from July 1, 2013, large liquid fossil fuel users will be able to opt their fuel use into the emissions trading scheme, with the result that their fuel use will be subject to an effective carbon price under the emissions trading scheme rather than through the fuel tax system.

Liable entities are able to discharge their liability under the scheme by surrendering sufficient carbon permits to cover the emissions for which they are responsible each year. The scheme operates as a fixed price scheme from July 1, 2012 to June 30, 2015, during which time liable entities are able to discharge their liability by purchasing the required number of carbon permits from the Clean Energy Regulator at a fixed price (that increases over the period from A$23.00 to A$25.40 per permit), with those permits being automatically surrendered immediately following their issue. On July 1, 2015 the scheme will automatically transition to a floating price scheme under which an annual cap will be placed on the number of carbon permits that the Clean Energy Regulator can auction for each year and the carbon permit price will be determined by market forces of supply and demand. While it was previously contemplated that the floating price scheme would be subject to a three-year price collar, in late August 2012 the Australian government announced that there would be no floor component to the price collar. Instead, for the first three years of the floating price phase, there will only be a price ceiling, which will commence at $20 above the expected price for European Union emissions trading scheme allowances ("EU allowances") in the first year and will increase by 5 per cent in real terms for each of the following two years. The floating price phase annual caps will be established by the government on a 5 year rolling basis, taking into account the recommendations of the Climate Change Authority. A liable entity that fails to surrender sufficient carbon permits to acquit its liabilities will be required to pay a penalty of 130 per cent of the applicable fixed price during the fixed price phase and 200 per cent of the average carbon permit auction price during the floating price phase. International emissions reduction units cannot be used to acquit scheme liabilities that are referable to the fixed price phase. However, during the floating price phase, a liable entity will be able to acquit up to 50 per cent of its annual liabilities using approved international emissions reduction units. EU allowances and certain Kyoto Protocol Clean Development Mechanism units have been or will be approved for this purpose, although (within this 50 per cent limit) a liable entity will only be able to acquit up to 12.5 per cent of its annual liabilities using approved Kyoto Protocol units. In addition to the automatic issue of carbon permits (for the fixed price phase) and the auctioning of carbon permits (for the floating price phase), free carbon permits will be issued in respect of certain emissions-intensive trade-exposed ("EITE") activities (such as LNG, aluminum, pulp and paper, cement, glass and petroleum production) and highly emissions-intensive coal-fired electricity generation. Gold mining does not qualify as an

EITE activity. There are opportunities both in Australia and in other countries for Newcrest to undertake activities related to its mining operations that can generate Australian carbon credits and/or international carbon credits. Newcrest may be able to sell these carbon credits or (in some cases) apply them towards meeting any direct liabilities that it has under the Australian emissions trading scheme.

Other jurisdictions

Similar legislation and regulations with respect to health, safety and environment apply in jurisdictions outside of Australia where Newcrest operates. The existing operations at Lihir and Hidden Valley in Papua New Guinea, Gosowong in Indonesia and Bonikro in Côte d'Ivoire are subject to a range of acts, regulations and regulatory instruments relevant to each jurisdiction.

Indonesia enacted a new environmental law that came into effect in October 2009. Businesses or activities that are likely to give rise to major or significant environmental impacts (such as mining) are required to prepare an analysis of environmental impact and hold an environmental license. On February 23, 2012, the Indonesian government enacted a new government regulation on environmental licenses, however in practice, the issuance of environmental licenses under the new environmental law is pending further implementing regulations from the minister of environment. The closing provisions of the new regulation provide that an approval on analysis of environmental impact issued prior to the enactment of the new government regulation shall remain valid and be treated as an environmental license under the new environmental law. If an environmental license (once issued) is revoked, all licenses subsequently obtained as a result of the environmental license, such as any activity or business licenses (including any exploration mining business permits or special mining business permits), will also be revoked.

Newcrest's policies

Newcrest's compliance approach is incorporated in the charter of the Safety, Health and Environment Committee of the Board of Directors, which states that the Committee's objective is to ensure that Newcrest has established appropriate practices in the areas of safety, health and environmental management in all of its activities and appropriate compliance and reporting systems.

Newcrest has in place a number of internal management systems and standards, including:

- Newcrest Target Zero Programme;
- Newcrest Corporate Safety Management System;
- Major Hazard Standards for Safety;
- Environmental Standard on Management Systems;
- Environmental Standard on Mine Closure;
- Environmental Standard on Acquisitions and Divestments;
- Environmental Standard on Incident Reporting;
- Environmental Standard on Tailings;
- Environmental Standard on Cyanide;

- Environmental Standard on Hydrocarbons and Chemicals; and
- Newcrest Risk Framework.

In August 2011, Newcrest launched Safety ReNew, a program involving the review and revitalization of safety practices and procedures across the Newcrest Group. The program has included a group-wide transportation safety review, a review of contractor training at all sites, and the phasing in and implementation of new systems and procedures. The program will continue in the 2013 Fiscal Year with one of the key initiatives being the implementation of improvements to Newcrest's systems for the management of contractors' safety performance.

Newcrest aims to comply with the following voluntary codes of conduct with respect to health, safety and environmental objectives:

- Minerals Council of Australia's Framework for Sustainable Development ("Enduring Value");
- Australian Minerals and Energy Council/Minerals Council of Australia's Strategic Framework for Mine Closure;
- Australian Ministerial Council on Mineral and Petroleum Resources/Minerals Council of Australia's Strategic Framework for Tailings Management;
- Global Reporting Initiative Sustainability Reporting Guidelines; and
- International Cyanide Management Institute's International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold.

Community

In addition to adopting Group-wide community standards in 2012, each of Newcrest's operations has a community development program based on site-specific community agreements and commitments with local communities at all of its operating sites, other than at Bonikro in Côte d'Ivoire. Bonikro delivers a program based on community and government concerns. All operating sites have a team of community specialists who are supported by a General Manager Social Responsibility based in Brisbane, and a Manager Social Responsibility based in Melbourne.

The Telfer community relations department has developed a close relationship with the recognized holders of native title, the Martu people. Newcrest is currently engaged in a process of negotiation to put in place an Indigenous Land Use Agreement as a life of mine agreement with the recognized holders of native title over the land. This Indigenous Land Use Agreement will replace community agreements previously put in place to support the Telfer expansion project in 2002/2003. Agreements are also in place with five other indigenous peoples covering the infrastructure corridor to Port Hedland. A memorandum of understanding for a community partnership program has been signed with the town of Port Hedland.

The Cadia Valley operations has a well developed community relations strategy and, as a result, enjoys a strong supportive working relationship with its surrounding stakeholders. A community consultative committee is in place and oversees the application and distribution of community development funds for the district. There are no native title issues at Cadia Valley.

At Gosowong, PTNHM entered into an agreement with the North Maluku province and the North Halmahera regency on July 1, 2010 to make a regional development contribution to the regency and provincial governments for the purpose of developing the region and helping the welfare of its people in accordance with related local regulations on third-party donations. The agreement expires on June 30, 2013 and provides for regional development contributions by PTNHM of 2.6% of the net smelter returns of gold and silver revenue, of which 1.5% will be contributed to the regency government and 1.1% will be contributed to the provincial government.

In relation to the Hidden Valley operation, the Hidden Valley mine unincorporated joint venture has in place a compensation agreement with the affected landowners which was entered into in July 2005 and a sustainable development plan aimed at providing a wide-ranging community development program for the mine-affected and district communities, including bringing education support, agricultural skills, health programs and community facilities, such as sanitation and water supplies, school classrooms, community halls and aid posts. The Hidden Valley compensation agreement with affected land owners is subject to periodic review, with the first review scheduled to occur in the 2013 Fiscal Year. The sustainable development programs were developed in partnership with the local and provincial government and are aligned with development programs. A total of approximately A$4 million has been budgeted for community development work by the Morobe Mining Joint Ventures in 2012 (100% terms). In the 2012 Fiscal Year, the Hidden Valley mine unincorporated joint venture completed voluntary garden compensation payments to communities along the Watut River for damage to crops and gardens caused by flooding as a result of increased sediment in the Watut River, regardless of whether this was due to mine-derived sediment or by natural events such as landslips and heavy rain. In addition, there is a benefit sharing agreement in place between the Hidden Valley unincorporated joint venture and local landowners, local level government and the Morobe Provincial government. Under the agreement, put in place in lieu of a direct equity interest in the mine, the Hidden Valley mine unincorporated joint venture makes payments equating to 0.2% of realized proceeds from the sale of gold and silver from the mine to a trust, with proceeds from the trust being applied to community benefits projects and other community initiatives.

The Wafi-Golpu unincorporated joint venture has compensation agreements with landowners to support continuing exploration and study activities. Further arrangements with landowners are likely to be entered into as the project advances.

Newcrest also has an advanced exploration prospect in Fiji and an agreement is in place with local landowners regarding access to and compensation for exploration activities.

At the Lihir operation, a comprehensive compensation and community development agreement between the local community and the mine was first signed in 1995. The agreement is subject to periodic review (notionally every five years), with the last review completed in 2007. The agreement sets out the relationship between the Lihiran landowners, local, provincial and national government and Newcrest in relation to the payments of mine derived funds and certain benefits and infrastructure projects. The next review of the Lihir community and government agreements is currently underway and is likely to continue through 2012.

There is no formal community agreement in place at Bonikro in Côte d'Ivoire but the project has initiated a number of community development projects, including support for the local government.

Employees and contractors

As of June 30, 2012, Newcrest had 8,335 employees and 11,624 contractor personnel (which includes contractor personnel engaged at Newcrest's projects). Unions are present in Newcrest's operations in Indonesia, Hidden Valley and Côte d'Ivoire, and have a legal right to represent eligible employees at the Cadia Valley operations and the Telfer mines.

Newcrest has a range of industrial instruments in place providing conditions of employment for its workforce. Those industrial instruments are for fixed durations ranging from 2 years to 5 years and generally require renegotiation with employees or representative bodies. Newcrest completed the negotiations for the collective labor agreement at Gosowong in Indonesia earlier in 2012.

At the Cadia Valley operations and the Telfer mines, negotiations are underway to replace the existing employee collective agreements which were put in place in 2007 for a nominal five year term. At this stage, negotiations are progressing satisfactorily. In the event that agreements cannot be reached prior to the nominal expiry of the existing arrangements, under Australian legislation, employees covered by the employee collective arrangements may seek protected industrial action. If protected industrial action is taken, Newcrest's business and results of operations could be adversely affected.

Insurance

Newcrest maintains a significant industrial and special risks and business interruption insurance program covering all of its operations. Newcrest also maintains insurance policies covering directors and officers liability, legal liability, marine and inland transit, marine hulls liabilities, aviation, travel, expatriates and inpatriates, special contingency risks, and project insurances, and all country specific insurance policies, including workers compensation. All insurance policies are subject to agreed policy terms and conditions, including policy exclusions, deductibles and indemnity limits.

Newcrest engages an insurance broker to place its insurance program with reputable insurance groups that meet certain criteria, including minimum acceptable credit rating standing. Newcrest also maintains a captive insurance subsidiary based in Singapore.

Some potential catastrophic losses may be uninsurable or, in Newcrest's judgment, not insurable on a financially reasonable basis. Newcrest believes the policy specifications and insured limits are reasonably appropriate given the levels of risk, the cost of coverage and industry practice. In the event of an uninsured loss, Newcrest's business and results of operations could be adversely affected.

Legal and regulatory matters

Adjacent to the Cadia Valley operations, Newcrest was granted a renewal of NSW Exploration Licence 3856 ("EL3856") by the New South Wales Department of Industry and Infrastructure on March 14, 2011. The renewed EL3856 expires on May 20, 2014. EL3856 was originally issued to Newcrest in 1991. EL3856 is an exploration tenement adjacent to, but does not form part of, the Cadia Valley operations. In August 2011, a third party, Gold and Copper Resources Pty Ltd, issued legal proceedings in the New South Wales Land and Environment Court against the Minister for Resources and Energy (New South Wales government) to challenge the validity of the renewal of EL3856. Before issuing of proceedings, that party had applied for but had not been granted an exploration license over the land covered by EL3856, while it was under title to Newcrest. Newcrest has joined those proceedings as a party and is vigorously defending them. In Newcrest's view the claimant has no valid basis on which to challenge the renewal. The matter has been set down for hearing in December 2012.

In a separate matter, Gold and Copper Resources Pty Ltd, also commenced proceedings against Newcrest in the New South Wales Supreme Court, alleging breach of a confidentiality undertaking by Newcrest in the context of the renewal process for EL3856. Gold and Copper Resources Pty Ltd is seeking, among other matters, damages which have not been quantified. It is anticipated that there will be further interlocutory steps, and a hearing is unlikely before 2013.

Subsequently, in late August 2012, Newcrest received notice of further proceedings commenced by Gold and Copper Resources Pty Ltd in the New South Wales Land and Environment Court. The proceedings have been brought against the Minister for Resources and Energy (New South Wales government) and Newcrest, and challenge the validity of the renewal of exploration (prospecting) licence 1024 ("E(P)L1024"). Similar to EL3856 (see above), E(P)L1024 is an exploration tenement adjacent to, but not part of, Newcrest's Cadia Valley operations. E(P)L1024 was most recently renewed by the Department for a period of five years in October 2009. The proceedings allege similar issues to those raised in the EL3856 proceedings. As with the proceedings for EL3856, Newcrest will vigorously defend the proceedings.

In February 2012, the New South Wales Department of Investment and Industry (the "DII") commenced proceedings to prosecute Newcrest in relation to an incident that occurred at Cadia East in February 2010. The incident involved the release of water and mud from a vertical raise development. No personnel were injured as a result of the incident. The incident was notified to the DII which commenced a long investigation, following which the DII commenced the prosecution. The prosecution involves two charges against Newcrest under the New South Wales Occupational Health and Safety Act. The maximum penalty that applies to the charges is A$1.1 million (in aggregate). The prosecution is in the New South Wales District Court in Sydney. No directions have been made by the Court and the matter has not been set for trial, pending ongoing discussions between Newcrest and the prosecution regarding the scope of the charges and related allegations.

Legal proceedings were commenced in December 2010 against the Hidden Valley mine unincorporated joint venture (in which a subsidiary of Newcrest holds a 50% interest) in Papua New Guinea over alleged damage to the Watut River (which runs adjacent to the Hidden Valley gold mine) alleged to have been caused by waste rock and overburden from the mine. The Hidden Valley mine unincorporated joint venture is defending the claims, but the plaintiffs have taken no action to progress their claim in the past 12 months. The damages sought by the plaintiffs are not specified. At this stage, it is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding in their claim, nor the potential liability of the Hidden Valley mine unincorporated joint venture parties were the plaintiffs to succeed in their claim. Accordingly, no provision has been recognized in the financial statements for this matter.

In March 2010, the Papua New Guinea Department of Environment and Conservation ("DEC") commissioned a third party to undertake an audit of environmental performance at the Hidden Valley operation. The preliminary audit undertaken in March 2010 identified a number of potential non-compliances. In December 2010, the DEC commissioned the third party to return to the site and, among other things, assess progress since the preliminary audit visit in March 2010 and noted that significant progress had been made in the intervening period. Following the environmental audit, the Hidden Valley mine unincorporated joint venture submitted an environmental improvement plan ("EIP") setting out the actions to be undertaken by the joint venture to address issues and potential non-compliances identified in the audit. The EIP was approved by the DEC on April 26, 2011. There has been no indication that the DEC will take any further action against the Hidden Valley mine unincorporated joint venture in relation to any potential non-compliances identified in the audit.

In addition to the above matters, Newcrest is a recipient of, or a defendant in, certain claims, suits and complaints made, filed or pending. Newcrest believes these matters are of such a kind, or involve such amounts, that they will not have a material effect on the financial position of Newcrest if disposed of unfavorably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

BOARD AND MANAGEMENT

Board of directors

The directors of Newcrest are:

Name	Position(s)
Don Mercer	Non-Executive Chairman
Greg Robinson	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer
Vince Gauci	Non-Executive Director
Lady Winifred Kamit	Non-Executive Director
Richard Knight	Non-Executive Director
Richard Lee	Non-Executive Director
Timothy Poole	Non-Executive Director
John Spark	Non-Executive Director

Don Mercer. Don Mercer was appointed to the Board and elected Non-Executive Chairman in October 2006. He is also Chairman of Air Liquide Australia Limited. Mr. Mercer is a former Chairman of The State Orchestra of Victoria, Orica Limited, Australian Institute of Company Directors Ltd and Australia Pacific Airports Corporation Limited. He was Managing Director and Chief Executive Officer of ANZ Banking Group. Mr. Mercer holds a Bachelor of Science (Hons) and a Master of Arts (Economics).

Greg Robinson. Greg Robinson was appointed to the Board in November 2006 and as Managing Director and Chief Executive Officer on July 1, 2011. Mr. Robinson has over 30 years' experience in the global mining and resources industries. As Newcrest's Director Finance from 2006 to 2011, he was responsible for Newcrest's finance function, strategy, planning and business development activities. Prior to joining Newcrest, Mr. Robinson was with the BHP Billiton Group from 2001 to 2006 in various executive roles, including Chief Finance and Chief Development Officer, Energy and Chief Financial Officer, Petroleum. He was also a member of the BHP Billiton Energy Executive Committee and Group Executive Committee. Before joining BHP Billiton, Mr. Robinson was a Director of Investment Banking at Merrill Lynch & Co and headed the Asia-Pacific Metals and Mining Group. He is a Director of the Minerals Council of Australia, the World Gold Council and St. Vincent's Institute, and a member of the Australian Institute of Company Directors. Mr. Robinson holds a Bachelor of Science (Hons) Geology and a Master of Business Administration.

Gerard Bond. Gerard Bond commenced as Finance Director and Chief Financial Officer on January 1, 2012 and was appointed to the Board in February 2012 and as Chief Financial Officer on January 1, 2012. Mr. Bond has 23 years' experience in the global financial and resources industry. He began his career with BHP Billiton, Coopers & Lybrand and Price Waterhouse. Prior to joining Newcrest, Mr. Bond was with BHP Billiton for over 14 years where he held a number of senior executive roles across the business, including Deputy Chief Financial Officer of the Aluminium business, Chief Financial Officer and Acting President of the Nickel business and, most recently, was BHP Billiton's Head of Group Human Resources based in Melbourne. Mr. Bond is a Chartered Accountant and Fellow of the Financial Services Institute of Australia. Mr. Bond holds a Bachelor of Commerce and Graduate Diploma in Applied Finance and Investment.

Vince Gauci. Vince Gauci was appointed as a Non-Executive Director in December 2008. He is also a member of the Safety Health and Environment Committee and the Human Resources and

Remuneration Committee. Mr. Gauci has over 40 years' experience in the global mining industry and was formerly the Managing Director of MIM Holdings Limited. He is currently the Chairman of the Broken Hill Community Foundation and was a former Chairman of Runge Limited and a former Director of Liontown Resources Limited. Mr. Gauci holds a Bachelor of Engineering (Mining).

Lady Winifred Kamit. Lady Winifred Kamit was appointed as a Non-Executive Director in February 2011. She is a member of the Human Resources and Remuneration Committee and the Safety, Health and Environment Committee. Lady Kamit has extensive business experience and broad community knowledge of Papua New Guinea. Lady Kamit is a former senior partner and currently is a consultant at Gadens Lawyers in Port Moresby, Papua New Guinea. She is a director of Nautilus Minerals Niugini Limited, Steamships Trading Company Limited, Post Courier Limited and Australia and New Zealand Banking Group (PNG) Limited and a former director of Lihir Gold Limited. Lady Kamit is a Councillor of the Papua New Guinea Institute of National Affairs and Chairperson of Coalition for Change PNG, an initiative against violence against women and children. She holds a Bachelor of Arts and a Bachelor of Laws.

Richard Knight. Richard Knight was appointed as a Non-Executive Director in February 2008. He is Chairman of the Safety, Health & Environment Committee and a member of the Audit and Risk Committee. He has extensive experience in the international mining industry. He was an Executive Director of North Limited, Chairman and Chief Executive Officer of the Iron Ore Company of Canada and CEO of Energy Resources of Australia Limited. He was also a director of OZ Minerals Limited, Zinifex Limited, St Barbara Limited, Portman Limited, Northern Orion Resources Inc and Asia Pacific Resources. He holds a Bachelor of Science (Engineering), a Master of Science (Mine Production Management) and is a Chartered Engineer.

Rick Lee. Rick Lee was appointed as a Non-Executive Director in August 2007. He is Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee. He is Chairman of Salmat Limited and the Australian Institute of Company Directors, Deputy Chairman of Ridley Corporation Limited and a director of Oil Search Limited. Mr. Lee is a former Chairman of C. Czarnikow Limited, a former director of CSR Limited, and spent 16 years in the CSR sugar division. He is a former director of Australian Rugby Union Limited and a former Chief Executive of NM Rothschild Australia Group. Mr. Lee holds a Bachelor of Chemical Engineering (Hons) and a Master of Arts (Econ).

Tim Poole. Tim Poole was appointed as a Non-Executive Director in August 2007. He is a member of the Audit and Risk Committee and the Human Resources and Remuneration Committee. Mr. Poole is a Non-Executive Chairman of Westbourne Credit Management Limited, Continuity Capital Partners Pty Limited, the Investment Committee of the industry superannuation fund, AustralianSuper Pty Ltd, and the LEK Consulting Advisory Board. He is a Non-Executive Director of Lifestyle Communities Limited, Victoria Racing Club Limited and AustralianSuper Pty Ltd. Mr. Poole is a former Chairman of Asciano Limited and former Managing Director of Hastings Fund Management. He holds a Bachelor of Commerce and is a Chartered Accountant.

John Spark. John Spark was appointed as a Non-Executive Director in September 2007. He is Chairman of the Audit and Risk Committee and a member of the Safety, Health and Environment Committee. He is a registered company auditor and former Managing Partner of Ferrier Hodgson, Melbourne with extensive experience in accounting, profit improvement and financial analysis. He is the Chairman of Ridley Corporation Limited and a former Director of ANL Limited, Baxter Group Limited and MacArthur Coal Limited. Mr. Spark holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants.

Executive officers

The executive officers of Newcrest who are not directors as of the date of this offering memorandum are as follows:

Name	Position(s)
Lawrie Conway	Executive General Manager - Commercial and West Africa
Stephen Creese	Executive General Manager - Corporate Affairs
Brett Fletcher	Executive General Manager - PNG and Indonesian Operations
Greg Jackson	Chief Operating Officer
Craig Jones	Executive General Manager - Projects
Scott Langford	General Counsel and Company Secretary
Andrew Logan	Executive General Manager - Strategy, Step Change and Technology
Colin Moorhead	Executive General Manager - Minerals
Peter Smith	Executive General Manager - Australian Operations
Debra Stirling	Executive General Manager - People and Communications

Lawrie Conway. Lawrie Conway was appointed Executive General Manager — Commercial and West Africa in July 2011. He is responsible for Newcrest's Concentrate Marketing, Information Technology and Supply and Logistics, and Laboratory Services functions in addition to the West African operations. Mr. Conway has held a number of commercial and finance roles at Newcrest and was most recently General Manager Commercial and Planning where he led the Lihir Gold Limited acquisition and integration. He has over 20 years' experience in the mining industry in various management roles with Newcrest and BHP Billiton in Australia, Papua New Guinea and Chile. Mr. Conway is a non-executive director of Evolution Mining. He holds a Bachelor of Business and is a Certified Practicing Accountant.

Stephen Creese. Stephen Creese was appointed General Counsel and Company Secretary in November 2009. He was subsequently appointed as Executive General Manager — Corporate Affairs in September 2010 with responsibility for government, media, legal and the company secretarial function. In July 2012, Mr. Creese, who intends to retire in July 2013, formally assumed responsibility for the community Affairs function and transferred responsibility for the legal and secretarial functions to Mr. Langford. After July 2013, Mr. Creese's corporate affairs function will be assumed by Mr. Langford as a part of a planned succession. Prior to joining Newcrest, Mr. Creese was with the Rio Tinto group for 29 years where he worked in various legal and commercial roles, including that of General Counsel of Rio Tinto Limited between 1995 and 2008 and, subsequently, as Managing Director — Rio Tinto Australia. He is a part time member of the Australian Takeovers Panel and the independent chair of the National Employment Services Association. He holds a Bachelor of Laws (Hons) and a Bachelor of Arts.

Brett Fletcher. Brett Fletcher was appointed Executive General Manager — Papua New Guinea and Indonesian Operations in March 2011. He is responsible for Newcrest's operations across Indonesia and Papua New Guinea, as well as high-level liaison with government departments and ministerial officials in relation to Newcrest's statutory obligations in these regions. Prior to joining Newcrest, Mr. Fletcher was Chief Operating Officer with the Minerals and Metals Group and, prior to that, Chief Operating Officer at Oz Minerals Limited. He has over 23 years operational performance experience, including a range of senior management roles with Zinifex and Pasminco Limited. He holds a Bachelor of Mining Engineering.

Greg Jackson. Greg Jackson was appointed Chief Operating Officer for Newcrest in September 2010. As well as being responsible for all Newcrest's operations, Mr. Jackson also manages safety and health matters, environment and community matters, technical services, asset management and mine planning. Prior to joining Newcrest, he was with the Rio Tinto Group for 29 years where he worked in various operational and project roles, including as Vice President Construction & Engineering, Diavik Diamond Mines between 2004 and 2008 and as Chief Advisor Major Projects for the RT Technology and Innovation Group. He holds a Bachelor of Engineering (Mining).

Craig Jones. Craig Jones was appointed Executive General Manager — Projects in July 2012. Mr. Jones is responsible for the development and construction of all major Newcrest-managed capital projects. Mr. Jones joined Newcrest in 2008 and was previously General Manager — Projects, with accountability for the oversight of major capital projects including the Lihir MOPU Project. Mr. Jones has had more than 17 years experience in the minerals industry and worked in projects at Rio Tinto before joining Newcrest. He holds a Bachelor of Mechanical Engineering.

Scott Langford. Scott Langford was appointed General Counsel on July 1, 2012 and was formally appointed Company Secretary on August 10, 2012. After July 2013, Mr. Langford will assume responsibility from Mr. Creese for the corporate affairs functions as part of a planned succession. Prior to joining Newcrest, Mr. Langford was a partner since 1995 and co-head of the Energy and Resources Practice Group at law firm Allens. At Allens, Mr. Langford had been a key legal advisor to major international mining and resource companies, including Rio Tinto and Newcrest. He holds a Bachelor of Laws (Hons) and Bachelor of Science.

Andrew Logan. Andrew Logan was appointed Executive General Manager — Strategy, Step Change and Technology in July 2011. In addition to Newcrest's strategy function, Mr. Logan is responsible for leading Newcrest's province planning and innovation and technology development initiatives. For over 10 years, he has held a number of operations, studies, technical and business improvement roles across all of Newcrest's provinces. He was most recently General Manager Development where he led step change improvements to mining capabilities and processing performance. He has over 25 years' experience in the resources sector in various technical and management roles with Newcrest, BHP Billiton, Coffey International and Mt. Isa Mines. He holds a Bachelor of Mining Engineering (Hons), a Bachelor of Economics and a Master of Engineering Science (Rock Mechanics).

Colin Moorhead. Colin Moorhead was appointed Executive General Manager — Minerals in January 2008. He is responsible for all geology and exploration activities within Newcrest, including Resources and Reserves. He was previously General Manager Technical Services for Newcrest. Mr. Moorhead began his career with BHP Gold over 20 years ago and has extensive geology experience with roles at Telfer, Cadia and Gosowong. He holds a Bachelor of Science (Hons) Geology and is a Fellow of The Australasian Institute of Mining and Metallurgy.

Peter Smith. Peter Smith was appointed Executive General Manager — Australian Operations in September 2010. He is responsible for all Australian operations as well as the Australian Regional Operations Centre. Prior to joining Newcrest, Mr. Smith was Chief Operating Officer at Lihir Gold Limited and, prior to that, an Executive Director of Western Metals Ltd. Mr. Smith has over 35 years mining experience across a broad spectrum of responsibilities, including a range of senior corporate roles with WMC Resources Ltd, Ensham Resources and Rio Tinto. Mr. Smith is a non-executive director of Evolution Mining. He holds a Masters of Business Administration.

Debra Stirling. Debra Stirling was appointed Executive General Manager — People and Communications in January 2008. She is responsible for Newcrest's human resources and communications activities. Prior to joining Newcrest, Ms. Stirling was Vice President, Corporate Affairs and Investor Relations with Rinker Group Limited. She has more than 20 years experience in executive and senior management positions, including with Rinker Group Limited, CSR Limited and Coles Myer Limited. Ms. Stirling has been a Non-Executive Director of Centro Retail Limited and Centro Retail Australia Limited since December 2011. She holds a Bachelor of Arts (Government and Journalism).

Management compensation

For information regarding compensation of Newcrest's directors and executive officers, see the Remuneration Report for the fiscal years ended June 30, 2012 and June 30, 2011 (the "Remuneration Report"), included in Newcrest's audited consolidated financial statements and the related notes included elsewhere in this offering memorandum. The Remuneration Report includes a summary of Newcrest's policy and strategy in connection with executive remuneration, its equity-based remuneration plans and its executive services agreements, among other matters.

Board practices

The Board's principal functions are to:

- set Newcrest's strategic goals and objectives;
- oversee the management and performance of the business;
- determine broad issues of policy; and
- set an appropriate framework of corporate governance for Newcrest.

These and other functions of the Board have been formalized through the adoption of a formal Board Charter. The Board Charter defines the Board's role and responsibilities in relation to strategic, financial, operational and governance matters. The Board Charter makes it clear that the role of the Board is not to manage Newcrest but to set, on behalf of shareholders, the strategic direction of Newcrest and to review, oversee and monitor the management and performance of Newcrest's business by Newcrest's management team.

Newcrest's Board currently comprises nine directors: two Executive Directors (the Managing Director and Chief Executive Officer — Greg Robinson and Finance Director and Chief Financial Officer — Gerard Bond) and seven Non-Executive Directors.

Following Newcrest's acquisition of Lihir Gold Limited in August 2010, the Board appointed Winifred Kamit (formerly a Director of Lihir Gold Limited) as a Director on February 1, 2011.

The Board has determined that as a general rule a Non-Executive Director will not serve on the Board for more than ten years. In keeping with the ASX Listing Rules, directors are required to retire at the third Annual General Meeting (AGM) following their election, or re-election, and at least one Director must stand for election, or re-election, each year.

The Board regularly reviews its membership to ensure that the Board as a whole has the range of business skills and expertise demanded by Newcrest's operations. In October 2011, the Board undertook a detailed review of its membership, skills and experience and that of its committees, and concluded that the Board and its committees were operating well, with no areas of concern identified at that time.

Nominations to the Board are dealt with by the full Board as Newcrest's directors consider that to be the most appropriate way to deal with the selection and appointment of new directors to Newcrest. Ultimate responsibility for decision making regarding the composition of the Board rests with the Board. For these reasons, the Board does not have a separate nomination committee. When considering new appointments to the Board, suitable candidates are identified, using external professional advisers if necessary. The Board considers the range of skills, experience and gender and broader diversity in considering candidates for appointments. Candidates are considered and appointed by the full Board. The appointment of the Managing Director and Chief Executive Officer is made by the full Board, with professional advice sought as required. The Board has adopted a formal policy which ensures that directors also have access to independent legal, accounting or other professional advice as necessary, at Newcrest's expense.

Board committees

The Board operates three standing committees: the Audit and Risk Committee, the Human Resources and Remuneration Committee and the Safety, Health and Environment Committee. The Board also operates a Board Executive Committee on an ad hoc basis. Each Director receives all committee papers and minutes and is invited to attend any committee meeting. In practice, all Directors attend each committee meeting, other than in exceptional circumstances. Each committee reports its deliberations to the next Board meeting.

All members of the Human Resources and Remuneration Committee are independent, non-executive directors as required by the ASX Listing Rules.

Audit and Risk Committee

Members: John Spark (Chairman), Rick Lee, Tim Poole and Richard Knight

The purpose of the Audit and Risk Committee is to assist the Board to fulfill its responsibilities including with respect to the integrity of Newcrest's financial statements, compliance with all accounting and financial reporting obligations, risk management and internal control processes and effectiveness, and internal and external audit. The Committee oversees, reviews and makes recommendations to the Board with respect to the above matters. The Committee is chaired by, and is comprised of, Non-Executive Directors. The Committee's role is to review and advise the Board, including with respect to the scope and audit plan of Newcrest's external auditors, the scope and program of the internal audit function, and Newcrest's material accounting policies.

Human Resources and Remuneration Committee

Members: Rick Lee (Chairman), Lady Winifred Kamit, Tim Poole and Vince Gauci (the Executive Directors (the Managing Director and CEO, and the Finance Director) may attend by invitation).

The purpose of the Human Resources and Remuneration Committee is to assist the Board to fulfill its responsibilities with respect to the remuneration framework for all employees including executive managers, Executive Directors and Non-Executive Directors, the human resources and remuneration strategies, policies and practices of Newcrest, the behavioral and cultural framework and practices of Newcrest, and oversight of organizational design and human capability, performance management practices and outcomes, the appointment of remuneration consultants and oversight of industrial relations policies, practices and strategies. The Committee also considers Newcrest's diversity practices, including gender diversity.

This Committee complies with the ASX Listing Rule requirement that a remuneration committee be comprised solely of Non-Executive Directors. It has four members and is chaired by an independent Director. This composition avoids potential conflict on the part of Executive Directors and enhances investor and community confidence in its decisions. The Committee's role is to review and advise the Board, however it holds no delegated authorities from the Board.

Safety, Health and Environment Committee

Members: Richard Knight (Chairman), Vince Gauci, Lady Winifred Kamit and John Spark

The purpose of the Safety, Health and Environment Committee is to assist the Board in its role of monitoring and reviewing, from a corporate governance perspective, Newcrest's practices in the areas of safety, health and environmental management practices. It monitors and reviews Newcrest's performance and approach to compliance with its policies and legal requirements in these areas, it reviews Newcrest's response on issues of concern or material non-compliance and recommendations from management in relation to industry trends and world standards and reports and makes recommendations to the Board based on the Committee's work and findings. The Committee's role is to review and advise the Board, however it holds no delegated authorities from the Board.

Code of Conduct

Newcrest's Code of Conduct, which was substantially revised and approved by the Board in 2011, reflects its values and provides a framework within which its entire workforce functions, including in its interaction with stakeholders. The Code of Conduct is designed to ensure the appropriate degree of integrity in Newcrest's dealings.

Newcrest also has a comprehensive range of corporate policies which detail the framework for acceptable corporate behavior and these are subject to periodical review.

Related party transactions

For a discussion of related party transactions, see note 37 of Newcrest's annual consolidated financial statements for the 2012 Fiscal Year included in the offering memorandum.

DESCRIPTION OF THE NOTES AND GUARANTEES

Newcrest Finance Pty Limited (the "Issuer") will issue US$750,000,000 aggregate principal amount of 4.20% Senior Guaranteed Notes due 2022 (the "New Notes") and US$250,000,000 aggregate principal amount of 5.75% Senior Guaranteed Notes due 2041 (the "Additional 2041 Notes").

The New Notes will be unsecured unsubordinated obligations of the Issuer to be issued under an indenture dated as of October 1, 2012 (the "New Indenture"), among the Issuer, the Original Guarantors and The Bank of New York Mellon, as Indenture Trustee. A copy of the New Indenture (which includes the forms of the New Notes) will be available for inspection during normal business hours at the office of the Indenture Trustee.

The Additional 2041 Notes will be unsecured unsubordinated obligations of the Issuer to be issued under the indenture dated as of November 15, 2011 (the "2041 Indenture"), among the Issuer, the Original Guarantors and The Bank of New York Mellon, as Indenture Trustee. There are US$250,000,000 in aggregate principal amount of 5.75% Senior Guaranteed Notes due 2041 (the "Original 2041 Notes" and, together with the Additional 2041 Notes, the "2041 Notes") already outstanding under the 2041 Indenture. The Additional 2041 Notes constitute Additional Securities under the 2041 Indenture, will have terms identical to the Original 2041 Notes, other than with respect to date of issuance and issue price, and will be treated as a single series with the Original 2041 Notes for all purposes under the 2041 Indenture. The Additional 2041 Notes issued in reliance on Rule 144A will have the same CUSIP numbers and ISINs as those that are assigned to the Original 2041 Notes previously sold to investors in reliance on Rule 144A. The Additional 2041 Notes issued in reliance on Regulation S will have CUSIP numbers and ISINs that differ from those that were assigned to the Original 2041 Notes previously sold to investors in reliance on Regulation S for a period of 40 days after the later of the commencement of this offering or the date on which the Additional 2041 Notes were originally issued (the "Restriction Date"), and thereafter are expected to have the same CUSIP numbers and ISINs as those that are assigned to the Original 2041 Notes previously sold to investors in reliance on Regulation S. Consequently, on or prior to the Restriction Date, transfers of interests between the Additional 2041 Notes issued in reliance on Regulation S and the Original 2041 Notes can only be made as provided under "— Registration of transfer and exchange — Transfers between Global Notes" below. A copy of the 2041 Indenture (which includes the forms of the 2041 Notes) is available for inspection during normal business hours at the office of the Indenture Trustee.

The New Notes will have terms that are substantially similar to the 2041 Notes. Consequently, unless otherwise stated or the context so requires, the following description is applicable to both the New Notes and the 2041 Notes. As used in this description, the term "Notes" refers collectively to the New Notes, the Additional 2041 Notes and the Original 2041 Notes, and the term "Indenture" refers to both the New Indenture and the 2041 Indenture. The terms "original issue date," "closing date" and "date of the issuance of the Notes" as used in this description mean, with respect to the New Notes, the initial date of issuance of the New Notes and, with respect to the Additional 2041 Notes and the Original 2041 Notes, November 15, 2011, the date on which the Original 2041 Notes were initially issued.

The following summaries of certain provisions of the Indenture, the Notes and the Guarantees do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, the Notes and the Guarantees, including the definitions therein of certain terms.

Certain terms used in this "Description of the Notes and Guarantees" have the meanings set out in "— Certain definitions" below.

General

The New Notes will bear interest from October 1, 2012, and will be payable semi-annually in arrears on each April 1 and October 1, commencing April 1, 2013 at the rate of 4.20%, to the persons in whose names the New Notes are registered on the next preceding March 15 and September 15, respectively. The Additional 2041 Notes will bear interest from May 15, 2012, and will be payable semi-annually in arrears on each May 15 and November 15, commencing November 15, 2012 at the rate of 5.75%, to the persons in whose names the Additional 2041 Notes are registered on the next preceding May 1 and November 1, respectively. Interest will be paid on the basis of a 360-day year comprised of twelve 30-day months. Any payment of principal or interest required to be made on any date that is not a business day will be made on the next succeeding business day as if made on the date that payment was due and no interest will accrue on that payment for the period from and after the date that payment was due to the date of payment on the next succeeding business day. On the applicable final maturity date (or upon earlier redemption or repurchase of a Note as described below), interest will cease to accrue on such Note under the terms of and subject to the conditions in the Indenture.

Unless earlier redeemed in the circumstances set out below, the New Notes will mature on October 1, 2022 at a price equal to 100% of their principal amount and the 2041 Notes will mature on November 15, 2041 at a price equal to 100% of their principal amount.

The New Notes are initially being offered in the principal amount of US$750,000,000 and the Additional 2041 Notes are being offered in the principal amount of US$250,000,000. The Issuer may, without the consent of the holders, increase (or, with respect to the 2041 Notes, further increase) the principal amount of the Notes in the future on the same terms and conditions as the relevant series of Notes offered hereby.

There is no limit on the aggregate principal amount of Notes that may be outstanding at any time. Holders of the Notes should be aware that additional Notes that are treated for non-tax purposes as a single series with the applicable original Notes offered hereby may be treated as a separate issuance for United States federal income tax purposes. In such case, depending upon their issue price, the additional Notes may not be a “qualified reopening” for United States federal income tax purposes and, therefore, may be issued with “original issue discount”, which may affect the market value of the applicable original Notes offered hereby since such additional Notes may not be distinguishable from the applicable original Notes offered hereby.

The Notes will be issued only in fully registered form and in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. The Notes will be direct, unsecured, unsubordinated and unconditional obligations of the Issuer and will rank on parity with all other unsecured and unsubordinated indebtedness of the Issuer, except in the case of indebtedness mandatorily preferred by law. The Guarantees will be direct, unsecured, unsubordinated and unconditional obligations of the Guarantors and will rank on parity with all other unsecured and unsubordinated indebtedness of the Guarantor except, in each case, indebtedness mandatorily preferred by law.

The Notes will not be entitled to the benefits of any sinking fund. The Notes are subject to defeasance as described below under “— Defeasance and covenant defeasance.”

Guarantees and Undertakings

Certain Group Members provide credit support for the Notes as Guarantors on the following terms.

Guarantees

Parent Guarantee

The Notes have the benefit of a guarantee (the "Parent Guarantee") by Newcrest Mining Limited ("Parent Guarantor"). Pursuant to the Parent Guarantee, the Parent Guarantor will fully and unconditionally guarantee to each holder of a Note authenticated and delivered by the Indenture Trustee the due and punctual payment of the principal of and interest on such Note (and any Additional Amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of such Note and of the Indenture.

Original Subsidiary Guarantees

The Notes are also guaranteed (the "Original Subsidiary Guarantees"), on a joint and several basis, by Newcrest Operations Ltd, Newcrest Singapore Holdings Pte Ltd, Newgen Pty Ltd, Cadia Holdings Pty Ltd, Newcrest PNG 1 Limited ("Newcrest PNG") and Lihir Gold Limited (the "Original Guarantors"). Pursuant to the Original Subsidiary Guarantees, the Original Guarantors have fully and unconditionally guaranteed to each holder of a Note authenticated and delivered by the Indenture Trustee the due and punctual payment of the principal of, premium, if any, and interest on such Note (and any Additional Amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of such Note and of the Indenture, *provided, however*, that the Original Guarantee provided by Newcrest PNG is limited as set forth under "— Limited amount of Newcrest PNG's Guarantee." As at June 30, 2012, the Note Obligors represented approximately 92% of the EBITDA and approximately 89% of the assets of the Group.

Springing Guarantees

The Issuer and the Parent Guarantor have covenanted and agreed in the Indenture that so long as any Group Member that is not a Guarantor or an Undertaking Subsidiary provides its guarantee, is an obligor, co-obligor or jointly liable with other Note Obligors or Undertaking Subsidiaries in respect of any Material Indebtedness, or provides undertakings similar to those of the Undertaking Subsidiaries in the Indenture with respect to any Material Indebtedness (other than obligations of such Group Member arising under the Deed of Cross Guarantee) (unless as a result of applicable law (including, without limitation, the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act")), such Group Member may not be permitted to provide a guarantee of the Notes), each such Group Member (a "Springing Guarantor" and, together with the Original Guarantors, the "Subsidiary Guarantors," and together with the Parent Guarantor, the "Guarantors") shall, within 30 days, become a Guarantor and will fully and unconditionally guarantee to each holder of a Note authenticated and delivered by the Indenture Trustee the due and punctual payment of the principal of, premium, if any, and interest on such Note (and any Additional Amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of such Note and of the Indenture (the "Springing Guarantees" and, together with the Parent Guarantee and the Original Subsidiary Guarantees, the "Guarantees"). Such Group Member will become a Guarantor and will provide a Springing Guarantee by, within such 30 days, entering into a supplemental indenture to the Indenture on the terms and conditions set out in the Indenture.

Any supplemental indenture to the Indenture entered into by a Group Member in connection with its provision of a Springing Guarantee may include a limitation on such Group Member's guarantee required or reasonably necessary or appropriate under the law of the jurisdiction in which such Group Member is organized, or that are substantially similar to the limitations contained in such other new guarantees given by the Springing Guarantor in relation to Material Indebtedness provided that such limitation shall also be contained in any other guarantee provided by such Group Member in respect of any Material Indebtedness.

The Indenture does not contain any requirements for any Group Member to guarantee the Notes other than the obligation to ensure that any Group Member that is a guarantor or obligor of any Material Indebtedness also provides a guarantee to the Notes, as described above, or becomes an Undertaking Subsidiary, as described below.

Material Indebtedness includes Financial Indebtedness incurred by the Issuer, the Guarantors and any Undertaking Subsidiaries, and does not include Financial Indebtedness incurred by any other Group Member. As a result, the Notes will be structurally subordinated to all present and future liabilities of any Group Member that does not guarantee the Notes (see "— Ranking").

The Issuer has established New US Dollar Bilateral Loan Facilities pursuant to which, with certain exceptions (including with respect to the Group's interest in the Wafi-Golpu exploration project), the EBITDA and the assets (each as defined in the New US Dollar Bilateral Loan Facilities) of the Issuer and the Guarantors guaranteeing the New US Dollar Bilateral Loan Facilities must represent at least 75% of the EBITDA and the assets of the Group. These obligations can be amended or waived by the bank lenders under the New US Dollar Bilateral Loan Facilities and may terminate on repayment of the Issuer's Financial Indebtedness under the New US Dollar Bilateral Loan Facilities. Consistent with the terms under Newcrest's 2009 US Dollar Bilateral Loan Facilities, under the New US Dollar Bilateral Loan Facilities, project subsidiaries (as defined therein) may incur limited recourse debt or non-recourse debt, which debt may be secured against such subsidiaries' assets or its equity, with respect to a new project or development. It is possible that the subsidiary that holds Newcrest's investment in any exploration and development project, may in the future be designated as a project subsidiary. Such project subsidiaries, which would also become Project Subsidiaries (as defined herein) under the Existing Notes and the Notes, would not be required to provide guarantees under the New US Dollar Bilateral Loan Facilities or the Notes, and would not be required to become undertaking subsidiaries (if relevant) under the Notes. A Guarantor under the Notes is not able to be designated as a Project Subsidiary unless the Guarantee provided by such Guarantor is able to be, and is, released in accordance with the terms of the Indenture. See "Operating and Financial Review — Liquidity and capital resources" for a description of the New US Dollar Bilateral Loan Facilities.

Limited amount of Newcrest PNG's Guarantee

The guarantee provided by Newcrest PNG in respect of the Notes will be limited to A$600 million, which is the same limit as imposed in respect of the Original 2041 Notes and the Issuer's US$750,000,000 aggregate principal amount of 4.45% Senior Guaranteed Notes due 2012.

Release of Original Subsidiary Guarantees and Springing Guarantees

Any or all of the Subsidiary Guarantors may be released at any time from their respective Guarantees and other obligations under the Indenture and the Notes without the consent of any holder of the Notes. Such release will occur at such time that such Subsidiary Guarantor delivers an Officer's Certificate to the Indenture Trustee (or on such date specified in such certificate being the date on which (ii)(a) or (ii)(b) is to occur (the "release time")), upon which the Indenture Trustee may conclusively rely, certifying that (i) the principal amount of the Notes is not due and payable before the stated maturity following an Event of Default (as hereinafter defined) on such date; and, (ii) either (a) such Guarantor is no longer (or at the release time will not be) a Group Member; or (b) such Guarantor does not and will not, upon release of its obligations under the Indenture and applicable Guarantee and any other obligations released concurrently with such release, provide a guarantee, be an obligor, co-obligor or jointly liable with other Note Obligors or Undertaking Subsidiaries, or provide undertakings similar to those of the Undertaking Subsidiaries in the Indenture with respect to any Material Indebtedness (other than obligations of such Group Member arising under the Deed of Cross Guarantee).

Undertaking Subsidiaries

If any Group Member provides its guarantee, is an obligor, co-obligor or jointly liable with other Note Obligors or Undertaking Subsidiaries, or provides undertakings similar to those of an Undertaking Subsidiary in the Indenture with respect to any Material Indebtedness (other than obligations of such Group Member arising under the Deed of Cross Guarantee), but, as a result of applicable law (including, without limitation, the Investment Company Act), such Group Member may not be permitted to provide a guarantee of the Notes, the Indenture provides that each such Group Member (each an "Undertaking Subsidiary") will, within 30 days, undertake to the Note Obligors that it will, to the maximum extent permitted by applicable law, upon demand from any Note Obligor, either (at its option) (i) make loans or advances to the Note Obligors or (ii) subscribe for equity in the Note Obligors. Such Group Member will become an Undertaking Subsidiary by, within 30 days, entering into a supplemental indenture to the Indenture on the terms and conditions set out in the Indenture.

The obligations of the Undertaking Subsidiaries will continue until all amounts due and owing under the Notes and the Guarantees have been paid in full or until such Undertaking Subsidiary is released from its obligations pursuant to the Indenture (see "— Release of Undertaking Subsidiaries"). If an Undertaking Subsidiary is unable to subscribe for equity in a Note Obligor, it must make loans or advances to that Note Obligor.

Each Note Obligor has covenanted and agreed in the Indenture (i) not to amend the Indenture to change the terms relating to such undertakings or release any Undertaking Subsidiary from its obligations described in the preceding paragraph unless such Undertaking Subsidiary is not a Group Member or is not a guarantor, is not an obligor, co-obligor or jointly liable, or is not bound by undertakings similar to those of an Undertaking Subsidiary in the Indenture with respect to any Material Indebtedness (other than obligations of such Undertaking Subsidiary arising under the Deed of Cross Guarantee), (ii) not to waive or agree to waive the performance of any Undertaking Subsidiary of its obligations as described in the preceding paragraph unless a similar waiver has been granted or agreed to under all applicable Material Indebtedness and (iii) that if it would otherwise default in the payment of any amount it owes under the Notes or the Guarantees, as applicable, it will notify the Indenture Trustee within five (5) business days and immediately thereafter make a demand on each Undertaking Subsidiary under an undertaking described above and take all necessary action against them to ensure that such demands are satisfied in full.

Holders of Notes will not have a direct claim against any Undertaking Subsidiaries and must rely on the Issuer and the Guarantors to enforce the obligations of any Undertaking Subsidiaries, which enforcement may be limited or not permitted under applicable law at the relevant time. In addition, the obligations of the Undertaking Subsidiaries may be set off against obligations owed by the Issuer or the Guarantors to the Undertaking Subsidiary.

Release of Undertaking Subsidiaries

Any or all of the Undertaking Subsidiaries may be released at any time from their respective obligations under the Indenture without the consent of any holder of Notes. Such release will occur at such time that such Undertaking Subsidiary delivers an Officer's Certificate to the Indenture Trustee (or on such date specified in such certificate being the date on which (ii)(a) or (ii)(b) is to occur (the "release time")), upon which the Indenture Trustee may conclusively rely, certifying that (i) the principal amount of the Notes is not due and payable before the stated maturity following an Event of Default on such date; and (ii) either (a) such Undertaking Subsidiary is no longer (or at the release time will not be) a Group Member; or (b) such Undertaking Subsidiary does not and will not, upon release of its obligations under the Indenture and any other obligations released concurrently with such release, provide a guarantee, be an obligor, co-obligor or jointly liable, or provide undertakings similar to those of an Undertaking Subsidiary in the Indenture with respect to any Material Indebtedness (other than obligations of such Undertaking Subsidiary arising under the Deed of Cross Guarantee).

Transfer of Guarantors to Undertaking Subsidiaries and transfer of Undertaking Subsidiaries to Guarantors

At the time of any issuance of notes under the Indenture after the date of the Indenture, any Subsidiary Guarantor may become an Undertaking Subsidiary as of such date of issuance by entering into a supplemental indenture to the Indenture on the terms and conditions set out in the Indenture within 30 days. The Issuer must also deliver an Officer's Certificate to the Indenture Trustee certifying that such Guarantor is precluded from being a Guarantor for the issuance of notes after the date of the Indenture by virtue of applicable law (including without limitation the Investment Company Act). Notwithstanding the foregoing, any Undertaking Subsidiary may subsequently become a Guarantor if while the Notes are Outstanding under the Indenture such Undertaking Subsidiary may become a Guarantor under applicable law (including, without limitation, the Investment Company Act). In such case, the Undertaking Subsidiary must enter into a supplemental indenture to the Indenture on the terms and conditions set out in the Indenture within 30 days. Upon becoming a Guarantor, an Undertaking Subsidiary shall cease to be an Undertaking Subsidiary and shall cease to be bound by its obligations as an Undertaking Subsidiary.

Ranking

The Notes will:

- be unsecured, unsubordinated obligations of the Issuer;
- rank effectively subordinated in right of payment to all existing and future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness;
- rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Issuer, except for indebtedness mandatorily preferred by applicable law; and
- rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated to the Notes.

The Guarantees will:

- be unsecured, unsubordinated obligations of each Guarantor;
- rank effectively subordinated in right of payment to all existing and future secured indebtedness of each Guarantor to the extent of the value of the assets securing such indebtedness;
- rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated indebtedness of each Guarantor, except for indebtedness mandatorily preferred by applicable law; and
- rank senior in right of payment to all existing and future indebtedness of each Guarantor that is subordinated to the Guarantee of such Guarantor.

The Notes will be structurally subordinated to all present and future liabilities, including trade payables and lease obligations, whether or not secured, of any Group Member that does not guarantee the Notes. As at June 30, 2012, Group Members that are not Note Obligors under the Notes had A$279 million of outstanding liabilities. As at the date of this offering memorandum, there were no Project Subsidiaries. There can be no assurance that any Group Member that does not guarantee the Notes will not incur indebtedness in the future and the incurrence of such indebtedness shall not oblige any Subsidiary to provide a guarantee except as described in "— Guarantees and Undertakings — Guarantees — Springing Guarantees."

As at June 30, 2012, the Note Obligors had A$2,407 million of debt outstanding including A$3 million of finance leases relating to mining equipment.

Form

U.S. offering

All Notes initially sold in the United States or to U.S. Persons will be restricted Notes ("Restricted Global Notes"). The Restricted Global Notes will be issued in definitive, fully registered form without interest coupons to qualified institutional buyers pursuant to Rule 144A, in the form of beneficial interests in one or more Restricted Global Notes registered in the name of a nominee of The Depository Trust Company ("DTC," together with any successor, the "Depositary"), and will be deposited with the Indenture Trustee as custodian for DTC.

The Restricted Global Notes (and any Notes issued in exchange for them) will be subject to certain restrictions on transfer set forth therein and in the Indenture (the "Transfer Restrictions") and will bear the legend relating to such restrictions set forth under "Notice to Investors" in this offering memorandum.

The international offering

Notes sold to Non-U.S. Persons outside the United States in offshore transactions in reliance on Regulation S will initially be represented by one or more global Notes in definitive, fully registered form without interest coupons (collectively, the "Regulation S Global Notes," and together with the Restricted Global Notes, the "Global Notes") registered in the name of a nominee of DTC, and will be deposited with the Indenture Trustee as custodian for DTC for the accounts of a common depositary for Euroclear and

Clearstream, Luxembourg. The Notes will be subject to certain restrictions on transfer set forth therein and will bear the legend relating to such restrictions set forth under "Notice to Investors" in this offering memorandum.

Registration of transfer and exchange

General

Subject to the restrictions on transfer contained in the Indenture, and described below and in "Notice to Investors," and the limitations applicable to the Global Notes, Notes may be presented for exchange for other Notes of any authorized denominations and of a like tenor and aggregate principal amount or for registration of transfer by the holder thereof or his attorney duly authorized in writing and, if so required by the Issuer, the Parent Guarantor or the Indenture Trustee, with the form of transfer thereon duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Issuer, the Parent Guarantor or the Security Registrar duly executed, at the office of the Security Registrar or at the office of any transfer agent designated by the Issuer or the Parent Guarantor for such purpose. No service charge will be made for any exchange or registration of transfer of Notes, but the Issuer or the Parent Guarantor may require payment of a sum by the holder of a Note sufficient to cover any tax or other governmental charge payable in connection therewith.

Such transfer or exchange will be effected upon the Security Registrar or such transfer agent, as the case may be, receiving required documents of the person making the request. The Security Registrar may decline to accept any request for an exchange or registration of transfer of any Note during the period of 15 days preceding the due date for any payment of interest on, principal of or any other payments on or in respect of the Notes. The Issuer and the Parent Guarantor have appointed The Bank of New York Mellon as Security Registrar. The Issuer and the Parent Guarantor may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts; *provided*, *however*, that there shall at all times be a transfer agent in the Borough of Manhattan, The City of New York.

Upon the transfer, exchange or replacement of Restricted Global Notes bearing the legend referred to under "Notice to Investors," or upon specific request for removal of such legend on a Note, the Indenture Trustee will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer, the Parent Guarantor and the Indenture Trustee such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, the Parent Guarantor or the Indenture Trustee that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Transfers within Global Notes

Subject to the procedures and limitations described below under "— Global Notes," transfers of beneficial interests within a Global Note may be made without delivery to the Issuer, the Parent Guarantor or the Indenture Trustee of any written certifications or other documentation by the transferor or transferee.

Transfers between Global Notes

Prior to the 41st day after the later of the commencement of the offering of the New Notes and the Additional 2041 Notes and the date of issuance of the New Notes and the Additional 2041 Notes (the

"Restriction Date"), a beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note only upon receipt by the Indenture Trustee of a written certification from the transferee or the transferor, as the case may be (in the form provided in the Indenture) to the effect that either:

- such transferee is purchasing such Notes for its own account or for accounts as to which it exercises sole investment discretion and that it and, if applicable, each such account, is a qualified institutional buyer within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction; or

- the transferor did not purchase such Notes as part of the initial distribution thereof and the transfer is being effected pursuant to and in accordance with an applicable exemption from the registration requirements of the Securities Act and the transferor has delivered to the Indenture Trustee such additional evidence that the Issuer, the Parent Guarantor or the Indenture Trustee may require as to compliance with such available exemption.

On and after the Restriction Date, the restrictions and certifications set forth above shall no longer be required with respect to a Regulation S Global Note.

Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, whether before, on or after the Restriction Date, only upon receipt by the Indenture Trustee of a written certification from the transferor (in the forms provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S (as applicable) or, in the case of an exchange occurring following the Restriction Date, Rule 144 under the Securities Act and that, if such transfer occurs prior to the Restriction Date, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Any beneficial interest in any Global Note that is transferred to a person who takes delivery in the form of an interest in the other type of Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other type of Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other type of Global Note for as long as it remains such an interest. Except in the circumstances described below and under "— Global Notes," owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes.

Transfers or Exchanges from Global Notes to Certificated Notes

If DTC or any successor depositary is at any time unwilling or unable to continue as a depositary for the reasons set forth below under "— Global Notes," and a successor depositary is not appointed by the Issuer or the Parent Guarantor within 90 days, the Issuer will issue Notes in certificated form ("Certificated Notes") in definitive registered form of like tenor in denominations of US$2,000 and integral multiples of US$1,000 in excess thereof in exchange for the Regulation S Global Notes and Restricted Global Notes, as the case may be.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

Global Notes

The Notes will be represented by one or more definitive, fully registered securities in global form. A global security is a special type of indirectly held debt security.

Each Global Note will be deposited with The Bank of New York Mellon, as custodian for DTC, and will be registered in the name of Cede & Co., as nominee of DTC. Any person wishing to own a beneficial interest in the Notes must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with DTC.

As an indirect holder, an investor's rights relating to a Global Note will be governed by the account rules of the investor's financial institution and of DTC, as well as general laws relating to securities transfers. None of the Issuer, the Guarantors or the Indenture Trustee recognize this type of investor as a holder of the Notes under the Indenture and instead deal only with DTC, which holds the Global Notes.

An investor should be aware that because the Notes are issued only in global form:

- the investor cannot get the Notes registered in his or her own name;

- the investor cannot receive physical certificates for his or her interest in the Notes;

- the investor will be a "street name" holder and must look to his or her own bank or broker for payments on the Notes and protection of his or her legal rights relating to the Notes;

- the investor may not be able to sell interests in the Notes to certain institutions that are required by law to own their securities in the form of physical certificates; and

- DTC's policies will govern payments, transfers, exchange and other matters relating to the investor's interest in the Global Note. The Issuer, the Guarantors, the Indenture Trustee and the Agents have no responsibility for any aspect of DTC's actions or for its records of ownership interests in the Global Note. The Group, the Indenture Trustee and the Agents also do not supervise DTC in any way.

In a few special situations described below, the Global Notes will terminate and interests in them will be exchanged for physical certificates representing the Notes. After that exchange, the choice of whether to hold the Notes directly or in "street name" will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in the Notes transferred to their own name so that they will be direct holders.

The special situations for termination of the Global Notes are when:

- DTC or its successor notifies the Issuer or the Parent Guarantor that it is unwilling, unable or no longer qualified to continue as depositary for the Notes and no successor depositary has been appointed within 90 days of this notification to them or of their becoming aware of this; or

- an Event of Default with respect to the Notes has occurred and has not been cured.

DTC

DTC has advised as follows:

- DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC was created to hold securities for DTC participants and to facilitate the clearance and settlement of transactions among its participants in those securities through electronic book-entry changes in accounts of DTC participants, thereby eliminating the need for physical movement of certificates.

- DTC participants include certain securities brokers and dealers, banks, trust companies and clearing corporations and may in the future include certain other organizations ("DTC participants"). Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect DTC participants").

- Transfers of ownership or other interests in the Notes in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the Notes. DTC's records reflect only the identity of the DTC participants to whose accounts the Notes are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the Notes to their customers.

- So long as DTC, or its nominee, is a registered owner of the Global Notes, payments of principal and interest on the Notes will be made in immediately available funds in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the DTC participants and not of DTC, the Indenture Trustee, the Agents, the Issuer or the Guarantors, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, the Guarantors, the Agents or the Indenture Trustee. Disbursement of payments to DTC participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

- Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants, and because owners of beneficial interests in the Notes holding through DTC will hold interests in the Notes through DTC participants or indirect DTC participants, the ability of the owners of beneficial interests to pledge the Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to the Notes, may be limited.

- Ownership of interests in the Notes held by DTC will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC, the DTC participants and the indirect DTC participants. The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interests in the Notes held by DTC is limited to that extent.

Euroclear and Clearstream, Luxembourg Positions

Euroclear and Clearstream, Luxembourg will hold omnibus positions on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream, Luxembourg's names on the books of their respective system depositaries which in turn will hold the positions in customers' securities accounts in the system depositaries' names on the books of DTC. Euroclear and Clearstream, Luxembourg are DTC participants.

Same Day Settlement and Payment

Settlement for the Notes must be made by the Initial Purchasers in immediately available funds. All payments of interest on, principal of, or Additional Amounts on, Global Notes will be made in immediately available funds.

So long as Notes are represented by a Global Note registered in the name of DTC or its nominee, the Notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in the Notes will be required by DTC to settle in immediately available funds on trading activity in the Notes.

Payment and Paying Agents

The principal of, and any premium or interest on, the Notes will be payable at the office of such Paying Agent or Paying Agents as the Issuer may designate for such purpose from time to time.

The office of the Paying Agent in The City of New York will be designated as the Issuer's sole Paying Agent for payments with respect to the Notes. The Issuer may at any time designate additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that the Issuer will be required to maintain a Paying Agent in each Place of Payment for the Notes.

All moneys paid by the Issuer or the Guarantors to a Paying Agent for the payment of the principal or of any premium or interest on any Note which remain unclaimed at the end of two years after such principal, premium or interest has become due and payable will be repaid to the Issuer or the Guarantors and the holder of such Note thereafter may look only to the Issuer or the Guarantors for payment thereof.

Payment of Additional Amounts

All payments of, or in respect of, principal of, and any premium and interest on, the Notes, and all payments pursuant to any Guarantee, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of any taxing authority within Australia or any other jurisdiction (other than the United States of America, any state, possession or territory thereof, the District of Columbia or any political subdivision or taxing authority of any of the foregoing) in which the Issuer or a Guarantor becomes resident for tax purposes (whether by merger, consolidation or otherwise) (each a "Relevant Jurisdiction") or any political subdivision or taxing authority of any of the foregoing, unless such taxes, duties, assessments or other governmental charges are required by the Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein to be withheld or deducted. In that event, the Issuer or such Guarantor, as applicable, will pay such additional amounts ("Additional Amounts") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or other governmental charges payable in respect of such Additional Amounts) in the payment to the holder of each Note of the amounts which would have been payable in respect of such Note or Guarantee had no such withholding or deduction been required, except that no Additional Amounts shall be so payable for or on account of:

(1) any withholding, deduction, tax, duties, assessment or other governmental charge which would not have been imposed but for the fact that such holder or beneficial owner of the Note:

(a) was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, the Relevant Jurisdiction or otherwise had some connection with the Relevant Jurisdiction other than the mere ownership of, or receipt of payment under, such Note or Guarantee;

(b) presented such Note or Guarantee (where presentation is required) for payment in any Relevant Jurisdiction, unless such Note or Guarantee could not have been presented for payment elsewhere; or

(c) presented such Note or Guarantee (where presentation is required) more than thirty (30) days after the date on which the payment in respect of such Note or Guarantee first became due and payable or provided for, whichever is later, except to the extent that the holder would have been entitled to such Additional Amounts if it had presented such Note or Guarantee for payment on any day within such period of thirty (30) days;

(2) any estate, inheritance, gift, sale, transfer, personal property or similar tax, duties, assessment or other governmental charge or any withholding or deduction on account of such tax, assessment or other governmental charge;

(3) any tax, duties, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any premium and interest on, the Notes or the Guarantees;

(4) any withholding, deduction, tax, duties, assessment or other governmental charge that is imposed or withheld by reason of the failure to comply by the holder of such Note or, in the case of a Global Note, the beneficial owner of such Global Note, with a request of the Issuer or a Guarantor or any Paying Agent addressed to such holder or beneficial owner, as the case may be, (a) to provide information concerning the nationality, residence or identity of such holder or such beneficial owner, or an appropriate tax file number, Australian Business Number or other number or exemption details, or (b) to make any declaration or other similar claim or satisfy any information or reporting requirement, which, in the case of (a) or (b), is required or imposed by a statute, treaty, regulation or administrative practice of Australia or any other jurisdiction or any political subdivision or taxing authority thereof or therein as a precondition to exemption from all or part of such withholding, deduction, tax, assessment or other governmental charge;

(5) any withholding, deduction, tax, duties, assessment or other governmental charge which is imposed or withheld by reason of such holder being an associate of the Issuer or any of the Guarantors for the purposes of Section 128F(6) of the Income Tax Assessment Act 1936 (the "Australian Tax Act") of Australia or by reason of the Australian Commissioner of Taxation giving

a notice under section 255 of the Australian Tax Act of Australia or section 260-5 of Schedule One of the Taxation Administration Act 1953 of Australia;

(6) any withholding or deduction with respect to any tax, duties, assessment or other governmental charge imposed by the United States of America, any state, possession or territory thereof, the District of Columbia or any political subdivision or taxing authority of any of the foregoing;

(7) presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(8) any combination of items (1), (2), (3), (4), (5), (6) and (7);

nor shall Additional Amounts be paid with respect to any payment of, or in respect of, the principal of, or any premium or interest on, any such Note or Guarantee to any such holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment on a Note or Guarantee would, under the laws of a Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein, be treated as being derived or received for tax purposes by a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the holder of the Note or Guarantee.

Whenever there is mentioned, in any context, any payment of or in respect of the principal of, or any premium or interest on, any Note (or any payments pursuant to the Guarantee thereof), such mention shall be deemed to include mention of the payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture, and any express mention of the payment of Additional Amounts in any provisions of the Indenture shall not be construed as excluding Additional Amounts in those provisions of the Indenture where such express mention is not made. Where Additional Amounts are payable in respect of any interest payments, such Additional Amounts will not be considered to be interest for the purposes of the Indenture.

Certain other additional amounts may be payable in respect of the Notes and the Guarantees as a result of certain consolidations or mergers involving, or conveyances, transfer or leases of properties and assets by, the Issuer or the Parent Guarantor. See "— Consolidation, merger and sale of assets."

Redemption for changes in withholding taxes

If: (i) as the result of any change in or any amendment to the laws, regulations or published tax rulings of any Relevant Jurisdiction, or of any political subdivision or taxing authority thereof or therein, affecting taxation, or (ii) any change in the official administration, application or interpretation by a court or tribunal, government or government authority of any Relevant Jurisdiction of such laws, regulations or published tax rulings either generally or in relation to a series of Notes or any Guarantee, which change or amendment becomes effective on or after the original issue date of the Notes or which change in official administration, application or interpretation shall not have been available to the public prior to such issue date, the Issuer or any Guarantor would be required to pay any Additional Amounts pursuant to the Indenture in respect of interest on the next succeeding Interest Payment Date (assuming, in the case of any Guarantor, a payment in respect of such interest was required to be made by such Guarantor under the Guarantees on such Interest Payment Date, in circumstances in which such Guarantor would be unable, for reasons outside such Guarantor's control, to procure payment by the Issuer), and the obligation to pay Additional Amounts cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantors, the Issuer may, at its option, redeem all (but not less than all) the applicable Notes, upon not less than 30 nor more than 60 days' written notice as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption; *provided, however,* that:

- no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Issuer or a Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the applicable Notes or the Guarantees then due; and

- at the time any such redemption notice is given, such obligation to pay such Additional Amounts must remain in effect.

If:

- the Issuer or the Parent Guarantor shall have on any date (the "Succession Date") consolidated with or merged into, or conveyed or transferred or leased its properties and assets substantially as an entirety to, any Person (the successor Person in any such transaction being sometimes hereinafter referred to as a "Successor Person") which is organized under the laws of any jurisdiction other than Australia, any state thereof or territory therein; and

- as the result of any change in or any amendment to the laws, regulations or published tax rulings of such jurisdiction of organization, or of any political subdivision or taxing authority thereof or therein, affecting taxation, or any change in the official administration, application or interpretation of such laws, regulations or published tax rulings either generally or in relation to the applicable Notes or the Parent Guarantee, which change or amendment becomes effective on or after the Succession Date or which change in official administration, application or interpretation shall not have been available to the public prior to such Succession Date, the Issuer, the Parent Guarantor or such Successor Person would be required to pay any Successor Additional Amounts (as defined under "— Consolidation, merger and sale of assets" below) pursuant to the Indenture or the terms of the applicable Notes or the Parent Guarantee in respect of interest on any applicable Notes on the next succeeding Interest Payment Date (assuming, in the case of a Successor Person to the applicable Parent Guarantor, that a payment in respect of such interest were required to be made by such Successor Person to the applicable Parent Guarantor under the applicable Parent Guarantee on such Interest Payment Date), and such Successor Additional Amounts cannot be avoided by the use of commercially reasonable measures available to the Issuer or the applicable Parent Guarantor or such Successor Person, then the Issuer or such Successor Person may, at its option, redeem all (but not less than all) of the applicable Notes, upon not less than 30 nor more than 60 days' written notice as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption; *provided, however*, that:

- no such notice of redemption may be given earlier than 60 days prior to the earliest date on which a Person would be obligated to pay such Successor Additional Amounts were a payment in respect of the applicable Notes or the Parent Guarantee, as the case may be, then due; and

- at the time any such redemption notice is given, such obligation to pay such Successor Additional Amounts must remain in effect.

Prior to any redemption described above, the Issuer or a Successor Person shall provide the Indenture Trustee with an opinion of independent legal counsel of recognized standing to the effect that Additional Amounts or Successor Additional Amounts (as applicable) would be payable as specified above and a certificate signed by an Authorized Officer stating that the obligation to pay Additional Amounts or Successor Additional Amounts cannot be avoided by taking measures that the Issuer, the Successor Person to the Issuer or the Parent Guarantor or any Successor Person to the Parent Guarantor, as the case may be, believes are reasonable.

Optional redemption

The Issuer may redeem all or part of the Notes of any series at any time or from time to time at its option, on not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed and (2) the Make-Whole Amount for the Notes being redeemed, plus, in either case, accrued and unpaid interest to the redemption date; *provided*, that, notwithstanding the foregoing, if the Issuer redeems any New Notes on or after July 1, 2022 (three months prior to the stated maturity Date of the New Notes) or redeems any 2041 Notes on or after August 15, 2041 (three months prior to the stated maturity of the 2041 Notes), the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date. Notwithstanding the foregoing, installments of interest on Notes that are due and payable on Interest Payment Dates falling on or prior to a redemption date will be payable on the Interest Payment Date to each registered holder of Notes as of the close of business on the relevant record date according to the Notes and the Indenture.

Notice of any redemption will be mailed not less than 30 nor more than 60 days before the redemption date to each holder of the applicable Notes to be redeemed. On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption, unless the Issuer defaults in the payment of the redemption price and accrued interest. If less than all of the Notes of a series are to be redeemed, the Indenture Trustee will select the Notes on a pro rata basis, unless otherwise required by law or DTC. The Indenture Trustee may select for redemption Notes and portions of Notes in amounts of US$2,000 or integral multiples of US$1,000 in excess thereof.

Offer to redeem upon Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, unless the Issuer has exercised its right to redeem the applicable Notes as described under "— Optional redemption" or "— Redemption for changes in withholding taxes," the Indenture provides that each holder of the Notes will have the right to require the Issuer to purchase all or a portion of such holder's Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of holders of such Notes on the relevant record date to receive interest due on the relevant Interest Payment Date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, or at the Issuer's option, prior to any Change of Control but after the public announcement of the pending Change of Control, the Issuer will be required to send, by first class mail, a notice to each holder of the applicable Notes, with a copy to the Indenture Trustee, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date. Holders of such Notes electing to have their Notes purchased pursuant to a Change of Control Offer will be required to surrender their Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Indenture Trustee at the address specified in the notice, or transfer their Notes to the Issuer by book-entry transfer pursuant to the applicable procedures of the Indenture Trustee and the Depositary, prior to the close of business on the third Business Day prior to the Change of Control Payment Date.

The Issuer will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Issuer and such third party purchases all such Notes properly tendered and not withdrawn under its offer.

Limitation on liens

Pursuant to the Indenture, so long as any Notes or the Guarantees remain outstanding, the Issuer, the Guarantors and the Undertaking Subsidiaries will not and none of them will permit any of their Subsidiaries to incur, issue, assume or guarantee any Financial Indebtedness, secured by a Lien on any of their respective property or assets or on any shares of stock in, or Financial Indebtedness of, any Subsidiary without effectively providing that the Notes (together with, if the Parent Guarantor shall so determine, any other indebtedness of a Group Member which is not subordinate in right of payment to the Notes or any Guarantee, as the case may be) shall be secured equally and ratably with (or prior to) such secured Financial Indebtedness, so long as such secured Financial Indebtedness shall be so secured, except for Financial Indebtedness secured by:

(1) any Lien existing at the date of the issuance of the Notes;

(2) Liens existing on property of a Person immediately prior to such Person being acquired by or being consolidated with or merged into the Parent Guarantor or a Subsidiary, or Liens existing on any property acquired by the Parent Guarantor or any Subsidiary at the time such property is so acquired, provided that (a) no such Lien shall have been created or assumed in contemplation of such acquisition, consolidation or merger or such acquisition of property and (b) no such Lien shall extend to any other property;

(3) Liens in respect of property acquired, constructed or improved by the Parent Guarantor or a Subsidiary after the date of the issuance of the Notes, which Liens are created at the time of acquisition or completion of construction or improvement of such property or at any time thereafter, to secure Financial Indebtedness assumed or incurred to finance all or any part of the purchase price of the acquisition or cost of construction or improvement of such property; *provided* that the aggregate principal amount of Financial Indebtedness secured by such Lien in respect of any such property shall not exceed the lesser of the cost and the fair market value (as determined in good faith by the board of directors of the Parent Guarantor) of such property and no such Lien shall extend to or cover any other property of the Parent Guarantor or such Subsidiary;

(4) a Lien arising by operation of law (including in favor of a government agency or by an agreement to the same effect) and in the ordinary course of business, for sums not yet due or that are being contested in good faith by appropriate proceedings;

(5) a right of title retention in favor of a supplier in the ordinary course of business;

(6) any carriers', warehousemen's and mechanics Liens or similar Liens, in each case for sums not yet due or that are being contested in good faith by appropriate proceedings;

(7) any Lien granted by a Project Subsidiary to secure the payment or repayment of Non-recourse Debt;

(8) any Lien granted in respect of shares or equity interests in a Project Subsidiary where recourse is limited to those shares or equity interests;

(9) any Lien or cash deposit to secure the performance of bids, tenders or contracts issued in the ordinary course of business (but not in connection with the borrowing or raising of money);

(10) any right of set-off and/or consolidation of accounts with respect to credit balances with financial institutions and banker's liens with respect to property or assets held by financial institutions, in each case in the ordinary course of business;

(11) any Lien over any interests in any joint venture to secure in favor of one or more of the other parties to the joint venture (including a manager or operator), the due payment of amounts payable or obligations incurred under or in respect of the joint venture, provided that the Lien only encumbers the Parent Guarantor's or any Subsidiary's interest in the joint venture and any rights, proceeds and products the Parent Guarantor or such Subsidiary derived from the joint venture and only secures the Parent Guarantor's or such Subsidiaries' obligations under the joint venture;

(12) any Lien over any or all of the assets of the Parent Guarantor or any Subsidiary in favor of any one or more of the Parent Guarantor or any Subsidiary (other than a Project Subsidiary);

(13) any Lien for taxes, assessments or governmental charges or levies, for sums not yet due or that are being contested in good faith by appropriate proceedings;

(14) any Liens arising from leases or sub-leases, easements, rights-of-way, minor survey exceptions, zoning restrictions and other similar charges or encumbrances on real property, in each case incidental to the ownership of property or assets or the ordinary conduct of the business of the Parent Guarantor or any Subsidiary, and that, in the aggregate, do not materially impair the use of such property in the operation of the business of the Parent Guarantor or such Subsidiary, as the case may be;

(15) any Lien arising under, as a consequence of or as part of or required to be deposited for the purposes of, any Derivative;

(16) any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (1) to (15) of this covenant for amounts not exceeding the principal amount of borrowed money secured by the Lien so extended, renewed, substituted or replaced, so long as such extension, renewal, substitution or replacement Lien is limited to all or a part of the same property or assets (plus improvements on such property or assets) that secured the Lien so extended, renewed, substituted or replaced; or

(17) Liens securing Financial Indebtedness incurred by the Parent Guarantor or a Subsidiary in addition to those described in clauses (1) through (16) above, provided that immediately after giving effect thereto the aggregate outstanding principal amount of all Financial Indebtedness of the Parent Guarantor and its Subsidiaries secured by Liens pursuant to this clause (17) does not exceed 20% of Tangible Net Worth as of such time.

The foregoing provisions would not necessarily afford holders of the Notes protection in the event of highly leveraged or other transactions involving the Group that may adversely affect holders of the Notes.

Consolidation, merger and sale of assets

The Indenture provides that for so long as any of the Notes or Guarantees are Outstanding, the Issuer and the Parent Guarantor may not consolidate with or merge into any other Person that is not the Issuer or a Parent Guarantor or convey, transfer or lease all or substantially all of the properties and assets of the Group to any Person that is not the Issuer or a Parent Guarantor, unless:

(1) any Person formed by such consolidation or into which the Issuer or a Parent Guarantor, as the case may be, is merged or to whom the Issuer or a Parent Guarantor, as the case may be, has conveyed, transferred or leased all or substantially all of its properties and assets is a corporation, partnership or trust organized and validly existing under the laws of the jurisdiction governing such Person, and such Person either is the Issuer or a Parent Guarantor or assumes the Issuer's or the Parent Guarantor's obligations, as the case may be, on the Notes and the Guarantees and under the Indenture (including any obligation to pay any Additional Amounts);

(2) immediately after giving effect to the transaction and treating any Financial Indebtedness which becomes an obligation of the Issuer or a Parent Guarantor as a result of such transaction as having been incurred at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) any such Person not organized and validly existing under the laws of the United States of America, any state possession or territory thereof or the District of Columbia, the Commonwealth of Australia or any state or territory thereof shall expressly agree by a supplemental indenture,

    (a) to indemnify the holder of each Note and each beneficial owner of an interest therein against (X) any tax, assessment or other governmental charge imposed on such holder or beneficial owner or required to be withheld or deducted from any payment to such holder or beneficial owner as a consequence of such consolidation, merger, conveyance, transfer or lease, and (Y) any costs or expenses of the act of such consolidation, merger, conveyance, transfer or lease, and

    (b) that all payments pursuant to the Notes or the Guarantees in respect of the principal of and any premium and interest on the Notes, as the case may be, shall be made without withholding or deduction for, or on account of, any present or future taxes, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organization of such Person or any political subdivision or taxing authority thereof or therein, unless such taxes, assessments or other governmental charges are required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such Person will pay such additional amounts ("Successor Additional Amounts") as will result (after deduction of such taxes, assessments or governmental charges and any additional taxes, duties, assessments or other governmental charges payable in respect of such Successor Additional Amounts) in the payment to each holder of a Note or beneficial owner of the amounts which would have been payable pursuant to the Notes or the Guarantees, as the case may be, had no such withholding or deduction been required, subject to the same exceptions as would apply with respect to the payment by the Issuer or the Guarantors of Additional Amounts in respect of the Notes or the Guarantees (substituting the jurisdiction of organization of such Person for the Relevant Jurisdiction) (see "— Payment of Additional Amounts"); and

(4) certain other conditions are met.

The foregoing provisions would not necessarily afford holders of the Notes or beneficial owners' interests therein protection in the event of highly leveraged or other transactions involving the Issuer or the Parent Guarantor that may adversely affect holders of the Notes or beneficial owners' interests therein.

Limitation on sales and leasebacks

Pursuant to the Indenture, for so long as any of the Notes are outstanding, the Parent Guarantor will not, and the Parent Guarantor will not permit any of its Subsidiaries to, enter into any arrangement with any bank, insurance company or other lender or investor (not including the Parent Guarantor or any of its Subsidiaries), or to which any such lender or investor is a party, providing for the leasing by the Parent Guarantor or a Subsidiary for a period, including renewals, in excess of three years of any Principal Property (which consists of any real property having a value of over $5.0 million), which has been owned by the Parent Guarantor or a Subsidiary for more than six months which has been or is to be sold or transferred by the Parent Guarantor or any of its Subsidiaries to such lender or investor or to any person to whom funds have been or are to be advanced by such lender or investor on the security of such Principal Property unless either:

(a) the Parent Guarantor or such Subsidiary could create Financial Indebtedness secured by a Lien under the section "— Limitation on liens" on the Principal Property to be leased back in an amount equal to the Attributable Value of such sale and leaseback transaction without equally and ratably securing the Notes; or

(b) the Parent Guarantor or such Subsidiary, within 270 days after the sale or transfer shall have been made by the Parent Guarantor or such Subsidiary, applies (or enters a binding commitment to apply) in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof or, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the Principal Property so leased (as determined by any two directors of the Parent Guarantor) to (i) the retirement or defeasance of Financial Indebtedness ranking prior to or on a parity with the Notes, incurred or assumed by the Parent Guarantor or any Subsidiary (ii) reinvestment in the business or (iii) the investment in permitted investments, the proceeds from the sale, disposal, realization, maturity or redemption of which shall be used either for (x) the retirement of Financial Indebtedness ranking prior to or on a parity with the Notes, incurred or assumed by the Parent Guarantor or any Subsidiary which by its terms matures at, or is extendible or renewable at the option of the obligor to, a date more than twelve months after the date of incurring, assuming or guaranteeing such Financial Indebtedness or (y) reinvestment in the Group' s business.

The foregoing restrictions will not apply to any transaction that was entered into prior to the closing date of the offering of the Notes, or any renewal, extension or modification thereof, or replacement or substitution therefor.

Events of Default

An "Event of Default" with respect to any series of Notes is defined in the Indenture as:

- a default in the payment of any principal of or any premium on the Notes of such series when due, whether at maturity, upon redemption or otherwise;

- a default in the payment of any interest or any Additional Amounts due and payable on the Notes of such series and the continuance of such default for a period of 30 days;

- a default in the performance or breach of any other covenant or warranty of the Issuer, any Guarantor or any Undertaking Subsidiary in the Indenture or in the Notes or the Guarantees of such series and the continuance of such default or breach for a period of 30 days after written notice of such default has been given by the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the Notes of such series outstanding;

- (i) a default in the payment of the principal of, or interest on, premium or make-whole amount of any Financial Indebtedness (other than Non-Recourse Debt) of any Note Obligor or Undertaking Subsidiary under one or more agreements or instruments having an aggregate principal amount exceeding A$50 million (or its equivalent in any other currency or currencies) when and as that Financial Indebtedness becomes due and payable, after the expiration of any applicable grace period or (ii) any other default (other than as set forth in clause (i) above) relating to such Financial Indebtedness under one or more agreements or instruments having an aggregate principal amount exceeding A$50 million (or its equivalent in any other currency or currencies), if the effect is to cause such Financial Indebtedness to become due and payable prior to its stated maturity, except, with respect to clause (i) and (ii), where the Note Obligor's or Undertaking Subsidiaries' liability to make the payment is being contested in good faith or where such Financial Indebtedness is discharged or such acceleration is rescinded;

- a distress, attachment, execution or other legal process for any amount exceeding A$50 million (or its equivalent in any other currency or currencies) is issued, levied, enforced or sued upon or against all or a substantial part of the property of a Note Obligor or an Undertaking Subsidiary and is not paid out, satisfied or withdrawn or stayed pending appeal within 60 days of the date of issue, levy or enforcement;

- the Guarantees or the obligations of the Undertaking Subsidiaries in the Indenture are held to be unenforceable or invalid in a judicial proceeding, or are claimed in writing by either the Issuer, any Guarantor or any Undertaking Subsidiary not to be valid and enforceable, or the Guarantees or the obligations of any of the Undertaking Subsidiaries in the Indenture are denied or disaffirmed in writing by any Guarantor or any Undertaking Subsidiary except, in each case, as permitted in accordance with the terms of the Indenture; and

- certain events of bankruptcy or insolvency with respect to a Note Obligor or Undertaking Subsidiary.

If such an Event of Default (other than certain events of bankruptcy or insolvency) occurs and is continuing, then and in every such case the Indenture Trustee (if such Event of Default is known to it) may, or at the direction of the holders of not less than 25% in aggregate principal amount of the outstanding Notes of any series, shall declare the principal amount of all the Notes of such series to be due and payable immediately, by a notice in writing to the Issuer with a copy to the Guarantors. Upon such a declaration, such principal amount and any accrued interest shall become immediately due and payable. If certain Events of Default triggered by certain events of bankruptcy or insolvency occur and are continuing, the principal of, Additional Amounts, if any, and any accrued interest on the outstanding Notes of such series shall become immediately due and payable; *provided*, *however*, that any time after a declaration of acceleration with respect to the Notes of any series has been made and before a judgment or decree for payment of money has been obtained by the Indenture Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes of such series may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of the accelerated principal or interest, have been cured or waived as provided in the Indenture.

The foregoing provision shall be without prejudice to the rights of each individual holder to initiate an action against the Issuer or any Guarantor for payment of any principal, Additional Amounts and/or interest past due on any series of the Notes, as the case may be.

In case an Event of Default shall occur and be continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless, among other things, such holders shall have offered to the Indenture Trustee indemnity satisfactory to it. Subject to such conditions, the holders of a majority in aggregate principal amount of the outstanding Notes of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee with respect to the Notes of such series.

No holder of a Note of any series will have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless:

- such holder has previously given to the Indenture Trustee written notice of a continuing Event of Default with respect to the Notes of such series;
- the holders of at least 25% in aggregate principal amount of the outstanding Notes of such series have made written request, and such holder or holders have offered an indemnity to the Indenture Trustee satisfactory to it to institute such proceeding as trustee; and
- the Indenture Trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the outstanding Notes of such series a direction inconsistent with such request, within 60 days after receipt of such notice, request and offer.

Such limitations do not apply, however, to a suit instituted by a holder of a Note of any series for the enforcement of payment of the principal of or interest on the Note of such series on or after the applicable due date specified in the Note of such series.

Modification and waiver

There are three types of changes the Issuer can make to the Indenture and the Notes of any series.

Changes requiring unanimous approval

First, there are changes that cannot be made to the Notes of any series without the specific consent of the holders of the Notes of such series. The Issuer cannot make the following types of changes without the specific consent of the holder of each outstanding Note of such series affected thereby:

- Change the stated maturity of, or any installment of, the principal or interest on the Notes of any series or the rate of interest on the Notes of any series or change the Issuer's and a Guarantor's obligation to pay Additional Amounts on the Notes of any series, as described above under the section entitled "— Payment of Additional Amounts."

- Change the place or currency of payment on the Notes of any series.

- Impair a holder's right to sue for payment.

- Reduce the amount of principal payable upon acceleration of the maturity of the Notes of any series following a default.

- Reduce any amounts due on the Notes of any series.

- Reduce the premium payable upon a Change of Control Triggering Event or, at any time after a Change of Control Triggering Event has occurred, amend, change or modify in any material respect the obligation of the Issuer to make and complete the Change of Control Offer.

- Reduce the aggregate principal amount of the Notes of any series the consent of the holders of which is needed to modify or amend the Indenture.

- Reduce the aggregate principal amount of the Notes of any series the consent of the holders of which is needed to waive compliance with certain provisions of the Indenture or to waive certain defaults.

- Waive the obligation to make a payment of principal of, or interest or premium, if any, on the Notes of any series (except a rescission of acceleration of the Notes of such series by the holders of at least a majority in aggregate principal amount of the Notes of such series, and a waiver of the payment default that resulted from such acceleration).

- Subordinate the Notes or the Guarantees of any series to any other obligation of the Issuer or any Guarantor.

- Modify any other aspect of the provisions dealing with modification of, or waiver under, the Indenture in a way that adversely affects holders.

- Change in a way that adversely affects holders of outstanding Notes of any series the Guarantors' payment obligations (including with respect to Additional Amounts) under their Guarantees, other than the release of any Guarantor in accordance with the Indenture.

- Change in any manner adverse to the holders of the outstanding Notes of any series the obligations of an Undertaking Subsidiary under the Indenture to make loans or advances to the Note Obligors or subscribe for equity in the Note Obligors, other than the release of any Undertaking Subsidiary in accordance with the Indenture.

Changes requiring majority approval

With the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes of a series affected thereby, the Issuer, the Guarantors, the Undertaking Subsidiaries and the Indenture Trustee may modify the Indenture or the Notes of such series for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the holders of the Notes of such series; provided a waiver of a payment default cannot be obtained or any change in respect of the Indenture or the Notes of such series listed under "— Changes requiring unanimous approval" cannot be made without the individual consent of each holder of the Notes to the waiver.

Changes not requiring approval

The third type of change does not require any vote or consent by holders of the Notes of any series. This type is limited to clarifications and certain other changes as specified in the Indenture that would not adversely affect holders of the Notes of any series in any material respect or that would conform the terms of the New Notes, the related Guarantees and the New Indenture to the description thereof contained in this "Description of the Notes and Guarantees."

Further details concerning voting/consenting

When taking a vote or obtaining a consent, the Issuer will use the principal amount that would be due and payable on the voting date if the maturity of the Notes of a series were accelerated to that date because of an Event of Default.

Notes of a series will not be considered outstanding, and therefore not eligible to vote, if the Issuer has deposited or set aside in trust for you money for their payment or redemption, or if the Notes of a series have been cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation.

The Issuer will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes of a series that are entitled to vote or take other action under the Indenture. In certain limited circumstances, the Indenture Trustee will be entitled to set a record date for action by holders of the Notes of a series. If the Issuer or the Indenture Trustee set a record date for a vote or other action to be taken by holders of the Notes of a series, that vote or action may be taken only by persons who are holders of outstanding Notes of a series on the record date and must be taken within 180 days following the record date or a shorter period that we may specify (or as the Indenture Trustee may specify, if it set the record date). The Issuer may shorten or lengthen (but not beyond 180 days) this period from time to time.

Defeasance and covenant defeasance

The Indenture provides that the Issuer and the Guarantors, at the Issuer's or a Guarantor's option:

- will be deemed to have been discharged from their respective obligations in respect of the Notes of any series (except for the payment of all amounts due and owing to the Indenture Trustee under the Indenture and except for certain obligations to register the transfer of or exchange Notes of such series, to replace stolen, lost, destroyed or mutilated Notes of such series upon satisfaction of certain requirements (including, without limitation, providing such security or indemnity as the Indenture Trustee, the Issuer or such Guarantor may require), to maintain Paying Agents and to hold certain moneys in trust for payment); or

- need not comply with certain restrictive covenants of the Indenture (including those described under "— Limitation on liens" and "— Consolidation, merger and sale of assets"),

in each case if the Issuer or a Guarantor deposit in trust with the Indenture Trustee (i) money in an amount, (ii) U.S. Government obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount or (iii) a combination thereof, in each case sufficient to pay all the principal of, and any premium and interest (and any Additional Amounts then known) on, the Notes of such series, on the dates such payments are due in accordance with the terms of the Indenture and the Notes of such series. In the case of discharge pursuant to the first bullet above, the Issuer or applicable Guarantor, as the case may be, is required to deliver to the Indenture Trustee (i) an opinion of counsel stating that (a) the Issuer or such Guarantor, as the case may be, has received from, or there has been published by, the United States Internal Revenue Service, a ruling or (b) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that the holders of the Notes of such series and beneficial owners of interests therein will not recognize gain or loss for United States federal income tax purposes as a result of the exercise of the option under the first bullet above and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised and (ii) any other documentation that is required to be delivered pursuant to the Indenture. In the case of discharge pursuant to the second bullet above, the Issuer or the applicable Guarantor, as the case may be, is required to deliver to the Indenture Trustee an opinion of counsel stating that the holders of the Notes of such series and beneficial owners of interests therein will not recognize gain or loss for United States federal income tax purposes as a result of the exercise of the option under the second bullet above and will be subject to United States federal income tax on the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised and any other documentation that is required to be delivered pursuant to the Indenture.

Governing law

The Indenture, the Notes and the Guarantees of each series will be governed by and construed in accordance with the laws of the State of New York, excluding choice of law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state.

Consent to service of process

The Indenture provides that each of the Issuer, the Guarantors and the Undertaking Subsidiaries have irrevocably designated CT Corporation System as its authorized agent for service of process in any legal action or proceeding arising out of or relating to the Indenture, the Notes or the Guarantees brought in any federal or state court in the Borough of Manhattan, The City of New York, New York, and the Issuer, the Guarantors and the Undertaking Subsidiaries will each irrevocably submit to the non-exclusive jurisdiction of such courts.

Concerning the Indenture Trustee

The Bank of New York Mellon will be the Indenture Trustee under the Indenture. The Indenture provides that the Issuer and the Guarantors will indemnify the Indenture Trustee against any cost, claim, loss, liability or expense incurred without negligence, fraud or willful misconduct of the Indenture Trustee in connection with the acceptance or administration of the trust created by the Indenture.

Fraudulent conveyance or transfer considerations

The Issuer's obligations under the Notes of each series will be guaranteed by the Guarantors. The net proceeds from the offering of the Notes will be used as discussed in "Use of Proceeds."

Australia

In Australia under the Corporations Act, a guarantee may not be enforceable against a guarantor if the guarantor is being wound up and the guarantee is found by a court, on the application of the company's liquidator, to be both an "uncommercial transaction" and an "insolvent transaction."

Uncommercial transactions are those which a reasonable person in the company's position would not have entered into having regard to any relevant matter including:

(a) the benefits (if any) to the company of entering into the transaction;

(b) the detriment to the company of doing so; and

(c) the benefits to other parties of entering into the transaction.

For an uncommercial transaction to be voidable, it must also be an insolvent transaction. In order for an issue of a guarantee to be an insolvent transaction, the company must have either been insolvent at the time of the transaction or became insolvent because of the transaction.

A liquidator is empowered to challenge any insolvent and uncommercial transaction entered into by the company in the two years prior to the relation back day (which will usually be the date on which any application to the court to wind-up the company was made or where immediately before the winding up order was made the company was under administration, the date of commencement of the administration).

Where a related entity of the company is a party to the transaction, the period of challenge is four years prior to the relation back day. If the transaction were entered into for the purpose of defeating, delaying or interfering with the rights of any or all of the creditors of the company on a winding up, the period of challenge is ten years.

Papua New Guinea

In Papua New Guinea under the Companies Act 1997, a guarantee may not be enforceable against a guarantor if the guarantor is being wound up and the guarantee is found by a court, on the application of the company's liquidator, to be an "uncommercial transaction" or a "voidable preference."

Uncommercial transactions are those which a reasonable person in the company's circumstances would not have entered into having regard to:

(a) the benefits (if any) to the company of entering into the transaction;

(b) the detriment to the company of doing so; and

(c) the benefits to other parties of entering into the transaction.

An uncommercial transaction, to be caught by the Act, must have been entered into within one year of the commencement of the liquidation, at a time when the company was unable to pay its debts when they became due in the ordinary course of business, or was engaged in a business for which its financial resources were unreasonably small, or where the obligation was incurred knowing that the company would not be able to perform the obligation.

For an issue of a guarantee to be a voidable preference, the guarantee must have been entered into within one year prior to the commencement of the liquidation, at a time when company was unable to pay its debts as they became due in the ordinary course of business and where it enabled the payee to receive more towards satisfaction of a debt than he would have been entitled to receive or likely to receive in the liquidation.

Singapore

In Singapore under the Companies Act, if a company is being wound up, a guarantee given by it can be void or voidable if:-

(a) it is an unfair preference;

(b) it is a transaction at an undervalue; or

(c) it is an extortionate credit transaction (collectively, "Undue Preferences").

In the case of judicial management, a guarantee given by it can be void as against the judicial manager if there are Undue Preferences.

A transaction is at an undervalue when (i) no consideration is received; or (ii) consideration of significantly less value in money terms is provided. Transactions of such a nature are affected if they are entered into within the period of five years ending with the day of the making of the winding up application and at the time of the transaction, the company is either insolvent or becomes insolvent as a result of the transaction. Such insolvency is presumed unless proven otherwise if the person who enters into the transaction is connected to the insolvent company.

An insolvent company will be taken to have given an unfair preference to someone if the company does anything or suffers anything to be done which places that person (being a creditor or guarantor) in a position which is better than that he would have been if the thing was not done in the event of the company's winding up and the act is done with the desire to place that person in that position. Transactions of such a nature are affected if they are entered into within a period of two years (for persons connected with the company) and six months (for other persons) ending with the day of the making of the winding-up application. Like transactions at an undervalue, this will only apply if at the time of the transaction, the company is either insolvent or becomes insolvent as a result of the transaction.

Credit transactions are extortionate if, having regard to the risk accepted by the creditor, either the terms are such as to require grossly exorbitant payments to be made in respect of the provision of the credit or it is harsh and unconscionable or substantially unfair. Such transactions are affected if they are entered into within a period of three years ending with the day of the making of the winding up application.

Under section 73B of the Conveyancing and Law of Property Act, the conveyance of any property (including debts and things in action) may be voidable if it was done with the intention to defraud creditors, unless it was for good consideration and in good faith, and the transferee did not have any notice of the intent to defraud creditors.

United States

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, the Issuer and the Guarantors believe that the Guarantees are being incurred for proper purposes and in good faith and that each Guarantor, after giving effect to the guarantee of the Notes, will not be insolvent, does not have unreasonably small capital for the business in which it is engaged and has not incurred debts beyond its ability to pay those debts as they mature. There can be no assurance, however, that a court would reach the same conclusions.

Certain definitions

As used in this "Description of the Notes and Guarantees":

"*Adjusted Treasury Rate*" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication, which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Notes being redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day preceding the redemption date plus 0.4% for the New Notes and 0.5% for the Additional 2041 Notes.

"*Agent*" means any or all of the transfer agent, the Paying Agent or the Security Registrar, as applicable.

"*Attributable Value*" means, as to any particular lease under which the Parent Guarantor or any of its Subsidiaries is at any time liable as lessee at any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Parent Guarantor in accordance with generally accepted financial practice) compounded semi-annually.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City, Sydney, Australia or Melbourne, Australia are required or authorized to be closed.

"*Change of Control*" means the occurrence of any one of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Group taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to a Group Member;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any person (including any "person" as that term is used in Section 13(d)(3) of the Exchange Act) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of the outstanding Voting Stock of the Parent Guarantor, measured by voting power rather than number of shares;

(3) the Parent Guarantor consolidates with, or merges with or into, any Person or Persons, or any Person or Persons consolidates with, or merges with or into, the Parent Guarantor, in any such event pursuant to a transaction in which all of the Voting Stock of the Parent Guarantor outstanding immediately prior to such transaction or such other Person(s) is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Parent Guarantor constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person(s) immediately after giving effect to such transaction; or

(4) the first day on which the majority of the members of the board of directors of the Parent Guarantor cease to be Continuing Directors.

"*Change of Control Triggering Event*" means if two Rating Agencies (including, if applicable, a Substitute Rating Agency) cease to rate the applicable Notes Investment Grade on any date during the period (the "Trigger Period") commencing upon, the earlier of (i) the occurrence of a Change of Control or (ii) 60 days prior to the date of the first public announcement of any Change of Control (or pending Change of Control), and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies (including, if applicable, a Substitute Rating Agency) has publicly announced that it is considering a possible ratings downgrade). In the event there is one Rating Agency providing a rating for such Notes at the commencement of any Trigger Period, if that Rating Agency (including, if applicable, a Substitute Rating Agency) ceases to rate the Notes Investment Grade on any date during the Trigger Period, such Notes will be deemed to have ceased to be rated Investment Grade by two Ratings Agencies during that Trigger Period. Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"*Comparable Treasury Issue*" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"*Comparable Treasury Price*" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Quotation Agent, Reference Treasury Dealer Quotations for such redemption date.

"*Continuing Director*" means, as of any date of determination, any member of the board of directors of the Parent Guarantor who (a) was a member of such board of directors on the date of the issuance of the Notes; or (b) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"*Deed of Cross Guarantee*" means any deed of cross guarantee entered into by any Group Member for the purposes of Class Order 98/1418 (as amended) or any class order substituted for it made by the Australian Securities and Investments Commission pursuant to Section 341 of the Corporations Act of 2001 of Australia (or any legislative provision substituted for it).

"*Derivative*" means a swap, option, hedge, forward, futures contract, cap, collar, purchase agreement, other derivative or similar agreement.

"*Financial Indebtedness*" means any indebtedness (whether present or future, actual or contingent) in respect of (a) any money raised or borrowed; or (b) without limiting paragraph (a), financial accommodation under or in respect of any:

(1) redeemable or repurchasable share or stock;

(2) bill of exchange, promissory note or other financial instrument (whether or not transferable or negotiable);

(3) discounting arrangement in respect of any property;

(4) finance or capital lease in respect of any property entered into primarily to raise finance or to finance the acquisition of that property (other than a lease, license or arrangement which may be accounted for as an operating lease under applicable generally accepted accounting principles);

(5) hire purchase or deferred payment obligation (for more than 90 days) for any property or service other than trade payables in the ordinary course of business;

(6) Derivative, with the relevant indebtedness being calculated by reference to the close out value of that Derivative; or

(7) any counter-indemnity obligation in respect of any Guarantee; and

(c) any Guarantee of Financial Indebtedness of another person.

Financial Indebtedness excludes any indebtedness under an operating lease and any take and pay arrangements or take or pay arrangements.

"*Group*" means the Parent Guarantor and each Subsidiary, taken together as a whole.

"*Group Member*" means a member of the Group.

"*Investment Grade*" means (i) a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's); (ii) a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); or (iii) in the event of the applicable Notes being rated by a Substitute Rating Agency, the equivalent of either (i) or (ii) by such Substitute Rating Agency.

"*Lien*" means any mortgage, pledge, charge, security interest, lien or other encumbrance or other security arrangement of any kind, whether or not filed, recorded or otherwise perfected under applicable law.

"*Make-Whole Amount*" means the sum, as determined by a Quotation Agent, of (1) the present value of the principal amount of the Notes to be redeemed and (2) the present value of the remaining scheduled payments of interest (exclusive of any portions of any payments of interest accrued to the redemption date), from the redemption date to the maturity date of the Notes being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate.

"*Material Indebtedness*" means Financial Indebtedness of the Issuer, any Guarantor or any Undertaking Subsidiary, other than the Notes and the Guarantees, Financial Indebtedness owed by one Group Member solely to another Group Member or obligations under the Deed of Cross Guarantee, in an aggregate principal amount in excess of A$50 million (or which aggregate to an aggregate principal amount in excess of A$50 million).

"*Moody's*" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"*Note Obligor*" means each of (i) the Issuer, and (ii) each Guarantor.

"*Non-recourse Debt*" means Financial Indebtedness of a Project Subsidiary on terms that recourse may be had against such Project Subsidiary that is an obligor of such Financial Indebtedness or by enforcement of a security interest over certain assets of such Project Subsidiary and not by way of action against the Issuer, the Guarantors or any other Subsidiary (other than a Project Subsidiary of such Subsidiary) except (a) under a Lien granted by the Parent Guarantor or any Subsidiary of shares or equity interests in such Project Subsidiary where recourse is limited to those shares or equity interests, and (b) any other Project Subsidiary that is a co-obligor under such Non-recourse Debt provided that such obligations of such co-obligor also constitute Non-recourse Debt as set forth in this definition).

"*Person*" means any individual, corporation, partnership, joint venture, joint-stock company, limited liability company, limited liability partnership, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

"*Principal Property*" means any real property having a value of over $5.0 million.

"*Project Subsidiary*" means any Subsidiary of the Parent Guarantor (other than the Issuer, a Subsidiary Guarantor or an Undertaking Subsidiary) (a) all of whose principal assets and business are constituted by the ownership, acquisition, construction, development, exploitation and/or operation of an asset or a project, whether directly or indirectly, and where the sole or principal sources of repayment of its Financial Indebtedness will be such asset or project and the revenues (including insurance proceeds) generated by such asset or project, and (b) the Financial Indebtedness of which is Non-recourse Debt.

"*Quotation Agent*" means the Reference Treasury Dealer selected by the Issuer.

"*Rating Agency*" means Moody's, S&P or a Substitute Rating Agency.

"*Reference Treasury Dealer*" means any of Barclays Bank PLC and Credit Suisse Securities (USA) LLC and their successors and assigns; provided, however, that if any of the foregoing ceases to be a primary U.S. Government securities dealer, the Issuer will substitute another primary U.S. Government securities dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"*S&P*" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"*Subsidiary*" of any Person means (a) any entity whose accounts are required to be consolidated in the annual profit and loss statements of such Person pursuant to AGAAP or (b) any corporation, association or other business entity (including a trust or managed investment scheme) of which more than 50% of the outstanding total voting power ordinarily entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries, or by such Person and one or more other Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Parent Guarantor.

"*Substitute Rating Agency*" means a "nationally recognized statistical rating organization" within the meaning of the Securities Exchange Act of 1934 engaged by the Parent Guarantor or the Issuer to provide a rating of the applicable Notes in the event that either S&P or Moody's, or a Substitute Rating Agency, has ceased to provide a rating of such Notes for any reason other than as a result of any action or inaction by the Parent Guarantor or the Issuer, and a result thereof there are no longer two Rating Agencies providing ratings of such Notes.

"*Tangible Net Worth*" means, at any time, the aggregate amount shown in the latest financial statements of the Group, of the total tangible assets of the Group (excluding Project Subsidiaries) less total liabilities adjusted to exclude the fair value of Derivatives and the revaluation of borrowings after their drawdown date in currencies other than Australian dollars (including gold).

"*Voting Stock*" of any specified Person as of any date means the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person or, if such Person is a trust established under Australian law, the board of directors of the responsible entity or trustee of such trust.

TAXATION

Certain US federal income tax considerations

The following is a general discussion of certain anticipated United States federal income tax consequences of the acquisition, ownership and disposition of Notes to United States Holders (as defined below) that acquire the Notes for cash at their original issue price pursuant to this offer. The summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury Regulations, judicial decisions, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion does not address all of the tax consequences that may be relevant to a particular person or to persons subject to special treatment under United States federal income tax laws (such as broker dealers, insurance companies, expatriates, tax-exempt organizations, or persons that are, or hold their Notes through, partnerships or other pass-through entities), to persons who are not United States Holders, to persons whose functional currency is not the United States dollar or to persons that hold Notes as part of a straddle, hedge, conversion, synthetic security or constructive sale transaction for United States federal income tax purposes, all of whom may be subject to tax rules that differ from those summarized below. Moreover, this discussion does not address any non-United States, state, or local tax considerations or the Medicare tax. This summary deals only with persons who hold the Notes as capital assets within the meaning of the Code (generally, property held for investment) and does not apply to banks and other financial institutions. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below. **Holders are urged to consult their tax advisors as to the particular United States federal tax consequences to them of acquiring, owning and disposing of the Notes, as well as the effects of state, local and non-United States tax laws.**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A "United States Holder" means a beneficial owner of a Note (as determined for United States federal income tax purposes) that is, or is treated as, a citizen or individual resident of the United States, a corporation (including any entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof or therein, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person.

If a partnership (including any entity or arrangement treated as a partnership or other pass-through entity for United States federal income tax purposes) is a holder of a Note, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partners and partnerships are urged to consult their tax advisors as to the particular United States federal income tax consequences applicable to them.

The following discussion assumes that the Notes are not issued with original issue discount for United States federal income tax purposes.

Payments of interest

Payments of interest on the Notes will be taxable to a United States Holder as ordinary interest income at the time such holder receives or accrues such amounts, in accordance with such holder's regular method of tax accounting. Such interest will generally be treated as foreign source income for United States federal income tax purposes. For United States foreign tax credit purposes, such interest will generally be treated as "passive category income" or, in certain cases, "general category income." If any non-United States taxes are withheld in respect of any payments on the Notes, a holder must include the taxes withheld from the interest payment as ordinary income even though such holder does not in fact receive them, and may elect to claim either a deduction or, subject to certain complex limitations, a foreign tax credit for United States federal income tax purposes in respect of such taxes. If a holder elects to claim a foreign tax credit, rather than a deduction for a particular tax year, such election will apply to all foreign income taxes paid by the holder in that particular year. The rules relating to United States foreign tax credits are extremely complex. United States Holders are urged to consult their tax advisors regarding the availability of a United States foreign tax credit and the application of the United States foreign tax credit rules to their particular circumstances.

A portion of the purchase price of the Additional 2041 Notes is attributable to interest accrued for the period starting from May 15, 2012 through the date the Additional 2041 Notes are issued, which we refer to as the "pre-issuance accrued interest." A portion of the interest received on the first interest payment date equal to the pre-issuance accrued interest should be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the Additional 2041 Note. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received but should reduce the holder's adjusted tax basis in the Additional 2041 Note by a corresponding amount.

Bond premium

A United States Holder that purchases Notes at a premium equal to the excess, if any, of the purchase price (excluding any amount properly allocable to pre-issuance accrued interest) over the sum of the principal amount may elect to amortize any premium as an offset to interest income, using a constant yield method, over the remaining term of the Notes. If a United States Holder makes this election, the election generally will apply to all taxable debt instruments held during or after such United States Holder's taxable year for which the election is made. In addition, a United States Holder may not revoke the election without the consent of the IRS. If a United States Holder elects to amortize the premium, such United States Holder will be required to reduce the holder's tax basis in the Note by the amount of the premium amortized during such United States Holder's holding period. If a United States Holder does not elect to amortize premium, the amount of premium will be included in the tax basis in the Note and will decrease the gain or increase the loss otherwise recognized upon the disposition of the Note. Therefore, if a United States Holder does not elect to amortize premium and holds the Note to maturity, such United States Holder generally will be required to treat the premium as capital loss when the Note matures.

Sale, exchange or other disposition of the Notes

Upon the sale, exchange or other disposition of the Notes, a United States Holder will generally recognize capital gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange or other disposition (other than amounts representing accrued and unpaid interest, which will be subject to tax as ordinary income to the extent not previously included in income) and such holder's adjusted tax basis in the Notes at that time. A United States Holder's adjusted tax basis in a Note at any particular time generally will equal the amount such holder paid to acquire the Note decreased by (i) any amounts received on the Note other than qualified stated interest, (ii) any amortized bond premium on the Note and (iii) amounts properly allocable to any pre-issuance accrued interest. Such gain or loss generally will be United States source income or loss for United States foreign tax credit purposes and will be long-term capital gain or loss if the Notes were held by such holder for more than one year. Certain non-corporate United States Holders (including individuals) may qualify for preferential rates of United States federal income taxation in respect of long-term capital gains. The deductibility of capital losses by a United States Holder is subject to limitations.

Information reporting and backup withholding

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A United States Holder may be subject to backup withholding tax on these payments and penalties if it fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a United States Holder will be allowed as a credit against the holder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

For taxable years beginning after March 18, 2010, certain individuals and other United States Holders are required to report information with respect to an investment in Notes not held through an account with a United States "financial institution" to the IRS. If a United States Holder fails to report the information required, the United States Holder could become subject to substantial penalties. United States Holders are urged to consult their tax advisors regarding the reporting requirements that may be imposed on them with respect to their ownership of Notes.

Australian taxation

The following is a summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, the "Australian Tax Act"), at the date of this offering memorandum, of payments of interest (as defined in the Australian Tax Act) on the Notes and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of investors (including, dealers in securities, custodians or other third parties who hold the Notes on behalf of any absolute beneficial investor).

The following is a general guide and should be treated with appropriate caution. Prospective investors should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

Interest withholding tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act ("IWT") is available in respect of the Notes under section 128F of the Australian Tax Act if the following conditions are met:

- the Issuer continues to be a resident of Australia when it issues the Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- the Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering the Notes for issue. In summary, the five methods are:

  (a) offers to 10 or more unrelated financiers or securities dealers;

  (b) offers to 100 or more investors;

  (c) offers of listed Notes;

  (d) offers via publicly available information sources; and

  (e) offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods;
- the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or interests in the Notes were being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An "associate" of the Issuer for the purposes of section 128F of the Australian Tax Act includes (i) a person or entity which holds more than 50% of the voting shares of, or otherwise controls, the Issuer, (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Issuer, (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under any of the foregoing.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act, "associate" does not include:

- onshore associates (i.e., Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or

- offshore associates (i.e., Australian resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business through a permanent establishment in Australia) who are acting in the capacity of:

  (a) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the Notes, a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or

  (b) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

Compliance with section 128F of the Australian Tax Act

Newcrest intends to issue the Notes in a manner that satisfies the requirements of the exemption from Australian interest withholding tax outlined above.

Payments under a Guarantee

The Australian Tax Office view is that guarantee payments by Newcrest in respect of unpaid interest on the Notes should be treated as interest for withholding tax purposes. However, its view is also that such payments will be exempt from IWT under the section 128F public offer exemption provided the requirements of section 128F are satisfied. Accordingly, provided the requirements of that section are satisfied, interest IWT should not apply to such guarantee payments.

Other tax matters

Under Australian laws as presently in effect:

- income tax — offshore investors — assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payments of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to an investor, who is a non-resident of Australia and who, during the income year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes;

- gains on disposal of Notes — offshore investors — an investor, who is a non-resident of Australia and who has not at any time held the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realized on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident holder to another non-Australian resident, where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia, would not be regarded as having an Australian source;

- deemed interest — there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. These rules do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;

- death duties — no Notes will be subject to death, estate or succession duties imposed by Australia if held at the time of death;

- stamp duty and other taxes — no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of Notes;

- other withholding taxes on payments in respect of Notes — section 12-140 of the Taxation Administration Act 1953 of Australia (the "Taxation Administration Act") imposes a type of withholding tax at the rate of (currently) 46.5% on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("TFN"), (in certain circumstances) an Australian Business Number ("ABN") or proof of some other exemption (as appropriate). Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then the requirements of section 12-140 do not apply to payments to an investor who is not a resident of Australia and not holding those Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of investors may be subject to a withholding where the investor does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

- debt/equity rules — Division 974 of the Australian Tax Act contains tests for characterizing debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. Newcrest intends to issue Notes which are to be characterized as "debt interests" for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purpose of section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to affect the Australian tax treatment;

- additional withholdings from certain payments to non-residents — Section 12-315 of the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current interest withholding tax rules or specifically exempt from those rules and there are no regulations currently in force requiring a withholding under section 12-315. As such, there is not expected to be any withholding under section 12-315. The possible application of any future relevant regulations will need to be monitored;

- garnishee directions — The Australian Commissioner of Taxation may give a direction under section 255 of the Australian Tax Act or section 260-5 of the Taxation Administration Act or any similar provision requiring the Issuer to deduct from any payment to any other party (including any investor) an amount in respect of tax payable by that other party; and

- taxation of foreign exchange gains and losses — Divisions 230, 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of transactions conducted in foreign currency. The rules are complex and may apply to an investor if subject to Australian tax.

Taxation of financial arrangements

The Australian government has enacted a regime for the taxation of financial arrangements (referred to as "TOFA") which may apply to the taxation of financial instruments such as the Notes. However, the TOFA regime does not contain any measures that would override the exemption from Australian IWT available under section 128F of the Australian Tax Act in respect of interest payable on the Notes or the description set out at "— Income tax — Other tax matters" above.

Papua New Guinea tax considerations

The following is a summary of the taxation treatment under the Income Tax Act 1959 of Papua New Guinea at the date of this offering memorandum, of guarantee payments by Newcrest PNG 1 Limited or Lihir Gold Limited (the "Papua New Guinea Guarantors") in respect of any interest payable under the Notes which remains unpaid. It is not exhaustive. It does not address investors who are residents of Papua New Guinea for tax purposes. It does not deal with the position of certain classes of investors (including, dealers in securities, custodians or other third parties who hold the Notes on behalf of any absolute beneficial investor).

The following is a general guide and should be treated with appropriate caution. Prospective investors should consult their professional advisers on the tax implications of an investment in the Notes, or the receipt of guarantee payments from the Papua New Guinea Guarantors, for their particular circumstances.

Interest withholding tax

The Papua New Guinea Income Tax Act imposes withholding tax on payments of interest by a Papua New Guinea resident to a non-resident of Papua New Guinea (subject to a mining exemption as described below). The meaning of "interest" is not defined in the Income Tax Act and it is therefore necessary to have regard to the common law meaning of "interest" for these purposes. A guarantee payment paid by the Papua New Guinea Guarantors in respect of interest payable under the Notes will generally not be regarded as "interest" at law and, as such, generally should not be subject to interest withholding tax.

In any event, there is an exemption from withholding tax for interest paid by companies engaged in mining operations in Papua New Guinea. As the Papua New Guinea Guarantors will satisfy the exemption, no withholding tax liability will arise.

Taxation of income

An investor who is not a resident of Papua New Guinea and who receives a guarantee payment from the Papua New Guinea Guarantors in respect of interest payable under the Notes should not be subject to Papua New Guinea income tax on receipt of the payment provided the payment is not sourced directly or indirectly in Papua New Guinea. The question of whether such payment would be sourced in Papua New Guinea can only be determined by reference to the particular facts of each investor. However, as a general comment, provided the investor does not acquire the Notes in Papua New Guinea, does not hold the Notes in Papua New Guinea or as part of a business carried on in Papua New Guinea, and is not in Papua New Guinea when the payment is made, then a payment by the Papua New Guinea Guarantors in respect of interest under the Notes should not generally be regarded as being sourced in Papua New Guinea.

Singapore taxation

The following is a summary of the taxation treatment under the relevant tax legislation of Singapore and applicable rules, regulations and administrative guidance in force at the date of this offering memorandum, of guarantee payments by Newcrest Singapore Holdings Pte Ltd (the "Singapore Guarantor") in respect of any interest and principal under the Notes which remains unpaid. It is not exhaustive. It does not deal with the position of certain classes of investors (including, dealers in securities, custodians or other third parties who hold the Notes on behalf of any absolute beneficial investor).

The following is a general guide and should be treated with appropriate caution. Prospective investors should consult their professional advisers on the tax implications of an investment in the Notes, or the receipt of guarantee payments from the Singapore Guarantor, for their particular circumstances.

Income tax

Singapore income tax is imposed on income accruing in or derived from Singapore and on foreign-sourced income received or deemed to have been received in Singapore, subject to certain exceptions.

Non-residents of Singapore

Payments made by the Singapore Guarantor in respect of unpaid interest on the Notes should be treated as interest and regarded as deemed to be derived from Singapore for Singapore tax purposes. Withholding tax applies in respect of interest payments made by the Singapore Guarantor to a non-resident of Singapore.

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, the individual was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if the individual ordinarily resides in Singapore.

A final withholding tax should apply on the gross interest payments made by the Singapore Guarantor to an investor, who is a non-resident of Singapore (unless the interest is received by a non-resident individual who satisfies certain conditions for exemptions), at a rate of 15%. A non-final withholding tax at 17% should apply if the investor, who is a non-resident of Singapore, derives such payment from a trade, business or profession carried on in Singapore, or the payment is effectively connected with a permanent establishment of the investor in Singapore.

An exemption or reduced rate of interest withholding tax may apply pursuant to the terms of a Double Tax Agreement in force between Singapore and the investor's country of residence, subject to relevant conditions being met.

No withholding tax would apply on the payments of the principal by the Singapore Guarantor to the investors.

Residents of Singapore

The interest received from the Singapore Guarantor in respect of unpaid interest on the Notes should be taxable to a Singapore resident corporate taxpayer at the prevailing corporate income tax rate unless the Singapore resident corporate taxpayer has obtained a tax incentive pursuant to which the interest is subject to tax at a concessionary tax rate.

The interest received from the Singapore Guarantor in respect of unpaid interest on the Notes should be taxable to a Singapore resident individual taxpayer at the prevailing progressive personal income tax rates (unless the interest is received by an individual who satisfies certain conditions for exemptions).

No Singapore tax would apply on the payments of the principal by the Singapore Guarantor to the investors.

Stamp duty

There should be no Singapore stamp duty on the issue of the Notes or any payment under the Notes.

There should also be no Singapore stamp duty on the transfer of the Notes, provided that the Notes are not registered in a register kept in Singapore.

Goods and services tax ("GST")

The interest received from the Singapore Guarantor in respect of unpaid interest on the Notes should be zero-rated if the investor is a person who belongs in Singapore for GST purposes. The interest received from the Singapore Guarantor will fall outside the scope of GST if the investor is a person who belongs outside Singapore for GST purposes. In addition, the payment of the principal by the Singapore Guarantor is also outside the scope of GST. In other words, no GST needs to be accounted for by the investor in regard to the payment of principal by the Singapore Guarantor even if the investor is registered for GST in Singapore.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has agreed severally to purchase, and the Issuer has agreed to sell to that Initial Purchaser, the principal amount of the Notes set forth opposite the Initial Purchaser's name:

Initial Purchaser	Principal amount of the New Notes
Barclays Bank PLC	U.S.$262,500,000.00
Credit Suisse Securities (USA) LLC	$225,000,000.00
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 52,500,000.00
The Hongkong and Shanghai Banking Corporation Limited	$ 52,500,000.00
ANZ Securities, Inc.	$ 26,250,000.00
CIBC World Markets Corp.	$ 26,250,000.00
Mitsubishi UFJ Securities (USA), Inc.	$ 26,250,000.00
nabSecurities, LLC	$ 26,250,000.00
RBC Capital Markets, LLC	$ 26,250,000.00
Westpac Banking Corporation	$ 26,250,000.00
Total	**U.S.$750,000,000.00**

Initial Purchaser	Principal amount of the Additional 2041 Notes
Barclays Bank PLC	U.S.$ 87,500,000.00
Credit Suisse Securities (USA) LLC	$ 75,000,000.00
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 17,500,000.00
The Hongkong and Shanghai Banking Corporation Limited	$ 17,500,000.00
ANZ Securities, Inc.	$ 8,750,000.00
CIBC World Markets Corp.	$ 8,750,000.00
Mitsubishi UFJ Securities (USA), Inc.	$ 8,750,000.00
nabSecurities, LLC	$ 8,750,000.00
RBC Capital Markets, LLC	$ 8,750,000.00
Westpac Banking Corporation	$ 8,750,000.00
Total	**U.S.$250,000,000.00**

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase the Notes from the Issuer, are several and not joint. Those obligations are also subject to various conditions in the purchase agreement being satisfied. The Initial Purchasers are obligated to take and pay for the entire principal amount of the Notes if any Notes are purchased. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The Initial Purchasers have advised Newcrest that they propose to offer the Notes for resale at the offering price that appears on the cover of this offering memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. In the purchase agreement, Newcrest has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

Newcrest expects that delivery of the Notes will be made against payment therefore on or about the closing date specified on the cover page of this offering memorandum, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle being referred to as “T+5”). Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of this offering memorandum or the next succeeding two business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisor.

The New Notes will constitute a new class of securities with no established trading market. Newcrest does not intend to list the New Notes on any securities exchange. The Initial Purchasers have advised us that they currently intend to make a market in the New Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the New Notes at any time without notice. Accordingly, Newcrest cannot assure prospective investors as to the liquidity of or the trading market for the New Notes.

Prior to the initial offering of the Original 2041 Notes, which closed on November 15, 2011, there was no trading market for the 2041 Notes. The Initial Purchasers are under no obligation to make any market in the 2041 Notes and may discontinue any market-making activities at any time without any notice. Accordingly, Newcrest cannot assure the liquidity of or the trading market for the 2041 Notes. If an active trading market for the 2014 Notes is not maintained, the market price and liquidity of the 2041 Notes may be adversely affected. If the 2041 Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, Newcrest’s operating performance and financial condition, general economic conditions and other factors.

In connection with this offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include short sales, syndicate covering transactions and, outside Australia and on a market outside Australia, stabilizing transactions. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the offering. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time. Any such transactions must also be in compliance with all applicable laws.

The Initial Purchasers also may impose a penalty bid. This occurs when a particular Initial Purchaser repays to another Initial Purchaser a portion of the underwriting discount received by it because the Initial Purchaser or its affiliates have repurchased Notes sold by or for the account of such Initial Purchaser in stabilizing or short covering transactions.

Offers and sales outside of the United States may be made through non-US affiliates of the Initial Purchasers acting as selling agents.

Certain Initial Purchasers have performed investment banking and advisory services for Newcrest from time to time for which they have received customary fees and expenses. The Initial Purchasers and their affiliates may, from time to time, engage in transactions with and perform investment banking and other services for Newcrest in the ordinary course of their business. The Initial Purchasers and their affiliates have received, or may in the future receive, customary fees and commissions for these transactions. In addition, certain of the Initial Purchasers and/or their affiliates act as lenders under Newcrest's US dollar bilateral loan facilities and are expected to receive some of the net proceeds from this offering in connection with the repayment of existing indebtedness under those facilities, as described under "Use of Proceeds" above.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Newcrest or Newcrest's affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with Newcrest routinely hedge their credit exposure to Newcrest consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in Newcrest's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling restrictions

In addition to the selling restrictions set forth below, prospective investors should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Notes are subject to restrictions on resale and transfer as described under "Notice to Investors." In the purchase agreement, each Initial Purchaser has acknowledged and agreed that:

- the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and

- during the initial distribution of the Notes, it will offer or sell Notes only to qualified institutional buyers in compliance with Rule 144A and to Non-U.S. Persons outside the United States in compliance with Regulation S.

In addition, until 40 days after the commencement of this offering, an offer or sale of New Notes or Additional 2041 Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Singapore

This offering memorandum has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes have not and may not be offered or sold or made the subject of an invitation for subscription or purchase, and this offering memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes has not been and may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the SFA or (b) to a relevant person (which includes an accredited investor) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in the SFA. This document does not constitute an advertisement of securities in Singapore.

In the event that you are not an investor falling within one of the above categories, please return this document to Newcrest immediately. Please do not forward or circulate this document to any other person.

It should be noted that there are on-sale restrictions (set out in, among others, sections 257 and 276 of the SFA) applicable to all investors who acquire securities pursuant to the SFA and these exemptions. All such investors are advised to acquaint themselves with such provisions and comply with them accordingly.

In particular, persons to whom the Notes are first sold pursuant to Sections 274 and 275 of the SFA, including the following relevant persons specified in Section 276 of the SFA:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that securities (as defined in the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that person, corporation or trust has acquired the Notes pursuant to an offer made in reliance on an exemption under Section 274 or Section 275 of the SFA except:

(i) to an institutional investor under Section 274 of the SFA, or to a relevant person as defined in Section 275(2) of the SFA, or (as set out in Section 275(1A) of the SFA) to any person pursuant to an offer that is made on terms that such securities (as defined in the SFA) of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid in cash or by exchange of securities or other assets, and the offer is made in accordance with the conditions specified in Section 275(1A) of the SFA;

(ii) where no consideration is given for the transfer; or

(iii) where the transfer is by operation of law.

In the event of any doubt as to your legal rights and obligations, please obtain professional advice.

As this offering memorandum in connection with the offer of the Notes is not a prospectus as defined under the SFA, statutory liability under the SFA in relation to the content of prospectuses will not apply. You should consider carefully whether the investment is suitable for you.

Australia

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Notes has been, or will be, lodged with ASIC. In the purchase agreement, each Initial Purchaser has severally represented and agreed that it:

(a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Notes in Australia, including an offer or invitation which is received by a person in Australia; and

(b) has not distributed or published, and will not distribute or publish, time of sale information, this offering memorandum, any issuer written communication or any other offering material or advertisement relating to the Notes in Australia,

unless (i) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by Newcrest or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or Part 7.9 of the Australian Corporations Act, (ii) the offer, invitation or distribution does not constitute an offer to a "retail client" as defined for the purposes of section 761G or Section 761GA of the Australian Corporations Act, (iii) the offer, invitation or distribution complies with all applicable laws, regulations or directives relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and (iv) such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- to legal entities which are qualified investors as defined under the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the other Initial Purchasers; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus under Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and the amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

Please be warned that the contents of this offering memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offering. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") and any rules made under that ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32 of the laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person has issued or had in its possession for the purposes of issue, or will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the offering or the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that ordinance. This offering memorandum and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

This offering is not intended to be an offer for sale to the public in Hong Kong and it is not the intention of the Issuer that the Notes be offered for sale to the public in Hong Kong.

Each of the Initial Purchasers severally represents and agrees that it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in such document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong); and unless permitted to do so under the securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Notes intended to be disposed of to persons outside Hong Kong or to be disposed of in Hong Kong only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

Each of the Initial Purchasers severally represents and agrees that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”). Accordingly, each of the Initial Purchasers severally agrees that the Notes may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Papua New Guinea

Each of the Initial Purchasers severally represents and agrees that:

(a) it has not offered or invited applications, and will not offer or invite applications for the issue or purchase of the Notes in Papua New Guinea, including an offer or invitation which is received by a person in Papua New Guinea; and

(b) it has not distributed or published, and will not distribute or publish, this offering memorandum or any other offering material or advertisement relating to the Notes in Papua New Guinea,

unless, in either case:

(i) the minimum consideration payable by each offeree or invitee is at least 500,000 PNG kina (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates) or the offer or invitation does not require disclosure to investors in accordance with the Securities Act 1997;

(ii) the offer, invitation or distribution complies with all applicable laws and regulations relating to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs; and

(iii) such action does not require any document to be lodged with, or registered by, the Securities Commission of Papua New Guinea.

United Kingdom

Each Initial Purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Offers and sales by the Initial Purchasers

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act), except pursuant to an effective registration statement or in accordance with an available exemption from, or in a transaction not subject to, the registration requirements thereof. Accordingly, the Notes are being offered and sold hereunder only:

- to qualified institutional buyers in accordance with Rule 144A under the Securities Act; and
- outside the United States to Non-U.S. Persons in accordance with Regulation S under the Securities Act.

The Additional 2041 Notes issued in reliance on Rule 144A will have the same CUSIP numbers and ISINs as those that are assigned to the Original 2041 Notes previously sold to investors in reliance on Rule 144A. The Additional 2041 Notes issued in reliance on Regulation S will have CUSIP numbers and ISINs that differ from those that were assigned to the Original 2041 Notes previously sold to investors in reliance on Regulation S for a period of 40 days after the later of the commencement of this offering or the date on which the Additional 2041 Notes were originally issued (the "Restriction Date"), and thereafter are expected to have the same CUSIP numbers and ISINs as those that are assigned to the Original 2041 Notes previously sold to investors in reliance on Regulation S. Consequently, on or prior to the Restriction Date, transfers of interests between the Additional 2041 Notes issued in reliance on Regulation S and the Original 2041 Notes can only be made as provided under "Description of the Notes and Guarantees — Registration of transfer and exchange — Transfers between Global Notes."

Investors' representations and restrictions on resale

Each purchaser of the Notes offered hereunder will be deemed, in making its purchase, to have represented and agreed as follows (terms used in this section that are defined in Rule 144A or in Regulation S are used in this section as defined in those rules or regulations):

(1) The purchaser and any account on behalf of which it is purchasing Notes either (a)(1) is a qualified institutional buyer, (2) is aware that the sale of the Notes to it is being made in reliance on Rule 144A, and (3) is acquiring such Notes for its own account or the account of a qualified institutional buyer, or (b)(1) is not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person, and (2) is aware that the sale of the Notes to it is being made in reliance on Regulation S.

(2) The purchaser understands that the Notes have not been, and will not be, registered under the Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. Person except as set forth below.

(3) The purchaser agrees that it will not resell or otherwise transfer the Notes except (a)(1) to Newcrest, (2) to a person whom such purchaser reasonably believes is a qualified institutional buyer acquiring for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (3) outside of the United States in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S, (4) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), or (5) pursuant to an effective registration statement under the Securities Act, and (b) in accordance with all applicable securities laws of the states of the United States and other jurisdictions, and that the purchaser, and each subsequent holder, will notify any subsequent purchaser of such Notes from it of these resale restrictions.

(4) If the purchaser is a qualified institutional buyer, it understands that the Notes offered in reliance on Rule 144A initially will be represented by the Restricted Global Note and that, before interests therein may be transferred to any person who takes delivery in the form of the Regulation S Global Note, the transferor will be required to provide the trustee with a written certification (the form of which is attached to the indenture) to the effect that the transfer complies with Rule 903 or Rule 904 of Regulation S, as described in "Description of the Notes and Guarantees — Registration of transfer and exchange." The Notes issued to purchasers that are QIBs will bear a legend to the following effect, unless Newcrest determines otherwise in compliance with applicable law:

"NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE INDENTURE TRUSTEE THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER OR (2) NOT A U.S. PERSON AND IS OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF PARAGRAPH (K)(2) OF RULE 902 UNDER, REGULATION S UNDER THE SECURITIES ACT. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY EXCEPT AS PERMITTED BY THE SECURITIES ACT.

NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE."

(5) If the purchaser is a Non-U.S. Person outside the United States, it understands that the Notes offered in reliance on Regulation S initially will be represented by the Regulation S Global Note and that interests therein may be held only through Euroclear or Clearstream through and including the 40th day after the later of the commencement of the offering of the New Notes and the Additional 2041 Notes and the closing date of the offering of the New Notes and the Additional 2041 Notes, as described in "Description of the Notes and Guarantees — Form" and "Description of the Notes and Guarantees — Registration of transfer and exchange." The purchaser further understands that the Regulation S Global Notes will bear a legend to the following effect, unless Newcrest determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THESE NOTES.

NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE."

(6) In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offer of the Notes pursuant to this offering memorandum, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. To the extent that anything in this offering memorandum constitutes "financial product advice" for the purposes of Chapter 7 of the Australian Corporations Act, it is general advice only and does not take account of your objective, financial situation or needs. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

With limited exceptions, this offering memorandum does not constitute an offer of or an invitation to purchase the Notes in the Commonwealth of Australia or any of its states or territories ("Australia") and the Notes may not be offered, sold or delivered in or to any resident of Australia. No product disclosure statement, prospectus or other disclosure document (each as defined in the Australian Corporations Act) in relation to the Notes or the Guarantees has been lodged with the ASIC or the ASX. Each of the Initial Purchasers severally represents and agrees that it (a) has not made or invited, and will not make or invite, an offer of the Notes for issue, sale or purchase in Australia (including an offer or invitation which is received by a person in Australia) and (b) has not distributed or published, and will not distribute or publish, this offering memorandum or any other offering material or advertisement relating to the Notes in Australia, unless in either case (a) or (b), (i) the minimum aggregate consideration payable on acceptance of the offer or invitation by each offeree is at least A$500,000 (or the equivalent in another currency, and disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Australian Corporations Act, (ii) the offer, invitation or distribution is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act and (iii) such action complies with all applicable laws, regulations and directives of the Commonwealth of Australia in relation to the offer, sale and resale of the Notes in the jurisdiction in which such offer, sale and resale occurs, and does not require any document to be lodged with ASIC.

(7) The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

(8) The purchaser acknowledges that Newcrest, the Initial Purchasers, the Indenture Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify Newcrest and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, warranties and agreements on behalf of each such account.

LEGAL MATTERS

The validity of the issuance of the Notes and the guarantees will be passed upon for Newcrest by Skadden, Arps, Slate, Meagher & Flom, Sydney, Australia, as to certain matters of New York law and by Allens, Melbourne, Australia, Allens, Papua New Guinea and TSMP Law Corporation, Singapore as to certain matters of Australian, Papua New Guinea and Singapore law, respectively. Certain legal matters of New York law in connection with this offering will be passed upon for the Initial Purchasers by Sidley Austin, Sydney, Australia.

INDEPENDENT AUDITORS

The consolidated financial statements of Newcrest as of and for the years ended June 30, 2012, 2011 and 2010, included in this offering memorandum, have been audited in accordance with Australian Auditing Standards by Ernst & Young, independent auditors, as stated in their reports appearing herein.

The liability of Ernst & Young with respect to civil claims (in tort, contract or otherwise) arising out of its audits of the financial statements of Newcrest and its consolidated entities included in this offering memorandum is limited by the scheme approved under Professional Standards Act 1994 (NSW) in Australia (“the NSW Accountants’ Scheme”). The NSW Accountants’ Scheme does not apply to liability for damages arising from a breach of trust, or fraud or dishonesty. Ernst & Young’s liability for misleading and deceptive conduct arising under the Australian Competition and Consumer Act 2010 is also limited by a scheme approved under professional standards legislation.

SCHEDULE A — GLOSSARY

100% terms	Amounts that have not been adjusted for Newcrest's proportional ownership interest.
A$ or A dollars	Australian dollars
alteration	change in the mineral composition of a rock
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by that entity (as applicable)
ASX Listing Rules	the official listing rules of ASX, as amended or replaced from time to time except to the extent of written waiver granted by ASX
Australian Corporations Act	the Corporations Act 2001 of Australia
Autoclave	vessel used for chemical reactions at high temperature and pressure (for example, to oxidize sulfide ore)
ball mill	a mill using metal balls as the grinding medium
block caving	involves the development of an extraction horizon at the base of the portion of the ore body to be mined. An undercut horizon is developed above the extraction horizon. The two horizons are connected by drawbells excavated between the floor of the undercut horizon and the roof of the extraction horizon. The ore body is then blasted on the undercut horizon to induce caving of the ore above it. Following blasting of the ore body immediately above the extraction horizon, fractured ore falls into drawbells from where it is removed on the extraction horizon. As ore is removed from the drawbells via drawpoints, the fracturing and caving of the ore body progresses above the undercut horizon, and the fractured ore feeds into the drawbells
breccia	fracturing of pre-existing rocks by natural forces; a rock type formed in this manner
bullion	gold or silver in bars or ingots
caldera	large basin shaped, typically circular crater resulting from volcanic activity
carbon-in-leach	method of extracting gold from solution using carbon after cyanidation occurs
concentrate	material that has been processed to increase the content of contained metal or mineral relative to the contained waste

Contract of Work	means a Contract of Work with the government of Indonesia granting the exclusive right to explore in the contract area, construct any required facilities, extract and process the mineralized materials, and sell and export the minerals produced, subject to certain requirements including Indonesian government approvals and payment of royalties to the Indonesian government
counter-current decantation	the clarification and concentration of slurry material by the use of several thickeners in series, with the washing solution flowing in the opposite direction to the slurry
Cracow	means Newcrest's 70% interests in the unincorporated joint venture that owned the Cracow Gold Mine in Queensland, Australia, and the Cracow unincorporated exploration joint venture.
cut-off grade	the lowest grade of mineralized material that can be economically extracted
cyanidation	a standard method of extracting gold and silver from crushed or ground mineralized rock using sodium cyanide
cyanide leaching	the extraction of a precious metal from an ore by its dissolution in a cyanide solution
dilution	waste which is commingled with ore in the mining process
dump leach	an industrial process to extract metals from ore taken directly from the mine and stacked on the leach pad without crushing
electro-winning	the process of removal of gold from solution by the action of electric currents
elution	the process of desorption (taking of gold from carbon)
epithermal	a term applied to deposits formed at shallow depths from ascending solutions of moderate temperatures
feasibility study	a technical and financial study of a project at sufficient level of accuracy and detail to allow a decision as to whether the project should proceed
flotation	the process of concentrating ground mineral particles by attaching them to air bubbles in a slurry using chemical reagents and recovering the mineralized froth generated by aeration
free gold	gold not chemically or physically entrapped in host rock or material and hence amenable to relatively simple extraction processes

geothermal	pertaining to the heat of the earth's interior
gold doré	a mixture of gold and other metals, mostly silver. It is usually the raw metal produced from a precious metal mine
grade	the metal (or mineral) content per unit of rock
grinding	reducing mineralized rock to the consistency of fine sand by crushing in a rotating steel grinding mill
gyratory crusher	a primary crusher consisting of a vertical spindle, the foot of which is mounted in an eccentric bearing within a conical shell. The top carries a conical crushing head revolving eccentrically in a conical maw
hydrological	pertaining to the science of hydrology
Indicated Mineral Resource	defined in the JORC Code as that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	defined in the JORC Code as that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
IFRS	International Financial Reporting Standards
ISA mill	high intensity, stirred mill
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 Edition
koz	thousand ounces
kt	thousand tonnes
limestone	rock composed mainly of calcium carbonate

Measured Mineral Resource . . . . . . defined in the JORC Code as that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity

Metallurgy . . . . the science and technology of metals, usually pertaining to the processing of metals and minerals in mining

milling/mill . . . . the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where economically valuable minerals are separated from the ore

mineable . . . . the portion of a reserve for which extraction is technically and economically feasible

mineral deposit . . . . a mineralized underground body which has been intersected by a sufficient number of closely-spaced drill holes and/or underground sampling to support sufficient tonnage and ore grade to warrant further exploration or development; a mineral deposit or mineralized material does not qualify as a commercially mineable ore body (Reserves) until a final and comprehensive economic, technical, and legal feasibility study based upon the test results is concluded

Mineral Resource . . . . defined in the JORC Code as a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge

Miocene-Pleistocene . . . . a subdivision of geologic time, about 2 million — 23 million years before the present

Morobe Mining Joint Ventures or MMJV . . . . consists of three unincorporated joint ventures, the Hidden Valley mine unincorporated joint venture, the Wafi-Golpu unincorporated joint venture and the Morobe exploration unincorporated joint venture

Moz . . . . million ounces

Mt . . . . million tonnes

Mt Rawdon	means Newcrest's 100% interest in the Mt Rawdon gold mine in Queensland, Australia, including the surrounding exploration interests, acquired by Newcrest through its acquisition of Lihir Gold Limited in August 2010
open pit	surface mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the ore body
ore	material that contains one or more minerals, at least one of which has commercial value and which can be recovered at a profit
ore body	a continuous well defined mass of material of sufficient ore content to make extraction economically feasible
ore grade	the average amount of the valuable metal or mineral contained in a specific mass of ore; for gold, this is usually expressed as troy ounces per short ton (2,000 pounds avoirdupois) or grams per tonne
Ore Reserve	defined in the JORC Code as the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
ounces	troy ounces of 31.103 grams, or 1.097 avoirdupois ounces
outcrop	that part of a rock formation exposed on surface
oxide ore	gold ore that has been subjected to oxidation through natural weathering and surface water percolation to the extent that the minerals are readily treatable by standard processes
panel caving	is a natural caving method which uses ground stresses, rock structures and gravity to break the rock. Ore extraction advances across the ore body as panels are progressively developed
pit shell	designed outline of an open pit mine containing all the open pit ore reserves
porphyry	a variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass

pressure oxidation	a method of processing refractory sulfide ore
Probable Ore Reserve	is the economically mineable part of an Indicated, and, in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved Ore Reserve	is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
pyrite	iron sulfide mineral
PTNHM	PT Nusa Halmahera Minerals
quicklime	chemical compound containing calcium oxide
refining	the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag
refractory	resources not amenable to standard processing techniques
reserve	means that part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserves determination
sampling	taking small pieces of rock or other potential mineral bearing material for assay (to determine the mineral content)
SEC	US Securities and Exchange Commission
Securities Act	US Securities Act of 1933
semi-autogenous grinding/SAG	a method of comminution that utilizes the rock fragments to assist in the grinding process

seismic . . . . pertaining to shock waves that pass through the earth

slurry . . . . a fluid comprising fine solids suspended in a solution (generally water containing additives)

smelting . . . . thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities separating as lighter slag

stockpile . . . . a store of unprocessed ore

stripping . . . . the process of removing overburden or waste to expose ore

strip ratio . . . . in open pit mining, the ratio of waste material to ore, usually expressed as tonnes waste:tonnes ore

tailings . . . . the finely-ground waste product from ore processing

US$ or US dollars . . . . United States dollars

underground mine . . . . mining of an ore body beneath the earths surface where ore is recovered using trucks via a portal or hoisted via a shaft

Wafi-Golpu Joint Venture or WGJV . . . . consists of the Wafi-Golpu unincorporated joint venture

Conversion Table and Unit Equivalents

Units of Measure

US$/ oz. gold	US dollars per troy ounce of gold
US$/ oz. silver	US dollars per troy ounce of silver
US$/ lb copper	US dollars per pound of copper
1 ounce (Troy)	31.10348 grams
1 gram	0.03215 troy ounces
1 gram tonne	0.02917 troy ounces short ton
1 hectare	2.471 acres
1 kilogram	2.205 pounds
1 kilometer	0.62 statute miles
1 meter	3.281 feet
1 square kilometer	0.3861 square miles
1 tonne	1.1023 short tons

SCHEDULE B — LIST OF SUBSIDIARY GUARANTORS

Newcrest Operations Limited

Newcrest Singapore Holdings Pte Ltd

Newgen Pty Ltd

Cadia Holdings Pty Ltd

Newcrest PNG 1 Limited

Lihir Gold Limited

INDEX TO NEWCREST'S CONSOLIDATED FINANCIAL STATEMENTS

Newcrest Mining Limited

Note: The consolidated financial statements for the years ended June 30, 2012, 2011 and 2010 referred to in this index have been extracted from the annual reports of Newcrest Mining Limited for those years. The numbers that appear on the top left or right-hand or bottom left or right-hand corners of the following "F-" pages refer to the page numbers in the relevant annual reports.

Directors' Report

REMUNERATION REPORT

1. INTRODUCTION

1.1 About this Report

This Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy, framework and practices adopted by Newcrest Mining Limited (the Company) and the Group for the period 1 July 2011 – 30 June 2012 and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations. This entire Remuneration Report is designated as audited.

In accordance with the *Corporations Act 2001*, this Remuneration Report discloses prescribed remuneration details for the Group's Key Management Personnel.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, being the Company's Directors whose names appear in Table 8, and the Executive Managers whose names appear in Table 9.

In this Report, the term Directors is used to refer to all directors of the Company. The term Executive Directors refers to the Managing Director and the Finance Director, and the term Executive Managers refers to Key Management Personnel who are not Directors.

1.2 Overview of Contents

Section	Contents
1.	Introduction
2.	Remuneration Overview 2011–12
3.	Human Resources and Remuneration Committee
4.	Non-Executive Directors' Remuneration
5.	Executive Director and Executive Manager Remuneration
6.	Relationship of Incentives to Newcrest's Financial Performance
7.	Executive Service Agreements
8.	Remuneration Details
9.	Rights held by Executive Directors and Executive Managers

1.3 Executive Summary

In 2011–12, the Board continued to oversee implementation of its remuneration strategy, supported by the Human Resources and Remuneration Committee. The key elements of the remuneration strategy are:

– to provide market-competitive levels of remuneration to employees having regard both to the level of work and to the impact those employees could potentially have on the Company's and the Group's performance;
– to encourage, recognise and reward high performance with appropriate levels of at-risk performance pay;
– to adopt Group performance measures which align performance incentives with the interests of shareholders;
– to retain capable and high performing employees; and
– to adopt a remuneration structure that provides the appropriate balance in risk and reward sharing between each participating employee and the Group.

Key developments during the reporting period in the implementation and administration of the remuneration policy are outlined below.

1.3.1 As in previous years, the Board determined that the Short Term Incentive (STI) Plan would again operate as a 'cash only' plan in 2011–12 and that as in 2010–11, the STI Plan would be offered without a deferred component. See section 5.4.1 for details.

1.3.2 With respect to the LTI, in previous years LTI participants have been permitted to hold and exercise their LTI performance rights for a period of up to two years following the relevant vesting date. The Board has determined in relation to the 2012 LTI grant that exercise of performance rights should occur automatically on the vesting date, simplifying the operation of the LTI. The Board proposes to adopt the same approach in relation to LTI grants in future years. See section 5.5.1 for details.

1.3.3 In accordance with the requirements introduced into the *Corporations Act 2001* by the *Corporations* (Improving Accountability on Director and Executive Remuneration) *Act 2011* and the recommendation of the Human Resources and Remuneration Committee, the Board appointed PricewaterhouseCoopers (PwC) as a remuneration consultant, to provide advice on remuneration matters during 2011–2012. See section 5.3 for details.

2. REMUNERATION OVERVIEW 2011–12

2.1 Key Changes in 2011–12

Key changes to the Company's remuneration practices in 2011–12 are set out in sections 5.3, 5.4.1 and 5.5.1. Following the extensive review and changes effected in relation to remuneration of Key Management Personnel and more widely throughout the Company in 2010–11, the Company made few changes to its remuneration practices in 2011–12.

2.2 Remuneration Policy

The Board's remuneration policy continues to be to provide market-competitive levels of remuneration for all employees, including Non-Executive Directors, Executive Directors and Executive Managers, having regard to both the size and complexity of the Group, and the level of work and the impact that those employees can potentially have on Group performance.

The policy also seeks to align the interests of employees and shareholders by ensuring an appropriate level of at-risk performance pay across the company, linking incentives and performance measures to both Group and individual performance.

Performance linked compensation includes both short- and long-term incentives, and is designed to reward employees for increasing shareholder value by meeting or exceeding their Group and, where applicable, individual objectives.

2.3 Non-Executive Directors

Non-Executive Directors' fees are set based upon the need to attract individuals of appropriate calibre, reflecting the demands of the role and fairness in relation to prevailing market conditions.

Non-Executive Directors' fees are reviewed every two years and were reviewed by the Board in December 2010 and adjusted with effect from 1 January 2011. Details of current Non-Executive Directors' fees are set out in section 4.4 of this Report.

In order to maintain independence and impartiality, Non-Executive Directors do not receive any performance-related remuneration.

2.4 Executive Directors and Executive Managers

Executive Director and Executive Manager remuneration comprises both fixed and variable components. Fixed remuneration is set with reference to fixed remuneration paid by a comparator group of companies for comparable roles.

Variable equity and cash remuneration in 2011–12 were offered respectively under the Long Term Incentive employee share plan and the Short Term Incentive Plan.

Details of the above incentive schemes are set out in sections 5.4 and 5.5 of this Report.

3. HUMAN RESOURCES AND REMUNERATION COMMITTEE

3.1 Role of the Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to review, advise and formulate recommendations to the Board in relation to matters within its Charter, to refer these to the Board for determination, and to oversee implementation and administration of major components of the Company's Board approved remuneration strategy. For further details of the Human Resources and Remuneration Committee, its membership, functions and operation, see the Corporate Governance section of the annual report. The Human Resources and Remuneration Committee Charter is available on the Company's website www.newcrest.com.au.

4. NON-EXECUTIVE DIRECTORS' REMUNERATION

4.1 Policy – Independence and Impartiality

In order to maintain impartiality and independence, Non-Executive Directors do not receive any performance-related remuneration and are not entitled to participate in the Group's employee cash and equity remuneration schemes.

4.2 Fixed Fees

Non-Executive Directors, including the Chairman, are paid fixed fees for their services to the Group. Those fees are inclusive of any contribution to superannuation that a Non-Executive Director wishes to make or which the Group is required by law to make on behalf of a Non-Executive Director. The level and structure of fees are based upon:

- the need for the Group to attract Non-Executive Directors of an appropriate calibre;
- the demands of the role; and
- prevailing market conditions.

The aggregate amount of fees paid is within the overall amount approved by shareholders in a general meeting. The last determination made was at the Annual General Meeting held on 28 October 2010, at which shareholders approved an aggregate amount of $2,700,000 per annum. The Board considered this aggregate amount during 2011–2012 and determined that no further change to it was required.

Fixed fees paid to Non-Executive Directors in 2011–12 are set out in Table 8.

4.3 Additional Services

Under the Company's Constitution, Non-Executive Directors may be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Group outside the scope of their normal Director's duties.

Details of all Board Committee fees paid during 2011–12 are included under the heading 'Committee Fees' in Table 8. No other fees were paid to Non-Executive Directors during 2011–12.

4.4 Review of Non-Executive Directors' Fees

The Group's practice is to review Non-Executive Director remuneration every two years. A review by an independent specialist remuneration consultant was undertaken in November 2010, including a process of benchmarking against independent Non-Executive Director fees paid by other ASX Top 20, Top 25 and Top 30 companies respectively. The review concluded and recommended that Board and Committee fees should be adjusted to be positioned around the median for ASX Top 30 companies and that recommendation was adopted.

Current Non-Executive Director remuneration (effective from 1 January 2011), comprises:

- base fees payable to the Board Chairman of $600,000 and to each Non-Executive Director of $200,000 per annum respectively;
- fees payable to Audit and Risk Committee Chair and Committee members of $50,000 and $25,000 respectively;
- fees payable to the Safety, Health and Environment Committee Chair and Committee members of $40,000 and $20,000 respectively; and
- fees payable to the Human Resources and Remuneration Committee Chair and Committee members of $40,000 and $20,000 respectively

4.5 Requirement for Directors to Hold Shares

All Directors are required to hold shares in the Company. The number of shares to be held and the timeframe in which they are to be acquired are determined by the Board.

4.6 Retirement Benefits

Non-Executive Directors are not entitled to receive a retirement benefit.

5. EXECUTIVE DIRECTOR AND EXECUTIVE MANAGER REMUNERATION

5.1 Executive Reward Structure

The Group's executive reward structure consists of the following three elements:

- fixed remuneration;
- at-risk cash remuneration; and
- at-risk equity-based remuneration.

5.2 Board Policy and Strategy on Executive Remuneration

In 2011–12 the Board retained the remuneration elements outlined above for Executive Directors and Executive Managers. The structure of remuneration arrangements for Executive Directors and Executive Managers is, in broad terms, no different from those for other members of management across the Group. The main differences relate to the weighting for different components of their remuneration, with the proportion of at-risk remuneration increasing with seniority.

Newcrest's policy is to offer a highly competitive total remuneration package for Executive Directors and Executive Managers, benchmarked against comparable companies in Australia and global mining companies.

5.3 Determining Fixed Remuneration

The Board annually reviews and determines fixed remuneration for the Executive Directors. The Managing Director does the same with respect to his direct reports, the Executive Management group, subject to the Board's oversight. The Executive Management group reviews and recommends fixed remuneration for other senior management, for the Managing Director's approval.

The Group engages the services of independent and specialist remuneration consultants from time to time and as required in formulating recommendations on fixed remuneration for Executive Directors and Executive Managers. Under the *Corporations Act 2001*, remuneration consultants must be engaged by the Non-Executive Directors and reporting of any remuneration recommendations must be made directly to the Human Resources and Remuneration Committee.

With respect to 2011–12, the Board on the recommendation of the Human Resources and Remuneration Committee resolved to appoint PwC as the Company's remuneration consultants for the reporting period. Neither the Board nor the Human Resources and Remuneration Committee has sought or received remuneration recommendations from PwC or any other remuneration consultant during 2011–12. As noted in section 2.1 of this Report, few changes were made during this period to the Group's remuneration systems, structures or strategy. Fixed remuneration paid to Executive Directors in 2011–12 is set out in Table 8 of this Report. Fixed remuneration paid in 2011–12 to Executive Managers is set out in Table 9 of this Report.

5.4 Determining Variable Cash Remuneration

The Board takes the view that employee incentive schemes provide tangible incentives to employees to improve the Group's performance in both the short term and the longer term. In turn, improved performance benefits shareholders.

To ensure that Newcrest's remuneration policy fully supports the Group's commitment to high performance and to continue to attract high calibre talent, remuneration levels must be competitive, but oriented more towards variable, performance-based incentives that provide reward only where robust performance hurdles are met to increase shareholder value.

The STI Plan (see 5.4.1 below) is a short-term incentive program, based on both Group and individual employee performance-related measures. Incentive payments in relation to performance over the 2011–2012 performance period are to be made in October 2012.

The LTI Plan (see 5.5.1 below) complements the STI Plan with measures that help further drive long-term performance within Newcrest.

5.4.1 Short Term Incentive (STI) Plan

The STI Plan is designed to help drive performance within the Group by providing a vehicle for rewarding employees including Executive Managers and Executive Directors. The performance measures are a combination of Group and individual measures, with a slight weighting towards individual performance, chosen to align directly the individual's reward to the Group's strategy, performance and resultant shareholder value.

The amount of the entitlement is based on a percentage range of each participant's fixed remuneration. The total potential STI available is set at a level so as to provide sufficient incentive to individuals to achieve and exceed operational targets and group objectives.

In 2011–12, the Board determined that, consistent with the Group's practice in recent years, the STI offered for the 1 July 2011 to 30 June 2012 performance period would be 'cash only'. Equity continues to be offered to senior management and Executive Managers through the LTI Plan.

The Board also resolved to award the 2011–12 STI without a deferred component, consistent with changes made to the STI Plan in 2010–11. At that time, the Board reviewed the purpose and effectiveness of deferral under the STI and concluded that it created a temporal disconnect for participating Executive Directors and Executive Managers between satisfaction of performance measures and receiving the award, and also because the nature of the performance measures for the STI are such that the Board is able to measure the performance accurately, shortly following the end of the relevant performance period.

Payment of the STI is not accelerated on cessation of employment, but instead is paid in the normal STI cycle, and pro-rated for the portion of the performance period completed prior to cessation. This is to ensure that STI is only paid where performance over the period meets, or exceeds, the agreed performance measures. Pro-rata treatment extends to all STI participants other than those who resign or are dismissed for cause.

In respect of the 2011–12 STI, at target performance for participating Executive Directors and Executive Managers was set at 60% of fixed remuneration. At maximum, around 44% of the outcome depends on Group performance and around 56% on personal performance measured against a set of Key Performance Indicators established with the Managing Director. The Group performance measures and outcomes for 2011–12 are set out in Table 6.

Table 1 contains a summary of key features of the STI Plan.

Table 1: 2012 Short Term Incentive Plan

Summary of the 2012 Short Term Incentive Plan

What is the 2012 Short Term Incentive Plan?	An incentive plan under which eligible employees are (subject to satisfaction of specified performance measures) granted a cash amount, which is based on a percentage range of each participant's fixed remuneration (determined according to seniority and ability to influence the performance of the Group). Performance is assessed against a combination of Group and individual measures, with a slight weighting towards individual performance.
When is the 2012 STI grant paid to eligible employees?	The STI amount will be paid to each participant who satisfies applicable performance measures in October 2012, following assessment of performance against the applicable measures during the 2011–12 performance period.
Who participates in the 2012 STI?	The Executive Directors, Executive Managers, management and supervisory employees participate in the 2012 STI. In 2011–12, the Board determined to extend the STI to supervisor level employees to encourage and reward high performance.
Why does the Board consider the 2012 STI an appropriate incentive?	An STI is a globally recognised form of reward for management, aimed at ensuring focus and alignment with Group goals and strategy. Based on both Group and individual measures, and in conjunction with other factors, the Board believes that it helps encourage and reward high performance.
In what circumstances are 2012 STI entitlements forfeited?	Where, prior to conclusion of the relevant performance period, a participant is dismissed for cause, or resigns from employment, prior to conclusion of the performance period, the STI amount will be forfeited upon cessation of employment. Where a participant ceases to be employed by the Group prior to the end of the performance period, other than due to those reasons, payment of the STI is pro-rated for the portion of the performance period completed prior to cessation.
What happens to 2012 STI entitlements upon a change of control in the Group?	Upon a change of control event (as described in the plan rules), the Board must determine the extent, if any, to which early vesting on a full or a pro-rated basis is the appropriate outcome in all the circumstances.
What are the performance conditions under the 2012 STI?	The performance conditions under the 2012 STI comprise group performance measures and personal performance measures. Group performance measures relate to: – safety; – earnings; – costs; and – one further discretionary Group performance measure determined annually. The 'Safety' measure is based 50% on Total Recordable Injury Frequency Rate (TRIFR) and 50% on actioning of the safety risk list. The measures quantify how much of the primary and secondary safety risk lists must be actioned to achieve the measures. The safety measure is seen as critical to the successful operation of the Group's business. 'Earnings' relates to targets for net profit after tax and minority interests before significant items. The earnings target is a direct financial measurement of the Company's performance. The results are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors. 'Costs' relates to unit production costs before credits, being total production costs before by-product revenue credits divided by total gold production. The cost measurement is intended to improve the profitability of the business. The results are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.

Table 1: 2012 Short Term Incentive Plan (continued)

Summary of the 2012 Short Term Incentive Plan	
What are the performance conditions under the 2012 STI? (continued)	Personal performance measures relate to: – three objectives in key areas of an employee's broader area of responsibility; and – a fourth discretionary objective developed by each participant's manager. These four objectives are agreed annually between participant and manager under the Group's Work Performance System (WPS) and/or documented on a STI Calculation Worksheet held in a secure environment on the Newcrest HR Portal. Each performance measure (other than the discretionary measure) has an upper limit that caps the performance measure and a minimum threshold below which the measured performance is zero. The performance measures will generally be role-specific and focus on areas or projects most closely related to the role, but above and beyond the performance expected on a day-to-day basis. The key area objectives aim to encourage exceptional performance in the areas that will help drive the Company's longer-term strategy. The discretionary component is generally based on achievement of personal goals and overall work performance.
What is the relationship between Group performance and allocation of STI?	Performance against Group objectives is measured in the range of 0% to 125% and a minimum performance threshold must be exceeded to achieve a positive outcome. Overall Group performance is measured as the simple average of achieved performance against the four Group objectives. Performance against each personal performance objective is measured on a scale of 0% to 160% and the overall personal performance is measured as the simple average of the outcomes on the above four personal measures. Overall performance is calculated as Group performance multiplied by personal performance. The actual award of STI is calculated by multiplying the overall performance rating by a participating employee's target STI.
What is the period over which Group performance is assessed?	The assessment period is the financial year preceding the payment date of the STI (i.e. 1 July to 30 June).

5.5 Determining Variable Equity-Based Remuneration

The Board reviews and adjusts on an annual basis the content and balance of equity-based remuneration to ensure the effectiveness of equity incentives and to recognise the potential impact on the Group of Executive Managers and Executive Directors.

The amount of equity remuneration received by employees is performance-dependent and will vary according to the extent to which the related Group performance measures are achieved.

All equity-based remuneration is 'at risk' and will lapse or be forfeited, if the prescribed performance conditions are not met by the Group.

The Company's Securities Dealing Policy, in compliance with the requirements of the Corporations Act and the ASX, prohibits the use by employees of derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Group's equity incentive schemes, whether or not they are vested. The policy also prohibits the entry into transactions in associated products which operate to limit the economic risk of their security or interest holdings in the Company. The Directors and the Company Secretary are not permitted to enter into margin loans in relation to Newcrest securities at any time and other designated employees must seek approval from the Company Secretary if they intend to enter into such transactions. The Securities Dealing Policy forms part of each employee's terms of employment, and is available on the Company's website. Table 2 shows the composition of equity-based remuneration for 2011–12.

Table 2: Equity-based Remuneration as a percentage of Fixed Remuneration for Executive Directors and Executive Managers in 2011–12

	Managing Director	Director Finance	Executive Managers
Total Equity-based Remuneration (maximum award)	100%	100%	60%

5.5.1 Long Term Incentive (LTI)

Participation in the LTI plan was offered to Executive Directors and Executive Managers in 2011–12. The Group performance measures, assessed over a three-year performance period, were three equally weighted performance measures, being:

– Comparative Cost Position;

– Reserves Growth; and

– Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of Group performance, Reserves Growth and Comparative Cost Position being drivers of shareholder value in a gold mining company, and ROCE being a direct measure of capital efficiency. The measures were selected after extensive consultation with shareholders.

Following completion of Newcrest's acquisition by Scheme of Arrangement of Lihir Gold Limited in September 2010, the Board undertook a full review of the suitability of these measures going forward, given Newcrest's increased size and changed financial and production profile. The Board concluded that the Comparative Cost Position and ROCE measures remained appropriate in their present form, but that the Reserves Growth measure should:

– be based on an absolute increase in reserves after depletions as opposed to the previous measure of a percentage increase in reserves; and

– to allow a proportion of the reserves growth to be contributed by copper reserve growth (in gold equivalent ounces).

The Board reviewed the LTI performance measures as outlined above during 2011–12 and concluded that they remained appropriate for the 2012 LTI.

Table 3: Long Term Incentive (LTI)

Summary of LTI	
What is the LTI?	An incentive plan under which eligible employees are granted rights to receive ordinary fully paid shares in the Company (Performance Rights). Vesting and exercise of the Performance Rights is contingent on the Group achieving certain performance hurdles over a set performance period.
Who participates in the LTI?	The Executive Directors, Executive Managers and management participate in the LTI.
Why does the Board consider the LTI an appropriate incentive?	The LTI is designed to reward participants for Group performance and to align the long-term interests of shareholders, participating Executive Directors, Executive Managers and management and the Group, by linking a significant proportion of participating employees' at-risk remuneration to the Group's future performance, currently assessed over a three-year period from the date of grant of the Performance Rights.
What are the key features of the LTI?	– Performance Rights issued under the LTI are conditional rights for the holder to subscribe for fully paid ordinary shares in the Company. – No amount is payable by a participant upon grant of the Performance Rights (unless the Board determines otherwise), or upon the exercise of the Performance Rights once vested. – Each Performance Right entitles the holder to subscribe for one ordinary share. Performance Rights generally do not vest (and are not exercisable) if the minimum performance conditions are not met.
In what circumstances are LTI entitlements forfeited?	The LTI amount will be forfeited upon cessation of employment prior to conclusion of the performance period in circumstances where a participant is either dismissed for cause, resigns from employment, or is guilty of fraud.
What are the performance conditions under the LTI?	Performance Rights issued under the LTI Plan are subject to three performance measures based on: – Comparative Cost Position; – Reserves Growth; and – Return on Capital Employed (ROCE). Performance against each of these measures over the three-year vesting period accounts for one third of any grant made to participants. Comparative Cost Position is a relative measure of the Group's cash cost of production after any by-product credits, compared to other global producers. The GFMS Precious Metals Cost Service is an independent web-based service, updated quarterly, which offers access to industry cost and production data. The gold section of the GFMS Service captures cost and production data for around 200 operating mines controlled by 90 companies, accounting for 1,400 tonnes of annual gold mine production (approximately two thirds of global gold production annually). GFMS data is used for performance measurement over the LTI's three-year vesting period. The comparison is made by ranking the Group's performance against all other producers included in the GFMS Precious Metals Cost Service in accordance with their cash costs of production. Reserves Growth is an absolute performance measure that refers to the growth in total in situ ore reserves at the end of each performance period, net of mining depletion. Reserves growth is an absolute and objective measure, based on the Company's reserves figures. Broadly, the increase in reserves will determine the number of rights granted. See below for further information on the Reserves Growth measure. Return on Capital Employed (ROCE) is an absolute measure, defined as underlying earnings before interest and tax, divided by average capital employed, being shareholders' equity plus net debt. ROCE for each of the three years of the performance period is averaged to determine the number of Performance Rights that may be exercised in relation to this performance measure. All outcomes of the three LTI performance measures are independently reviewed and verified. The methods for assessing satisfaction of these performance measures were selected because they provide an accurate tool by which to assess performance against the relevant measure.
What is the relationship between Group performance and allocation of Performance Rights?	**Comparative Cost Position** Performance against this measure accounts for one third of a participant's Performance Rights which may vest in any grant of LTI entitlements: – at or above the 50th percentile leads to a zero award of these Performance Rights; – less than the 50th percentile but at or above the 25th percentile leads to a 50% award of these Performance Rights; – below the 25th percentile but at or above the 10th percentile leads to an 80% award of these Performance Rights; – below the 10th percentile leads to a 100% award of these Performance Rights; and – straight-line vesting occurs between each of these thresholds.

Table 3: Long Term Incentive (LTI) (continued)

Summary of LTI	
What is the relationship between Group performance and allocation of Performance Rights? (continued)	**Reserves Growth** Performance against this measure accounts for one-third of Performance Rights, which may vest in any grant of LTI entitlements. The performance measure for Reserves Growth applicable for the 2008 LTI and 2009 LTI was: – Less than 10% growth leads to a zero award of these Performance Rights; – 10% growth leads to a 50% award of these Performance Rights; and – Greater than 10% growth up to 30% growth. Award of these Performance Rights is calculated pro-rata with an additional 2.5% of Rights vesting for each percentage point above 10% growth. 30% growth or more leads to a 100% award. The performance measure for Reserves Growth was amended by the Board for the 2010 LTI and subsequent LTI grants. The amendment allowed a proportion of the reserves growth to be contributed by growth in copper reserves after depletion. (The copper contribution is measured in equivalent gold ounces). The amendment also resulted in the performance measure being based on an absolute growth in reserves (as opposed to a percentage increase). This remains a challenging performance measure, particularly given the Company's historical and current preferred strategy of growth through exploration discoveries, rather than acquisition. – Zero gold Reserves Growth after depletion leads to a zero award of these Rights; – Gold Reserve Growth after depletions at or above 15 million ounces leads to a 100% vesting of these Performance Rights; and – Straight-line vesting occurs between these thresholds. A proportion of the Reserves Growth target can be contributed by copper Reserve Growth after depletion (in gold equivalent ounces). The contribution from copper reserves growth is capped at 30% of the total Reserves Growth performance target of 15 million ounces (or 4.5 million ounces). **ROCE** Performance against this measure accounts for one-third of Rights, which may vest in any grant of LTI entitlements. – ROCE below 7% leads to a zero award of these Performance Rights. – ROCE from 7% and below 17% leads to an award of 10% of these Performance Rights per percentage point above 7%. – ROCE at or above 17% leads to 100% of these Performance Rights vesting.
When do the Performance Rights vest?	Performance Rights vest (i.e. may be exercised) three years after the date of grant, provided performance conditions are met. Under the 2011 LTI grant, Performance Rights will be exercised automatically upon vesting.
What is the period over which Group performance is assessed?	The assessment period is the three financial years commencing on 1 July in the year the grant is issued.
How are shares provided to participants under the LTI?	Once Performance Rights have vested and are exercised, shares are either issued by the Company to eligible LTI participants as new capital, or transferred from the Company's share plan trust, having previously been bought on market by the trustee.
Why did the Board choose the above performance hurdles?	The Board considers that these performance measures are key factors which impact on the Company's share price and which drive the value of the Group over the long term.
Is the benefit of participation in the LTI affected by changes in the share price?	Yes, participants in the LTI will be affected in the same way as all other shareholders by changes in the Company's share price. The value participants receive through participation in the LTI will be reduced if the share price falls during the performance period and will increase if the share price rises over the performance period.
Are the performance conditions re-tested?	No, the performance conditions are only tested once at the end of the three year performance period.
What is the maximum number of Performance Rights that may be granted to an LTI participant?	The maximum number of Performance Rights that may be granted is determined by the level of equity based remuneration applicable to each participant. See Table 2.

Table 4: LTI Performance Hurdles 2009 and 2010

The following is a summary of performance hurdles that relate to the 2009 and 2010 Share Plan awards that are yet to vest. Table 13 provides detail of all Share Plan awards, including those that have vested, but have not yet been exercised.

Calendar Year	Grant Date	Performance Hurdle
2010 (LTI)	10 Nov 2010	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details).
2009 (LTI)	10 Nov 2009	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details).

5.6 Medium Term Incentive (MTI)

The MTI scheme offered participants restricted rights to receive ordinary fully paid shares in the Company after a three year vesting period – based on the Company's Total Shareholder Return performance against a comparator group of companies in the financial year immediately prior to the date of grant of those rights. The MTI has not been offered to Executive Directors and Executive Management since 2007 and has been discontinued as an incentive scheme. All restricted rights issued to Executive Directors and Executive Managers under the MTI in prior periods have now vested. The exercise period for these restricted rights will expire on 9 November 2012.

6. RELATIONSHIP OF INCENTIVES TO NEWCREST'S FINANCIAL PERFORMANCE

As described above, LTI performance measures since November 2008 have been based on a combination of the Group's Reserves Growth, Comparative Cost Position and Return on Capital Employed (ROCE) over a three year performance period.

The LTI performance measures are based on key business drivers intended to result in superior financial performance over the long term. Each measure was selected after an extensive consultation process with shareholders, which produced strong general agreement on which measures should create long-term shareholder value. Since 2008, the Company has generally performed strongly on these measures, although the $9.3 billion acquisition of Lihir Gold Limited in 2010 impacted ROCE, and production costs across the Group have risen strongly over the past two years.

In FY12, challenged by the rising Australian dollar, and significant increases in labour, energy and other commodity costs, the Company has not held its position within the lowest cost quartile of the global industry.

The Board, in assessing the achievement of LTI performance measures, incorporates performance of the Group both in the current year and the two preceding years. Accordingly, the level of performance targets achieved in any one year will impact three consecutive years of LTI performance, and thus the proportion of LTI awarded to executives.

Over the past five years, basic earnings per share has grown at an average rate per annum of approximately 50%. Over the same period, there has been a continued increase in total annual dividend payments per share from 10 cents in 2008 to 35 cents in 2012. The final FY12 dividend determined, to be paid on 19 October 2012, has also been increased by 15%. In addition a special dividend of 20 cents per share was paid in December 2011. The Company share price increased strongly from 2008 to 2011 (from $29.30 as at 30 June 2008 to $37.71 as at 30 June 2011), but faced significant downward pressures in 2012, along with equity markets around the world and global gold mining stocks generally.

The Company believes that the continuing focus on the key long-term drivers of shareholder value will see a return to share price growth.

Table 5 below reflects the underlying financial performance of the Company for the period 30 June 2008 to 30 June 2012.

Table 5: Newcrest's Financial Performance

Year Ended 30 June	2008	2009	2010	2011	2012
Basic Earnings Per Share (EPS) (cents)(1)	30.8	53.0	115.2	126.4	146.0
Dividends (cents)(2)	10.0	15.0	25.0	30.0	35.0
Special dividends (cents)	–	–	–	20.0	–
Share price at 30 June ($)	29.30	30.51	35.10	37.71	22.61
Share price increase/(decrease) ($)(3)	6.45	1.21	4.59	2.61	(15.10)

(1) Basic EPS is calculated as net profit after tax and non-controlling interests (statutory profit) divided by the weighted average number of ordinary shares.
(2) Dividends exclude special dividends.
(3) Share price movement during the financial year.

In relation to the STI awarded for 2011–12, the Group's performance against the Group performance objectives for Executive Directors and Executive Managers is set out in Table 6. It shows that overall, the Group's performance was at 71.5% of the target, reflecting above-target performance for safety, but below target for earnings and costs. Performance above or below target results in a percentage of target outcome based on a scale of pro-rating pre-determined by the Board. The outcome for each of the Executive Directors and Executive Managers for 2011–12 has been determined by the overall personal performance multiplied by the Group's overall performance.

Table 6: Performance objective for year ended 30 June 2012 (Executive Directors and Executive Managers)

Performance Objective	Target	Outcome	Percentage of target achieved
Safety Total Recordable Injuries and Frequency Rate (TRIFR) for Newcrest as a whole (Total recordable injuries per million work hours)	<3.5	3.3	125% (50% weighting)
Safety Risk List (% Action)(1)	90% Risk Reduction Actions On Time	99% Risk Reduction Actions on Time	125% (50% weighting)
Earnings (Adjusted net profit after tax and significant Items)(2)	A$1,200 million	A$1,091 million	55%
Costs (Total production costs per ounce before by-product revenue credits divided by total gold production)(3)	A$998/oz	A$1,094/oz	56%
Discretionary Component(4)		50%	
Overall Company Performance (including discretionary component)		71.5%	

(1) The Safety List comprises risk reduction actions that have been developed as part of the risk assessment process conducted on the major safety hazards across the Group.
(2) Actual earnings are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.
(3) Actual costs are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.
(4) The discretionary component is a discretionary assessment by the Board of the overall performance of the Company in areas other than safety, earnings and costs.

7. EXECUTIVE SERVICE AGREEMENTS

7.1 Overview and Summary

Remuneration and other key terms of employment for the Executive Directors and Executive Managers are formalised in the Executive Service Agreements.

Table 7 lists each of the executives who was party to an Executive Service Agreement during 2011–12 and provides a high level overview of some key terms.

Table 7: Executive Service Agreements

Name	Term of Agreement	Fixed Annual Remuneration $	Notice Period by Executive	Notice Period by Newcrest	Termination Payment
Greg Robinson(1) Managing Director and Chief Executive Officer	Open	2,000,000	3 months	12 months	12 month average base salary
Gerard Bond(2) Finance Director and Chief Financial Officer	Open	900,000	3 months	12 months	12 month average base salary
Lawrie Conway(3) Executive General Manager Commercial and West Africa	Open	714,000	3 months	12 months	12 month average base salary
Stephen Creese Executive General Manager Corporate Affairs	Open	820,000	3 months	12 months	12 month average base salary
Ron Douglas(4) Executive General Manager Projects	Open	795,600	3 months	12 months	12 month average base salary
Brett Fletcher Executive General Manager PNG and Indonesian Operations	Open	795,600	3 months	12 months	12 month average base salary
Greg Jackson Chief Operating Officer	Open	918,000	3 months	12 months	12 month average base salary
Andrew Logan(5) Executive General Manager Strategy, Innovation and Technology	Open	714,000	3 months	12 months	12 month average base salary
Colin Moorhead Executive General Manager Minerals	Open	785,400	3 months	12 months	12 month average base salary
Peter Smith Executive General Manager Australian Operations	Open	795,600	3 months	12 months	12 month average base salary
Debra Stirling Executive General Manager People and Communication	Open	765,000	3 months	12 months	12 month average base salary

(1) Appointed MD and CEO on 1 July 2011, upon Ian Smith stepping down from that role on 30 June 2011. As announced to the market on 11 February 2011, Mr Smith continued to be employed by the Company from 1 July to 31 December 2011, but was not a member of the Executive Management Team during that period. Details of Mr Smith's remuneration arrangements upon stepping down as CEO and during the following six months, including forfeiture of the deferred components of his 2010 STI and 2009 and 2010 LTI entitlements, are set out in the Company's 2011 Remuneration Report.

(2) Appointed Finance Director and CFO on 1 January 2012 (and appointed as a Director of Newcrest Mining Limited on 8 February 2012).

(3) Appointed EGM Commercial and West Africa on 1 July 2011.

(4) Resigned from Newcrest on 13 July 2012.

(5) Appointed EGM Strategy, Innovation and Technology on 1 July 2011.

Subject to compliance with other conditions as set out in the *Corporations Act 2001*, the maximum termination payment for Key Management Personnel is calculated as being the employee's average annual base salary over the previous three years.

On 1 July 2012 (subsequent to the reporting period) the Company appointed Mr Scott Langford to the position of General Counsel and Company Secretary. On 17 July 2012 the Company appointed Mr Craig Jones to the position of Executive General Manager Projects.

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are each Executive Director's and each Executive Manager's fixed annual remuneration as at 30 June 2012.

7.2 Executive Service Agreements entered into in 2011–12

7.2.1 Lawrie Conway

Lawrie Conway commenced in the role of Executive General Manager – Commercial and West Africa on 1 July 2011, having previously been employed with the Company in a number of roles including Head of Commercial and Planning immediately prior to the above appointment.

The appointment is for an indefinite duration. Lawrie Conway may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Lawrie Conway's duties and responsibilities.

The terms of remuneration payable to Lawrie Conway include:

– Base salary of $714,000 per annum to be reviewed annually;
– STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
– LTI in accordance with the Group's LTI plan, equal to 60% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.2.2 Andrew Logan

Andrew Logan commenced in the role of Executive General Manager – Strategy, Step Change and Technology on 1 July 2011, having previously been employed with the Company in a number of roles including General Manger – Development, immediately prior to the above appointment.

The appointment is for an indefinite duration. Andrew Logan may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Andrew Logan's duties and responsibilities.

The terms of remuneration payable to Andrew Logan include:

– Base salary of $714,000 per annum to be reviewed annually;
– STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
– LTI in accordance with the Group's LTI plan, equal to 60% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.3 Executive Retention Arrangements

In 2010–11, following the acquisition of Lihir Gold Limited, the growth of the Group and the departure of Ian Smith meant the Board were concerned with retaining a number of key executives. At that time, Stephen Creese, Ron Douglas, Colin Moorhead and Debra Stirling were each offered a retention payment in three parts comprising $75,000 paid in June 2011; $100,000 paid in June 2012; and $125,000 payable in June 2013. The entitlement to receive each tranche of the retention payment is conditional on each executive maintaining at least a 'satisfactory' rating in his or her performance reviews, throughout the periods outlined above, as well as continuing to be employed at least at their current level by the Company at the relevant payment date.

7.4 Executive Director Service Agreements

7.4.1. Greg Robinson

Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Director Finance on 23 November 2006.

Effective 1 July 2011, Greg Robinson was appointed Managing Director and Chief Executive Officer. The terms of the Service Agreement under which Greg Robinson is employed in that capacity are summarised below.

The appointment is for an indefinite duration. Greg Robinson may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Service Agreement sets out Greg Robinson's duties and responsibilities.

The terms of remuneration payable to Greg Robinson include:

– Base salary of $2,000,000 per annum to be reviewed annually;
– STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
– LTI in accordance with the Group's LTI plan, equal to 100% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.4.2 Gerard Bond

Gerard Bond commenced employment with the Company as Finance Director and Chief Financial Officer on 1 January 2012 and was appointed to the Board on 8 February 2012.

The appointment is for an indefinite duration. Gerard Bond may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Gerard Bond's duties and responsibilities.

The terms of remuneration payable to Gerard Bond include:

– Base salary of $900,000 per annum to be reviewed annually;
– STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance;
– LTI in accordance with the Group's LTI plan, equal to 100% of base salary; and
– Two equity grants of $750,000 (market value) in Newcrest ordinary shares, to be provided as compensation for equity foregone upon Gerard Bond resigning from his previous employment to take up his role as Finance Director and Chief Financial Officer with Newcrest. These grants will be made in October 2012 and October 2013, respectively, subject to ongoing satisfactory performance and continuing employment at the relevant grant dates.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

8. REMUNERATION DETAILS

8.1 Directors

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:

Table 8: Directors' Remuneration

	Short Term					Post-Employment	Share-Based Payments				
Directors	Salary & Fees (A) $'000s	Committee Fees (B) $'000s	Salary at Risk (C) $'000s	Other cash benefits (D) $'000s	Non Monetary Benefits (E) $'000s	Super-annuation (F) $'000s	Value of Rights (G) $'000s	Termination Benefit (H) $'000s	**Total $'000s**	Equity Compen-sation Value (I) %	Performance Related Remuneration (J) %
2011–12											
Executive Directors											
Greg Robinson Managing Director and CEO	1,984	–	686	65	8	16	936	–	3,695	25.3	43.9
Gerard Bond Finance Director and CFO	442	–	221	–	4	8	966	–	1,641	58.9	20.9
Non-Executive Directors											
Don Mercer Chairman	600	–	–	–	–	–	–	–	600	–	–
John Spark	184	70	–	–	–	16	–	–	270	–	–
Rick Lee	184	65	–	–	–	16	–	–	265	–	–
Tim Poole	184	45	–	–	–	16	–	–	245	–	–
Richard Knight	200	65	–	–	–	–	–	–	265	–	–
Vince Gauci	184	40	–	–	–	16	–	–	240	–	–
Winifred Kamit	184	40	–	–	–	16	–	–	240	–	–
	4,146	325	907	65	12	104	1,902	–	7,461		
2010–11											
Executive Directors											
Ian Smith Managing Director and CEO	2,302	–	965	750	6	15	377	2,250	**6,665**	5.7	20.1
Greg Robinson Director Finance and CFO	1,274	–	1,153	–	6	15	910	–	**3,358**	27.1	61.4
Non-Executive Directors											
Don Mercer Chairman	527	–	–	–	–	13	–	–	**540**	–	–
John Spark	166	95	–	–	–	16	–	–	**277**	–	–
Rick Lee	166	66	–	–	–	16	–	–	**248**	–	–
Tim Poole	166	56	–	–	–	16	–	–	**238**	–	–
Richard Knight	178	56	–	–	–	7	–	–	**241**	–	–
Vince Gauci	166	35	–	–	4	15	–	–	**220**	–	–
Winifred Kamit	77	13	–	–	–	6	–	–	**96**	–	–
	5,022	**321**	**2,118**	**750**	**16**	**119**	**1,287**	**2,250**	**11,883**		

See notes to tables 8 and 9 at page 66 for explanation of notes (A)–(J) above.

8.2 Executive Managers

Details of the nature and amount of each major element of remuneration for the Company's Executive Managers are as follows:

Table 9: Executive Managers' Remuneration

	Short Term				Post-Employment	Share-Based Payments			
Executive Managers	Salary & Fees (A) $'000s	Salary at Risk (C) $'000s	Other cash benefits (D) $'000s	Non Monetary Benefits (E) $'000s	Super-annuation (F) $'000s	Value of Rights (G) $'000s	**Total $'000s**	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
2011–12									
Colin Moorhead EGM Minerals	766	317	131	8	16	292	1,530	19.1	39.8
Ron Douglas[1] EGM Projects	776	273	130	8	16	294	1,497	19.6	37.9
Debra Stirling EGM People & Communication	745	328	131	8	16	278	1,506	18.5	40.2
Stephen Creese EGM Corporate Affairs	812	387	114	7	16	250	1,586	15.8	40.2
Greg Jackson Chief Operating Officer	898	315	7	8	16	276	1,520	18.2	38.9
Peter Smith EGM Australian Operations	776	273	–	8	16	168	1,241	13.5	35.5
Brett Fletcher EGM PNG & Indonesian Operations	776	273	–	8	16	167	1,240	13.5	35.5
Lawrie Conway EGM Commercial & West Africa	695	306	6	8	16	125	1,156	10.8	37.3
Andrew Logan EGM Strategy, Innovation & Technology	695	306	9	8	16	149	1,183	12.6	38.5
	6,939	2,778	528	71	144	1,999	12,459		
2010–11									
Colin Moorhead EGM Minerals	713	483	175	6	15	332	**1,724**	19.3	47.3
Ron Douglas EGM Projects	721	443	175	6	15	343	**1,703**	20.1	46.2
Debra Stirling EGM People & Communication	686	416	175	6	15	321	**1,619**	19.8	45.5
Stephen Creese EGM Corporate Affairs	713	586	175	6	15	186	**1,681**	11.1	45.9
Greg Jackson Chief Operating Officer	821	481	50	6	15	198	**1,571**	12.6	43.2
Peter Smith EGM Australian & African Operations Commenced 30 Aug 10	640	313	–	6	13	67	**1,039**	6.4	36.6
Brett Fletcher EGM PNG & Indonesian Operations Commenced 28 Mar 11	200	114	–	2	4	37	**357**	10.4	42.3
Former Executive Manager									
Geoff Day[2] COO Offshore Operations Resigned 4 Feb 2011	465	(212)	–	4	8	(295)	**(30)**	n/a	n/a
	4,959	**2,624**	**750**	**42**	**100**	**1,189**	**9,664**		

[1] Ron Douglas resigned on 13 July 2012. The share-based payments expense for 2011–12 of $294,000 includes $45,000 for rights that vested during the year and $249,000 for rights that had not vested at 30 June 2012. The non-vested rights were subsequently forfeited upon resignation on 13 July 2012.

[2] Geoff Day resigned on 4 February 2011 and forfeited his rights to shares and his deferred component of his Short Term Incentive ('STI'). Any share-based payments expense previously recognised under AASB 2 in respect of the rights to shares has been reversed. The deferred component of his STI in respect of FY2009 and FY2010 has been reversed.

Notes to Tables 8 and 9:

(A) Salary and Fees comprise cash salary and available salary package options grossed-up by related fringe benefits tax, where applicable. The Company's minimum required superannuation contributions made on behalf of Directors and other Key Management Personnel are disclosed separately.

(B) Represents fees paid to Non-Executive Directors for participation in Board Committees and other Committees.

(C) Short Term Incentive relates to the Executive Directors' and Executive Managers' performance in the 2011–12 year and for comparatives, performance in 2010–11.

The amount disclosed for Ian Smith in 2010–11 is net of the forfeiture of $704,000 of the deferred component of the short-term incentive relating to the 2009–10 year. This amount was disclosed as remuneration in 2009–10.

(D) Comprises:

– Amounts paid to Executive Managers as retention bonuses, as outlined in section 7.3.

– Interest in respect to the deferred component of the 2008–09 and 2009–10 STI plans.

– For 2010–11, it includes amounts paid to the Chief Executive Officer and Executive Managers for work in relation to the acquisition of Lihir Gold Limited.

(E) Represents non-monetary benefits such as non-business travel, parking, insurance and applicable fringe benefits tax payable on benefits.

(F) Represents Company contributions to superannuation under the Superannuation Guarantee legislation (SGC).

(G) The fair value of rights, comprising rights over unissued shares, granted under the LTI plan has been valued using a Black-Scholes option pricing model. The following factors and assumptions were used in determining the fair value of rights on the grant date:

Table 10: Fair Value of Rights

	LTI Sep 2011	LTI Nov 2010	LTI Nov 2009	LTI Nov 2008	LTI Nov 2007	MTI Nov 2007
Fair value[1]	$31.83	$41.66	$34.63	$22.00	$23.38	$35.64
Exercise price	–	–	–	–	–	–
Estimated volatility	30%	30%	40%	40%	36%	36%
Risk-free interest rate	3.16%	5.09%	5.04%	3.97%	6.69%	6.69%
Dividend yield	1.50%	0.50%	0.50%	0.20%	0.20%	0.20%
Expected life of award/option	3 years	3 years	3 years	3 years	3 years	3 years

[1] Fair value has been calculated by an independent third party.

The value of rights for Gerard Bond also includes a pro-rata of the equity grants to be awarded in October 2012 and 2013 as outlined in section 7.4.2.

(H) Represents amounts paid to Ian Smith as Chief Executive Officer, details of which are set out in the Company's 2011 Remuneration Report.

(I) Represents the value of rights included in remuneration as a percentage of total remuneration.

(J) Represents performance-related remuneration as a percentage of total remuneration.

9. RIGHTS HELD BY EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS

All conditional entitlements refer to Restricted Rights and Performance Rights over fully paid ordinary shares of the Company, which are exercisable on a one-for-one basis. As noted in section 5, no payment is required by a participant on the grant or exercise of any such conditional entitlement.

The movements in the reporting period in the number of Rights over ordinary shares in the Company held by each Executive Director and Executive Manager, as part of their remuneration, are as follows:

Table 11: Movement in Rights for Executive Directors and Executive Managers 2011–12

Executive Directors and Executive Managers	Grant Date	Type	Share Price at Grant Date	Movements During 2011–12					As at 30 June 2012	
				Balance at 1/07/11	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/12	Vested[1] and Exercisable	Non-Vested[2]
G. Robinson	3-Nov-06	MTI	$24.10	4,245	–	(4,245)	–	–	–	–
	3-Nov-06	LTI	$24.10	12,007	–	(12,007)	–	–	–	–
	9-Nov-07	MTI	$35.85	4,915	–	–	–	4,915	4,915	–
	9-Nov-07	LTI	$35.85	8,508	–	–	–	8,508	8,508	–
	11-Nov-08	LTI	$22.13	50,024	–	–	(3,252)	46,772	46,772	–
	10-Nov-09	LTI	$35.15	31,988	–	–	–	31,988	–	31,988
	10-Nov-10	LTI	$42.29	33,793	–	–	–	33,793	–	33,793
	23-Sep-11	LTI	$33.18	–	58,406	–	–	58,406	–	58,406
				145,480	**58,406**	**(16,252)**	**(3,252)**	**184,382**	**60,195**	**124,187**
G. Bond	23-Sep-11	LTI	$33.18	–	23,884	–	–	23,884	–	23,884
				–	**23,884**	**–**	**–**	**23,884**	**–**	**23,884**
C. Moorhead	3-Nov-06	MTI	$24.10	1,932	–	(1,932)	–	–	–	–
	3-Nov-06	LTI	$24.10	1,005	–	(1,005)	–	–	–	–
	9-Nov-07	MTI	$35.85	3,768	–	(3,768)	–	–	–	–
	9-Nov-07	LTI	$35.85	1,863	–	(1,863)	–	–	–	–
	11-Nov-08	LTI	$22.13	18,554	–	–	(1,206)	17,348	17,348	–
	10-Nov-09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	$42.29	10,814	–	–	–	10,814	–	10,814
	23-Sep-11	LTI	$33.18	–	13,762	–	–	13,762	–	13,762
				49,800	**13,762**	**(8,568)**	**(1,206)**	**53,788**	**17,348**	**36,440**
D. Stirling	9-Nov-07	MTI	$35.85	3,097	–	–	–	3,097	3,097	–
	9-Nov-07	LTI	$35.85	5,360	–	–	–	5,360	5,360	–
	11-Nov-08	LTI	$22.13	17,190	–	–	(1,117)	16,073	16,073	–
	10-Nov-09	LTI	$35.15	10,992	–	–	–	10,992	–	10,992
	10-Nov-10	LTI	$42.29	10,513	–	–	–	10,513	–	10,513
	23-Sep-11	LTI	$33.18	–	13,404	–	–	13,404	–	13,404
				47,152	**13,404**	**–**	**(1,117)**	**59,439**	**24,530**	**34,909**
S. Creese	10-Nov-09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	$42.29	10,814	–	–	–	10,814	–	10,814
	23-Sep-11	LTI	$33.18	–	14,368	–	–	14,368	–	14,368
				22,678	**14,368**	**–**	**–**	**37,046**	**–**	**37,046**
G. Jackson	10-Nov-09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	$42.29	12,766	–	–	–	12,766	–	12,766
	23-Sep-11	LTI	$33.18	–	16,085	–	–	16,085	–	16,085
				24,630	**16,085**	**–**	**–**	**40,715**	**–**	**40,715**
P. Smith	10-Nov-10	LTI	$42.29	10,964				10,964	–	10,964
	23-Sep-11	LTI	$33.18	–	13,940	–	–	13,940	–	13,940
				10,964	**13,940**			**24,904**	**–**	**24,904**
B. Fletcher	10-Nov-10	LTI	$42.29	9,845	–	–	–	9,845	–	9,845
	23-Sep-11	LTI	$33.18	–	13,940	–	–	13,940	–	13,940
				9,845	**13,940**	**–**	**–**	**23,785**	**–**	**23,785**
L. Conway	9-Nov-07	MTI	$35.85	1,578	–	(1,578)	–	–	–	–
	9-Nov-07	LTI	$35.85	780	–	(780)	–	–	–	–
	11-Nov-08	LTI	$22.13	4,359	–	–	(283)	4,076	4,076	–
	10-Nov-09	LTI	$35.15	2,787	–	–	–	2,787	–	2,787
	10-Nov-10	LTI	$42.29	2,662	–	–	–	2,662	–	2,662
	23-Sep-11	LTI	$33.18	–	12,510	–	–	12,510	–	12,510
				12,166	**12,510**	**(2,358)**	**(283)**	**22,035**	**4,076**	**17,959**
A. Logan	3-Nov-06	MTI	$24.10	2,449	–	(2,449)	–	–	–	–
	3-Nov-06	LTI	$24.10	1,270	–	(1,270)	–	–	–	–
	9-Nov-07	MTI	$35.85	1,937	–	–	–	1,937	1,937	–
	9-Nov-07	LTI	$35.85	958	–	–	–	958	958	–
	11-Nov-08	LTI	$22.13	6,130	–	–	(398)	5,732	5,732	–
	10-Nov-09	LTI	$35.15	3,920	–	–	–	3,920	–	3,920
	10-Nov-10	LTI	$42.29	3,642	–	–	–	3,642	–	3,642
	23-Sep-11	LTI	$33.18	–	12,510	–	–	12,510	–	12,510
				20,306	**12,510**	**(3,719)**	**(398)**	**28,699**	**8,627**	**20,072**
R. Douglas[3]	11-Nov-08	LTI	$22.13	18,554	–	(17,348)	(1,206)	–	–	–
	10-Nov-09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	$42.29	10,964	–	–	–	10,964	–	10,964
	23-Sep-11	LTI	$33.18	–	13,940	–	–	13,940	–	13,940
				41,382	**13,940**	**(17,348)**	**(1,206)**	**36,768**	**–**	**36,768**

[1] During the year, the 11 November 2008 LTI plan vested. See Table 13 for details.

[2] All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Company or individual employees, as applicable.

[3] Ron Douglas forfeited the non-vested share rights at 30 June 2012 upon his resignation on 13 July 2012.

9.1 Performance Conditions for Rights

Table 12: Value of Rights

Executive Directors and Executive Managers	Value at Grant Date (A) $'000	Value at Exercise Date (B) $'000	Value at Lapse Date (C) $'000
Greg Robinson	1,859	550	120
Gerard Bond	760	–	–
Colin Moorhead	438	347	45
Ron Douglas	444	580	45
Debra Stirling	427	–	41
Stephen Creese	457	–	–
Greg Jackson	512	–	–
Peter Smith	444	–	–
Brett Fletcher	444	–	–
Lawrie Conway	398	95	10
Andrew Logan	398	144	15

The LTI grant date for each Executive Director and Executive Manager listed above is 23 September 2011. Table 12 above shows the total value of any Rights granted, exercised and lapsed in 2011–12 in relation to Executive Directors and Executive Managers based on the following assumptions:

(A) The value of Rights at grant date reflects the fair value of a right multiplied by the number of Rights granted during 2011–12. (Refer footnote G to Tables 8 & 9).

(B) The value at exercise date has been determined by the Company's share price at the close of business on the exercise date less the exercise price multiplied by the number of rights exercised during 2011–12.

(C) The value at lapse date has been determined by the share price at the close of business on the date the Restricted Right or Performance Right lapsed, less the exercise price multiplied by the number of Rights that lapsed during the year.

Performance conditions for Rights are set out in Table 13 below.

Table 13: Executive Directors and Executive Managers – Rights granted between the 2007–08 and 2011–12 years

Note: Refer Table 4 for a summary of the applicable performance hurdles.

Grant Date	Expiry Date	Comparator Group	Strike Price	Vesting Date (for LTI and MTI)	Performance Achieved	Percentage Vested[1]
23 Sep 2011 (LTI)	23 Sep 2014	Performance conditions referred to in the Plan Rules	Nil	23 Sep 2014	To be determined	N/A
10 Nov 2010 (LTI)	10 Nov 2015	Performance conditions referred to in the Plan Rules	Nil	10 Nov 2013	To be determined	N/A
10 Nov 2009 (LTI)	10 Nov 2014	Performance conditions referred to in the Plan Rules	Nil	10 Nov 2012	To be determined	N/A
11 Nov 2008 (LTI)	11 Nov 2013	Performance conditions referred to in the Plan Rules	Nil	11 Nov 2011	Cost: 85% Reserves: 100% ROCE: 96%	93.5%
9 Nov 2007 (LTI)	9 Nov 2012	Newcrest's TSR ranking against FTSE Gold Index	Nil	9 Nov 2010	73rd percentile resulting in 96% of the maximum award of Rights	100%
9 Nov 2007 (MTI)	9 Nov 2012	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	9 Nov 2010	69th percentile resulting in 83.2% of the maximum award of Rights	100%

[1] The percentage vested is the same for all Key Management Personnel.

Table 14: 2011–12 Short Term Incentive Grant and allocation of the September 2011 Equity Grant

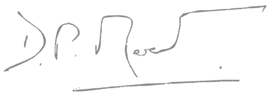
	Short Term Incentive (A) As a percentage of maximum STI		Long Term Incentive (B) Estimates of the maximum remuneration amounts which could be received under the Sep 2011 performance rights grants in future years			
Executive Directors and Executive Managers	Percentage Awarded	Percentage Forfeited	2012/13 $'000	2013/14 $'000	2014/15 $'000	Maximum Total $'000
Greg Robinson	28.6%	71.4%	620	620	155	1,395
Gerard Bond	41.1%	58.9%	253	253	63	569
Colin Moorhead	33.6%	66.4%	146	146	37	329
Ron Douglas[1]	28.6%	71.4%	–	–	–	–
Debra Stirling	35.8%	64.3%	142	142	36	320
Stephen Creese	39.3%	60.7%	152	152	38	342
Greg Jackson	28.6%	71.4%	171	171	43	385
Peter Smith	28.6%	71.4%	148	148	37	333
Brett Fletcher	28.6%	71.4%	148	148	37	333
Lawrie Conway	35.8%	64.3%	133	133	33	299
Andrew Logan	35.8%	64.3%	133	133	33	299

[1] Ron Douglas resigned from Newcrest on 13 July 2012 and forfeited all performance rights and future entitlements upon resignation. As a result he will not receive any further remuneration.

(A) To be awarded a STI of 120% an Executive has to have met outstanding personal performance and Group performance must be at or above the maximum level pre-determined by the Board. Personal performance and Group performance each at target will result in an award of 50% of the maximum STI.

(B) The maximum value in future years has been determined in relation to the grant of performance rights in September 2011, based on the valuation performed at grant date and amortised in accordance with applicable accounting standard requirements. The minimum value of the grant is $nil if the performance conditions are not met.

This report is signed in accordance with a resolution of the Directors.



Don Mercer
Chairman

Greg Robinson
Managing Director and
Chief Executive Officer

13 August 2012
Melbourne

Auditor's Independence Declaration

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Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

In relation to our audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Rodney Piltz
Partner
13 August 2012

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $M	2011 $M
Operating sales revenue	4(a)	4,416	4,102
Cost of sales	4(b)	(2,607)	(2,401)
Gross profit		1,809	1,701
Exploration expenses	14	(80)	(55)
Corporate administration expenses	4(c)	(140)	(93)
Other income/(expenses)	4(d)	(14)	(9)
Share of profit of associate	17	15	–
Losses on restructured and closed-out hedge contracts	4(i)	(7)	(153)
Other close-out related costs	4(j)	–	(3)
Business acquisition and integration costs	4(k)	(11)	(52)
Gain on business divestment	4(l)	46	–
Profit before interest and income tax		1,618	1,336
Finance income		2	9
Finance costs	4(e)	(43)	(45)
Profit before income tax		1,577	1,300
Income tax expense	5(b)	(402)	(334)
Profit after income tax		1,175	966
Profit after tax attributable to:			
Owners of the parent		1,117	908
Non-controlling interest		58	58
		1,175	966
Earnings per share (cents per share)			
Basic earnings per share	7	146.0	126.4
Diluted earnings per share	7	145.8	126.2

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $M	2011 $M
Profit after income tax		1,175	966
Other comprehensive income			
Cash flow hedges			
Losses on restructured hedge contracts transferred to the Income Statement	4(i)	7	153
Foreign exchange gains on US dollar borrowings transferred to the Income Statement	24(c)	(10)	–
Other cash flow hedges deferred in equity		(1)	1
Income tax expense/(benefit)	5	2	(47)
		(2)	107
Available-for-sale investments			
Net loss on available-for-sale financial assets		(2)	–
		(2)	–
Foreign currency translation			
Foreign currency translation	24(b)	488	(1,926)
		488	(1,926)
Other comprehensive income/(loss) for the year, net of tax		484	(1,819)
Total comprehensive income/(loss) for the year		1,659	(853)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		1,596	(887)
Non-controlling interest		63	34
		1,659	(853)

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

	Note	Consolidated 2012 $M	2011 $M
Current assets			
Cash and cash equivalents	8(a)	242	185
Trade and other receivables	9	251	441
Inventories	10	748	691
Derivative and other financial assets	11	11	15
Other assets	12	212	210
Total current assets		1,464	1,542
Non-current assets			
Inventories	10	1,095	710
Property, plant and equipment	13	4,364	3,310
Exploration, evaluation and development	14	8,795	7,675
Goodwill	15	3,759	3,621
Other intangible assets	16	93	61
Deferred tax assets	5	259	230
Derivative and other financial assets	11	8	9
Investment in associate	17	395	–
Other assets	12	277	124
Total non-current assets		19,045	15,740
Total assets		20,509	17,282
Current liabilities			
Trade and other payables	18	482	432
Borrowings	19	1,200	116
Provisions	20	200	170
Derivative financial liabilities	21	18	7
Income tax payable		92	92
Total current liabilities		1,992	817
Non-current liabilities			
Borrowings	19	1,208	684
Provisions	20	308	232
Deferred tax liabilities	5	1,907	1,674
Total non-current liabilities		3,423	2,590
Total liabilities		5,415	3,407
Net assets		15,094	13,875
Equity			
Issued capital	22	13,561	13,569
Retained earnings	23	2,890	2,171
Reserves	24	(1,476)	(1,964)
Parent entity interest		14,975	13,776
Non-controlling interest		119	99
Total equity		15,094	13,875

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
	Note	2012 $M	2011 $M
Cash flows from operating activities			
Receipts from customers		4,624	4,013
Payments to suppliers and employees		(2,648)	(2,157)
Interest received		2	12
Interest paid		(33)	(32)
Income taxes paid		(219)	(107)
Net cash provided by operating activities	8(b)	1,726	1,729
Cash flows from investing activities			
Payments for property, plant and equipment		(436)	(356)
Mine under construction, development and feasibility expenditure		(2,075)	(1,531)
Exploration and evaluation expenditure		(158)	(126)
Information systems development		(45)	(3)
Proceeds from non-participation in rights issue	34	10	–
Payments for business divestment transaction costs	34	(8)	–
Acquisition of subsidiary, net of cash acquired	35(b)	–	(272)
Payment for investments		(3)	(4)
Interest capitalised to development projects		(40)	(2)
Net cash (used in) investing activities		(2,755)	(2,294)
Cash flows from financing activities			
Proceeds from borrowings:			
– US dollar bilateral debt		1,785	614
– US dollar corporate bonds		963	–
Repayment of borrowings:			
– US dollar bilateral debt		(1,086)	(135)
– US dollar private placement		(119)	–
– Other debt		–	(52)
Net repayment of finance lease principal		(4)	(5)
Share issue costs	22	–	(2)
Share buy-back	22	(35)	(28)
Payment for treasury shares	22	(9)	(30)
Dividends paid:			
– Members of the parent entity		(362)	(187)
– Non-controlling interest		(43)	(44)
Net cash provided by financing activities		1,090	131
Net increase/(decrease) in cash and cash equivalents		61	(434)
Cash and cash equivalents at the beginning of the year		185	643
Effects of exchange rate changes on cash held		(4)	(24)
Cash and cash equivalents at the end of the year	8(a)	242	185

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Issued Capital $M	FX Translation Reserve* $M	Hedge Reserve* $M	Equity Settlement Reserve* $M	Fair Value Reserve* $M	Retained Earnings $M	Total $M	Non-controlling Interest $M	Total $M
	Attributable to Owners of the Parent								
Balance at 1 July 2011	**13,569**	**(2,026)**	**17**	**45**	**–**	**2,171**	**13,776**	**99**	**13,875**
Profit for the period	–	–	–	–	–	1,117	1,117	58	1,175
Other comprehensive income for the period	–	483	(2)	–	(2)	–	479	5	484
Total comprehensive income for the period	**–**	**483**	**(2)**	**–**	**(2)**	**1,117**	**1,596**	**63**	**1,659**
Transactions with owners in their capacity as owners									
Share-based payments	–	–	–	9	–	–	9	–	9
Shares issued – Dividend reinvestment plan	36	–	–	–	–	–	36	–	36
Share buy-back	(35)	–	–	–	–	–	(35)	–	(35)
Treasury shares	(9)	–	–	–	–	–	(9)	–	(9)
Dividends paid	–	–	–	–	–	(398)	(398)	(43)	(441)
Balance at 30 June 2012	13,561	(1,543)	15	54	(2)	2,890	14,975	119	15,094

* Refer Note 24 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

Consolidated	Issued Capital $M	FX Translation Reserve* $M	Hedge Reserve* $M	Equity Settlement Reserve* $M	Retained Earnings $M	Total $M	Non-controlling Interest $M	Total $M
	Attributable to Owners of the Parent							
Balance at 1 July 2010	**3,640**	**(124)**	**(90)**	**36**	**1,492**	**4,954**	**56**	**5,010**
Profit for the year	–	–	–	–	908	908	58	966
Other comprehensive income for the year	–	(1,902)	107	–	–	(1,795)	(24)	(1,819)
Total comprehensive income for the year	**–**	**(1,902)**	**107**	**–**	**908**	**(887)**	**34**	**(853)**
Transactions with owners in their capacity as owners								
Acquisition of Lihir Gold Limited, net of share issue costs (Note 35)	9,945	–	–	–	–	9,945	53	9,998
Share-based payments	–	–	–	9	–	9	–	9
Shares issued – Dividend reinvestment plan	42	–	–	–	–	42	–	42
Share buy-back	(28)	–	–	–	–	(28)	–	(28)
Treasury shares	(30)	–	–	–	–	(30)	–	(30)
Dividends paid	–	–	–	–	(229)	(229)	(44)	(273)
Balance at 30 June 2011	**13,569**	**(2,026)**	**17**	**45**	**2,171**	**13,776**	**99**	**13,875**

* Refer Note 24 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. CORPORATE INFORMATION

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The registered office of Newcrest Mining Limited is Level 9, 600 St Kilda Road, Melbourne, Victoria 3004, Australia.

The nature of operations and principal activities of Newcrest Mining Limited and its controlled entities are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

The financial report of Newcrest Mining Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 13 August 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are:

(a) Basis of Preparation and Statement of Compliance

The financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets, which have been measured at fair value.

The financial report also complies with International Financial Reporting Standards (IFRS), including interpretations as issued by the International Accounting Standards Board.

The financial report has been presented in Australian dollars and all values are rounded to the nearest $1,000,000 dollars unless otherwise stated.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of controlled entities is presented in Note 30.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interest in the results and equity of the entity that is controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

(c) Interest in Jointly Controlled Assets

Where the Group's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, gold production and related operating costs are included in the financial statements. Details of the Group's interests in jointly controlled assets are shown in Note 33.

(d) Foreign Currency

Functional and Presentation Currency

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Group's foreign operations is US dollars (US$).

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement, with the exception of differences on certain US dollar denominated borrowings where the foreign currency components are designated as cash flow hedges of future US dollar denominated sales. These are taken directly to the hedge reserve in equity until the forecast sales used to repay the debt occur, at which time they are recognised in the Income Statement.

Translation of Foreign Operations

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest Mining Limited (Australian dollars) at the rates of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve (refer Note 2(w)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Trade receivables comprising Metal in Concentrate receivables and Bullion Awaiting Settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables, which are known to be uncollectible, are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for impairment.

(g) Inventories

Gold in solution form, ore and work in progress is physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

By-products inventory on hand obtained as a result of the production process to extract gold are valued at the lower of cost and net realisable value.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Ore stockpiles, which are not scheduled to be processed in the 12 months after the reporting date, are classified as non-current inventory. The Group believes the processing of these stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

(h) Deferred Mining Expenditure

The Group defers mining costs incurred during the production stage of its operations, as part of determining the cost of inventories. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the year are deferred to the extent that the current year waste to contained gold ounce ratio exceeds the life-of-mine waste to ore ratio (life-of-mine) ratio. Deferred mining costs are then charged against reported profits to the extent that, in subsequent years, the current year ratio falls below the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

The life-of-mine ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life-of-mine ratio even if they do not affect the mine's design. Changes to the life-of-mine ratio are accounted for prospectively.

In the production stage of some operations, further developments of the mine require a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent years on a unit-of-production basis. This accounting treatment is consistent with that for overburden removal costs incurred during the development phase of a mine, before production commences.

In some operations underground mining occurs progressively on a level by level basis. In these operations an estimate is made of the life-of-level average underground mining cost per tonne of ore mined to expense underground mining costs in the Income Statement. Underground mining costs incurred during the year are deferred to the extent that the actual cost per tonne of ore mined on a level in the year exceeds the life-of-level average. Previously deferred underground mining costs are released to the Income Statement to the extent that the actual cost per tonne of the ore mined in the year is less than the life-of-level average.

Deferred mining costs that relate to the production phase of the operation are included in 'Other Assets'. These costs form part of the total investment in the relevant cash-generating unit to which they relate, which is reviewed for impairment in accordance with the accounting policy described in Note 2(o). The release of deferred mining costs is included in site operating costs.

(i) Property, Plant and Equipment

Cost

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. Freehold land is held for extractive industry operations and its value is wholly dependent upon those operations. The net carrying values of property, plant and equipment are reviewed at a cash-generating unit level half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2(o)).

Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives.

The Group uses the unit-of-production basis when depreciating mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets, the straight line method is used, resulting in estimated useful lives between 3–20 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed half-yearly for all major items of plant and equipment.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. Assets are depreciated or amortised from the date they are installed and are ready for use or, in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Payments made under operating leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(j) Exploration, Evaluation and Feasibility Expenditure

Exploration and Evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

(i) Rights to tenure of the area of interest are current; and

(ii) (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or

(b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Group, together with an appropriate portion of directly related overhead expenditure.

Deferred Feasibility

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest and capitalised as incurred.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis.

When an area of interest is abandoned or the Directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

(k) Mine Construction and Development

Mines Under Construction

Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Once a development decision has been taken, all aggregated costs of construction are transferred to non-current assets as either mine development or buildings, plant and equipment as appropriate.

Mine Development

Mine development represents expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the Group, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

Depreciation and Amortisation

Amortisation of costs is provided using the unit-of-production method. The net carrying values of mine development expenditure carried forward are reviewed half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2(o)).

(l) Mineral Rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within Exploration, Evaluation and Development assets.

Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit-of-production basis over the estimated economic reserve of the mine to which the rights relate.

(m) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs), to which the goodwill relates. The recoverable amount is the higher of the CGUs:

- Fair value less costs to sell; and
- Value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The Group performs its impairment testing annually as at 30 June each year.

When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (group of CGUs) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(n) Other Intangible Assets

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Costs capitalised include external costs of materials and services and the cost of employee benefits. Amortisation is calculated on a straight line basis over the useful life, ranging from three to seven years.

(o) Impairment of Non-Financial Assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the Income Statement. Individual assets are grouped for impairment purposes at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGUs). Generally, this results in the Group evaluating its mine properties on a geographical basis.

(p) Available-for-Sale Financial Assets

The Group's investment in listed equity securities are designated as available-for-sale financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Income Statement.

The fair values of listed equity securities are determined by reference to quoted market price.

(q) Investment in Associate

The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's share of profit of an associate is included in the Income Statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Income Statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(r) Non-Current Assets and Disposal Groups Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(s) Trade and Other Payables

Liabilities for trade and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group, and then subsequently at amortised cost.

(t) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value and subsequently at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year used to develop the qualifying asset.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(u) Employee Benefits

Wages, Salaries, Salary at Risk, Annual Leave and Sick Leave

Liabilities arising in respect of wages and salaries, salary at risk, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in 'Trade and Other Payables' (for amounts other than annual leave and salary at risk) and 'Current Provisions' (for annual leave and salary at risk) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Long Service Leave and Retention Initiative Payments

The liabilities for long service leave and retention initiative payments are measured at the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date.

Liabilities for long service leave benefits and retention initiative payments not expected to be settled within 12 months are discounted using the rates attaching to national government securities at the reporting date, which most closely match the terms of maturity of the related liabilities. In determining the liability for these long-term employee benefits, consideration has been given to expected future increases in wage and salary rates, the Group's experience with staff departures and periods of service. Related on-costs have also been included in the liability.

Defined Contribution Superannuation Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-Based Payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based compensation, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Currently the Group operates the Executive Performance Share Plan and the Employee Share Acquisition Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an option pricing model, further details of which are given in Note 26.

The fair value of the rights granted is adjusted to reflect market vesting conditions, but excludes the impact of non-market vesting conditions, such as performance conditions. Non-market conditions are included in the assumptions about the number of rights that are expected to become exercisable. At each reporting date the Group revises its estimate of the number of rights that are expected to become exercisable. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting period).

Upon the exercise of rights, the balance of the equity settlements reserve relating to those rights remains in the Equity Settlements Reserve and the proceeds received, net of any directly attributable transaction costs, are credited to 'Share Capital'.

Under the Newcrest Employee Share Acquisition Plan, shares are issued to employees for no cash consideration and vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the Income Statement. The carrying amount capitalised as a part of mining equipment is depreciated/amortised over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, but do not have a future economic benefit, are expensed as incurred.

(w) Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments to manage its risk to commodity prices. The instruments used by the Group include forward sale contracts, diesel forward contracts and foreign currency forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the Income Statement depends on the nature of the hedge relationship.

The fair value of forward sale contracts, diesel forward contracts and foreign currency forward contracts are calculated by reference to current forward commodity prices.

At the inception of the transaction, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, hedges are classified as:

– Fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability;
– Cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
– Hedges of a net investment in a foreign operation.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in equity in the Hedge Reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are transferred to the Income Statement in the periods when the hedged item affects the Income Statement, for instance when the forecast sale that is hedged takes place.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

Copper Forward Sales Contracts

Copper forward sales contracts have been entered into by the Group to provide certainty of cash flows from certain copper concentrate sales. These derivative instruments are not designated into hedge relationships and as such changes in fair value are immediately recognised as 'Other Income/Expenses' in the Income Statement.

Hedges of a Net Investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity in the Foreign Currency Translation Reserve while any gains or losses relating to the ineffective portion are recognised in the Income Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the Income Statement.

(x) Issued Capital

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

Treasury Shares

The Group's own equity instruments, which are reacquired on market for later use in employee share-based payment arrangements (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(y) Earnings Per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

– costs of servicing equity (other than dividends) and preference share dividends;
– the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
– other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Revenue Recognition

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for the majority of the Group's commodity sales is upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gold and Silver Bullion Sales
Revenue from gold and silver bullion sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Gold, Copper and Silver in Concentrate Sales
Contract terms for the Group's sale of gold, copper and silver in concentrate (metal in concentrate) allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal price in concentrate, with a subsequent adjustment made upon final determination and presented as part of 'Other Income'.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement The period between provisional invoicing and final settlement is typically between one and six months.

The provisionally priced sales of metal in concentrate contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement each period until final settlement, and presented as 'Other Income'. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Interest Revenue
Interest revenue is recognised as it accrues using the effective interest method.

(aa) Government Royalties
Royalties under existing regimes are payable on sales and are therefore recognised as the sale occurs.

(bb) Income Taxes

Current Income Tax
Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred Income Tax
Deferred income tax is provided on all temporary differences (except as noted below) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

– Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
– Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

(cc) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

– where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
– receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(dd) Business Combinations
Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

– assets transferred by the Group;
– liabilities incurred by the acquirer to former owners of the acquiree;
– equity issued by the Group;

and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured.

(ee) New Accounting Standards and Interpretations

Adoption of New Standards and Interpretations
The Group did not adopt any new and/or revised standards, amendments and interpretations from 1 July 2011 that had an effect on the financial position or performance of the Group.

New Accounting Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those that may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2012, but have not been applied in preparing this financial report.

Reference and Title	Details of New Standard/Amendment/Interpretation	Impact on Group	Application date for the Group
AASB 9 Financial Instruments AASB 2010–7 and AASB 2009–11 Amendments to AAS's arising from AASB 9	The revised standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: – two categories for financial assets being amortised cost or fair value; – removal of the requirement to separate embedded derivatives in financial assets; – reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and – changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	(ii)	1 July 2013
AASB 10 Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity.	(ii)	1 July 2013
AASB 11 Joint Arrangements	AASB 11 replaces AASB 1031. The standard uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.	(ii)	1 July 2013
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about these entities.	(iii)	1 July 2013
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. It includes guidance on how to determine fair value under AASB and expands the disclosure requirements for all assets or liabilities carried at fair value.	(ii)	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	(i)	1 July 2013
AASB 2011–9 Amendment – Presentation of Other Comprehensive Income	This standard requires the grouping of items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	(i)	1 July 2012
AASB 119 Employee Benefits	This revised standard amends the: – definition of short-term benefits, meaning some annual entitlements may become long term in nature with a revised measurement; and – timing for recognising a provision for termination benefits, such that provisions can only be recognised when the officer cannot be withdrawn.	(ii)	1 July 2013
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs (also known as deferred mining costs) are to be capitalised as part of an asset if: – an entity can demonstrate that is it probable future economic benefits will be realised; – the costs can be reliably measured; and – the entity can identify the component of an ore body for which access has been improved. The stripping activity asset shall be amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.	(iv)	1 July 2013

(i) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.

(ii) The Group has not yet determined the extent of the impact, if any.

(iii) This new standard will result in additional disclosures in the financial statements.

(iv) This interpretation will have an impact on the Group's financial statements. The recognition and measurement of this asset under the interpretation differs from the Group's current accounting policy. The Group has not yet determined the full financial impact of this difference.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered; however, their impact is considered insignificant to the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Mine Rehabilitation Provision

The Group assesses its mine rehabilitation provision annually in accordance with the accounting policy Note 2(v). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(b) Unit-of-Production Method of Depreciation/Amortisation

The Group uses the unit-of-production basis when depreciating/amortising specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

(c) Impairment of Assets

The Group assesses each Cash-Generating Unit (CGU), including CGUs with Goodwill as listed in Note 15, at least annually, to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 2(o). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

(d) Share-Based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed in Note 26.

(e) Deferred Mining Expenditure

The Group defers mining costs incurred during the production stage of its operations, which are calculated in accordance with accounting policy Note 2(h). Changes in an individual mine's design will generally result in changes to the life of mine waste to contained gold ounce (life of mine) ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to deferred mining resulting from a change in life of mine ratios are accounted for prospectively.

(f) Recovery of Deferred Tax Assets

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(g) Ore Reserve Estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources of December 2004 (JORC code). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement.

(h) Capitalisation of Exploration and Evaluation Costs

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 2(j). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

(i) Investment in Associates

Included in the carrying value of the investment in Evolution Mining Limited (Evolution) is the Group's share of profit of the associate for the period 2 November 2011 to 30 June 2012. As at the date of this report, Evolution has not released its full financial statements for the year ended 30 June 2012. The Group's share of profit of the associate has been estimated based on publically available information, including the associate's half-year accounts for the period ended 31 December 2011 and quarterly production reports to 30 June 2012. This estimate may change when full financial statements become available and this may impact the carrying value of the investment.

Judgement is required in assessing whether there is objective evidence that the investment in Evolution is impaired. At the reporting date, the market value of the investment in Evolution was below its carrying amount. The Group has determined that the decline in market value is not significant or prolonged nor is the Group aware of other objective evidence that the investment in Evolution is impaired.

4. REVENUE AND EXPENSES

	Consolidated 2012 $M	2011 $M
Specific items		
Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group:		
(a) Operating Sales Revenue		
Gold	3,740	3,409
Copper	613	638
Silver	63	55
Total operating sales revenue	4,416	4,102
Total revenue	4,416	4,102
(b) Cost of Sales		
Mine production costs	2,221	1,813
Royalty	130	121
Concentrate treatment and realisation	140	136
Deferred mining adjustment	(178)	–
Inventory movements	(248)	(170)
	2,065	1,900
Depreciation	542	501
Total cost of sales	2,607	2,401
(c) Corporate Administration Expenses		
Corporate costs	112	70
Corporate depreciation	19	14
Equity-settled share-based payments	9	9
Total corporate administration expenses	140	93
(d) Other Income/(Expenses)		
Joint venture management fees	–	1
Net foreign exchange gain/(loss)	(14)	(26)
Net fair value gain/(loss) on gold and copper derivatives	16	15
Net gain/(loss) on sale of non-current assets	(3)	–
Royalty dispute[1]	–	11
Other	(13)	(10)
Total other income/(expenses)	(14)	(9)
(e) Finance Costs		
Interest costs:		
Interest on loans	58	22
Finance leases	–	1
Other:		
Facility fees and other costs	17	13
Discount unwind on provisions	8	11
	83	47
Less: Capitalised borrowing costs	(40)	(2)
Total finance costs	43	45
(f) Depreciation and Amortisation		
Property, plant and equipment	316	269
Mine development	291	306
Intangible assets	19	17
	626	592
Add/(Less):		
Capitalised to inventory on hand or mines under construction	(65)	(77)
Total depreciation and amortisation expense	561	515
Included in:		
Cost of sales depreciation	542	501
Corporate depreciation	19	14
Total depreciation and amortisation expense	561	515

[1] In 2010, the Group received an unfavourable ruling by the NSW Court of Appeal in respect to Mineral Royalties dispute at Cadia Valley, and the Group had accrued for this exposure. The ruling was subsequently overturned by the High Court of Australia on Appeal by the Group, and the accrual was released in 2011.

4. REVENUE AND EXPENSES (continued)

	Consolidated 2012 $M	2011 $M
(g) Employee Benefits Expense		
Defined contribution plan expense	37	33
Equity-settled share-based payments	9	9
Other employment benefits	458	431
Total employee benefits expense	504	473
(h) Other Items		
Operating lease rentals	8	8
(i) Losses on Restructured and Closed-Out Hedge Contracts		
Losses on restructured and closed-out hedge contracts transferred from reserves (Note 24(c))	7	153
Applicable income tax/(benefit)	(2)	(46)
Total losses on restructured and closed-out hedges (after tax)	5	107
(j) Other Close-Out Related Costs		
Fair value loss on gold put options	–	3
Applicable income tax/(benefit)	–	(1)
Total other close-out related costs (after tax)	–	2
(k) Business Acquisition and Integration Costs		
Acquisition-related costs	–	15
Integration costs[1]	11	37
	11	52
Applicable income tax expense/(benefit)	(3)	(11)
Total business acquisition and integration costs (after tax)	8	41
(l) Gain on Business Divestment		
Consideration received	390	–
Written down value of net assets sold	(336)	–
Disposal costs	(8)	–
Applicable income tax expense/(benefit)	–	–
Gain on business divestment[2]	46	–

[1] Represents costs associated with the acquisition of Lihir Gold Limited on 30 August 2010. Refer Note 35.

[2] Represents gain on the divestment of Cracow and Mt Rawdon operations on 2 November 2011. Refer Note 34.

5. INCOME TAX

	Consolidated 2012 $M	2011 $M
(a) Income Tax Expense Comprises:		
Current income tax		
Current income tax expense	278	410
Under/(over) provision in respect of prior years	(94)	(41)
	184	369
Deferred tax		
Relating to origination and reversal of temporary differences	195	(30)
Under/(over) provision in respect of prior years	23	(5)
	218	(35)
Income tax expense per the Income Statement	402	334
(b) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	1,577	1,300
Income tax expense calculated at 30% (2011: 30%)	473	390
– Research and development allowance in respect to:		
– Current year	(4)	(7)
– Prior year	(27)	(43)
– Gain on business divestment	(14)	–
– Recognition of tax losses	(35)	–
– Other	18	(3)
– (Over) provided in prior years	(9)	(3)
Income tax expense per the Income Statement	402	334

5. INCOME TAX (continued)

	Consolidated					
	Balance at 1 July $M	Acquisitions and divestments $M	(Charged)/ credited to income $M	(Charged)/ credited to equity $M	Translation $M	Balance at 30 June $M
(c) Movement in Deferred Taxes						
2012						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	205	–	24	–	–	229
– Overseas entities	25	–	4	–	1	30
	230	–	28	–	1	259
Deferred tax liabilities						
Temporary differences:						
– Fixed assets[1]	(1,595)	34	(88)	–	(66)	(1,715)
– Deferred mining	(70)	17	(99)	–	(2)	(154)
– Financial instruments	(3)	–	4	2	–	3
– Provisions	56	(1)	7	–	1	63
– Other	(62)	1	(42)	–	(1)	(104)
	(1,674)	51	(218)	2	(68)	(1,907)
Net deferred taxes	**(1,444)**	**51**	**(190)**	**2**	**(67)**	**(1,648)**
2011						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	250	126	(171)	–	–	205
– Overseas entities	21	31	(21)	–	(6)	25
	271	157	(192)	–	(6)	230
Deferred tax liabilities						
Temporary differences:						
– Fixed assets[1]	(380)	(1,476)	(18)	–	279	(1,595)
– Deferred mining	(65)	(13)	7	–	1	(70)
– Financial instruments	(7)	–	51	(47)	–	(3)
– Provisions	21	31	7	–	(3)	56
– Other	(57)	(4)	(12)	10	1	(62)
	(488)	(1,462)	35	(37)	278	(1,674)
Net deferred taxes	**(217)**	**(1,305)**	**(157)**	**(37)**	**272**	**(1,444)**

[1] Comprises property, plant and equipment; exploration, evaluation and development; and other intangible assets.

(d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of carry forward capital losses of $286 million (2011: $296 million) because it is not probable that the Group will have future capital gains available against which carry forward capital losses could be utilised.

6. DIVIDENDS

	Cents per share	Total amount $M	Date of payment
(a) Dividend Determined and Paid			
The following dividends (unfranked) on ordinary shares were determined and paid:			
2011 Financial Year			
Final – In respect to the year ended 30 June 2010	20.0	153	22 Oct 2010
Interim – In respect to the year ended 30 June 2011	10.0	76	15 Apr 2011
	30.0	**229**	
2012 Financial Year			
Final – In respect to the year ended 30 June 2011	20.0	153	21 Oct 2011
Special – In respect to the year ended 30 June 2011	20.0	153	16 Dec 2011
Interim – In respect to the year ended 30 June 2012	12.0	92	17 Apr 2012
	52.0	398	
Participation in the Dividend Reinvestment Plan reduced the cash amount paid to owners of the parent to $362 million (2011: $187 million).			
(b) Dividend Proposed and Not Recognised as a Liability			
Subsequent to the end of the year, the Directors determined the following dividend (15% franked) be paid:			
Final – In respect to the year ended 30 June 2012	23.0	176	19 Oct 2012

(c) Dividend Franking Account Balance

Franking credits at 30% as at 30 June 2012 available for the subsequent financial year is $20 million (2011: nil).

7. EARNINGS PER SHARE (EPS)

	Consolidated 2012 ¢	2011 ¢
EPS (cents per share)		
Basic EPS	146.0	126.4
Diluted EPS	145.8	126.2

	2012 $M	2011 $M
Earnings used in calculating EPS		
Earnings used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to owners of the parent	1,117	908

	2012 No. of shares	2011 No. of shares
Weighted average number of shares		
Share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS:	765,048,302	718,079,536
Effect of dilutive securities:		
Share rights[1]	1,108,181	1,176,963
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	766,156,483	719,256,499

[1] Rights granted to employees (including Key Management Personnel) as described in Note 26 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These rights have not been included in the determination of basic earnings per share.

8. CASH AND CASH EQUIVALENTS

	Consolidated 2012 $M	Consolidated 2011 $M
(a) Components of Cash and Cash Equivalents		
Cash at bank	100	40
Short-term deposits	142	145
Total cash and cash equivalents	242	185
(b) Reconciliation of Net Profit after Income Tax to Net Cash Flow from Operating Activities		
Profit after income tax	1,175	966
Non-cash items:		
Depreciation and amortisation	561	515
Hedge restructure and close-out expense	7	153
Net fair value change on derivatives	15	18
Share-based payments	9	9
Discount unwind on provisions	8	11
Share of profit of associate	(15)	–
Non-cash component of gain on business divestment	(54)	–
Other non-cash items	(11)	43
Items presented as investing or financing activities:		
Exploration expenditure written off	80	55
Changes in assets and liabilities, net of effects from business acquisitions and divestments:		
(Increase)/Decrease in:		
Trade and other receivables	190	(144)
Inventories	(452)	(70)
Deferred mining	(177)	(42)
Prepayments	(35)	78
Deferred tax assets	(29)	198
(Decrease)/Increase in:		
Trade and other payables	50	64
Provisions	120	77
Current tax liabilities	–	76
Deferred tax liabilities	284	(276)
Deferred income	–	(2)
Net cash from operating activities	1,726	1,729
(c) Non-cash Financing and Investing Activities		
Dividends paid by the issue of shares under the Dividend Reinvestment Plan	36	42

9. TRADE AND OTHER RECEIVABLES

	Consolidated 2012 $M	Consolidated 2011 $M
Current		
Metal in concentrate receivables[1]	100	277
Bullion awaiting settlement[2]	46	56
GST receivable[3]	61	60
Other receivables[3]	44	48
Total current receivables	251	441

[1] Are non-interest bearing and are generally expected to settle within one to six months, refer Note 2(f).
[2] Are non-interest bearing and are generally expected to settle within seven days, refer Note 2(f).
[3] Recorded at amortised cost, are non-interest bearing and are generally expected to settle within one to two months.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

10. INVENTORIES

	Consolidated 2012 $M	2011 $M
Current		
Ore	240	232
Gold in circuit	32	25
Concentrate	94	136
Materials and supplies	382	298
Total current inventories	748	691
Non-Current		
Ore	1,095	710
Total non-current inventories	1,095	710

11. DERIVATIVE AND OTHER FINANCIAL ASSETS

	Consolidated 2012 $M	2011 $M
Current		
Quotational period derivatives[1]	–	6
Copper forward sales contracts	10	6
Other financial derivatives	1	3
Total current derivative and other financial assets	11	15
Non-Current		
Available-for-sale financial assets[2]	8	9
Total non-current derivative and other financial assets	8	9

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(w).
[2] Represents investments in listed companies.

12. OTHER ASSETS

	Consolidated 2012 $M	2011 $M
Current		
Prepayments	91	55
Deferred mining expenditure	121	155
Total current other assets	212	210
Non-Current		
Prepayments	5	6
Deferred mining expenditure	272	118
Total non-current other assets	277	124

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2012 $M	2011 $M
At 30 June		
Cost	6,516	5,172
Accumulated depreciation	(2,152)	(1,862)
	4,364	3,310
Year ended 30 June		
Carrying amount at 1 July	3,310	1,764
Business divestment (Note 34)	(52)	–
Acquisition of Lihir Gold Ltd (Note 35)	–	1,565
Additions	436	357
Depreciation charge for the year	(316)	(269)
FX translation	31	(362)
Reclassifications/transfers	955	255
Carrying amount at 30 June	4,364	3,310

Included in property, plant and equipment are leased assets with a carrying amount of $12 million (2011: $14 million).

14. CAPITALISED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES

	Consolidated				
	Exploration and Evaluation Expenditure $M	Deferred Feasibility Expenditure $M	Mines Under Construction $M	Mine Development[1] $M	Total $M
At 30 June 2012					
Cost	797	174	1,731	7,532	10,234
Accumulated depreciation	–	–	–	(1,439)	(1,439)
	797	174	1,731	6,093	8,795
Year ended 30 June 2012					
Carrying amount at 1 July 2011	775	74	1,376	5,450	7,675
Business divestment (Note 34)	(16)	–	–	(213)	(229)
Expenditure during the year[2]	158	130	1,815	249	2,352
Expenditure written off during the year	(80)	–	–	–	(80)
Depreciation charge for the year	–	–	–	(291)	(291)
FX translation	36	2	56	235	329
Reclassifications/transfers	(76)	(32)	(1,516)	663	(961)
Carrying amount at 30 June 2012	797	174	1,731	6,093	8,795
At 30 June 2011					
Cost	775	74	1,376	6,720	8,945
Accumulated depreciation	–	–	–	(1,270)	(1,270)
	775	**74**	**1,376**	**5,450**	**7,675**
Year ended 30 June 2011					
Carrying amount at 1 July 2010	285	20	477	1,774	2,556
Acquisition of Lihir Gold Ltd (Note 35)	565	–	672	3,748	4,985
Expenditure during the year[2]	126	32	1,411	178	1,747
Expenditure written off during the year	(55)	–	–	–	(55)
Depreciation charge for the year	–	–	–	(306)	(306)
FX translation	(142)	–	(168)	(696)	(1,006)
Reclassifications/transfers	(4)	22	(1,016)	752	(246)
Carrying amount at 30 June 2011	**775**	**74**	**1,376**	**5,450**	**7,675**

Reclassifications/transfers:

Expenditure included in mines under construction has been reclassified from/to mine development or property, plant and equipment, as appropriate, upon initial utilisation of the assets.

[1] Includes acquired Mineral Rights.

[2] Borrowing costs were capitalised on qualifying assets at a weighted average interest rate of 3% (2011: 2%).

Areas of interest in the exploration phase at cost:	Consolidated	
	2012 $M	2011 $M
Cadia Valley, NSW	6	54
Telfer, WA	69	52
Cracow and Mount Rawdon, QLD	–	15
Marsden, NSW	5	5
Gosowong, Indonesia	28	22
Namosi, Fiji	20	20
Hidden Valley, PNG	5	13
Wafi-Golpu, PNG	143	115
Morobe Province, PNG	6	6
Lihir, PNG	227	199
Côte d'Ivoire, West Africa	288	274
	797	775

Recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and continuing commercial exploitation, or alternatively, sale of the respective area of interest.

15. GOODWILL

	Consolidated 2012 $M	Consolidated 2011 $M
Opening balance	3,621	–
Divestments (Note 34)	(53)	–
Acquisition of Lihir Gold Limited (Note 35)	–	4,370
Foreign currency translation	191	(749)
Closing balance	3,759	3,621

(a) Allocation of Goodwill to Cash-Generating Units

Goodwill arose through the acquisition of Lihir Gold Limited on 30 August 2010 and has been allocated to the following cash-generating units (CGUs):

	2012 $M	2011 $M
Mt Rawdon	–	53
West Africa	184	175
Lihir	3,575	3,393
	3,759	3,621

(b) Impairment Test

Goodwill recognised as a result of the acquisition of Lihir Gold Limited (LGL) has been allocated to Cash-Generating Units (CGUs) as noted above in Note 15(a).

The goodwill on acquisition reflects the following aspects:

- The unique financial characteristics of gold assets, where they generally trade at a premium to underlying discounted cash flows;
- The value implicit in the ability to sustain and/or grow the Newcrest group by increasing reserves and resources through exploration at the acquired assets, as well as the increased optionality available for the total asset portfolio; and
- The requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in the acquisition.

In assessing whether goodwill has been impaired, the carrying amount of the CGU is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has used fair value less costs to sell, as it is higher.

Fair value less costs to sell was determined by using a discounted cash flow methodology, then application of a CGU specific gold multiple. The discounted cash flow valuations are based on the latest CGU life-of-mine (LOM) planning information, market-based commodity price and exchange assumptions and country specific discount rates.

The LOM plans reflect Newcrest's assessment of the relevant characteristics of the ore body (including recoverable reserves and resources) and processing activities to estimate overall production levels, future cash costs of production and required levels of capital expenditure for each mine. LOM plans are updated annually.

The key assumptions in addition to the LOM plans used in the discounted cash flow valuations are gold prices, the Australian dollar exchange rate against the US dollar, discount rates and CGU specific gold multiple.

Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this most recent review, long-term gold price is estimated at US$1,100 per ounce (2011: US$1,000 per ounce) and the long-term US to Australian dollar exchange rate of US$0.80 per A$1.00 (2011: $0.80).

The discount rate applied to discount the estimated cash flows is based upon Newcrest's real weighted average cost of capital, with an appropriate adjustment for the risks associated with the relevant cash flows based on the functional currency and geographic location of the CGU. The real after tax discount rates used were Papua New Guinea 5.5% and Côte d'Ivoire 6% (2011: Papua New Guinea 7% and Côte d'Ivoire 7%); in both cases the functional currency is US dollars.

Newcrest applies a gold multiple to the discounted cash flow valuation in order to assess the CGU's estimated fair value. Gold companies typically trade at a market capitalisation that is based on a multiple of their underlying discounted cash flow valuation. Similarly, in an asset sale scenario, a gold multiple would generally be applied when estimating the fair value of an operating gold mine. In determining the appropriate gold multiples for CGUs, we took into consideration the mine life, reserve/resource addition potential, average annual production level and operating cost profile. In addition, the external market view of Newcrest's overall gold multiple was taken into consideration. The following range of gold multiples for each CGU was determined: Lihir 1.4 (2011: 1.7 – 2.0) and West Africa 1.1 (2011: 1.3 – 1.7).

In the assessment of goodwill impairment, Newcrest also undertook sensitivity analysis using the following scenarios:

(i) Long-term gold price of US$1,300 per ounce, AUD:USD exchange rate of $0.85, with all other key assumptions held constant; and

(ii) Spot prices for commodities for all future periods, including gold price at US$1,575 per ounce, AUD:USD exchange rate of $1.025, with no gold multiple applied. All other key assumptions held constant.

Lihir and West Africa at 30 June 2012 each had an excess of fair value over carrying value in all three valuation scenarios.

It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, discount rates, CGU specific gold multiples, production and cost performance. A material adverse change in one or more of these assumptions could result in a material reduction in the excess of valuation over book value.

16. OTHER INTANGIBLE ASSETS

Information Systems Development	Consolidated 2012 $M	2011 $M
At 30 June		
Cost	154	103
Accumulated amortisation	(61)	(42)
	93	61
Year ended 30 June		
Carrying amount at 1 July	61	83
Acquisition of Lihir Gold Limited (Note 35)	–	3
Additions	45	1
Amortisation charge for the year	(19)	(17)
Reclassifications/transfers	6	(9)
Carrying amount at 30 June	93	61

17. INVESTMENT IN ASSOCIATE

	Consolidated 2012 $M	2011 $M
Investment in Evolution Mining Ltd		
Opening balance	–	–
Acquisitions (Note 34)	390	–
Share of profit of associate	15	–
Non-participation in rights issue	(10)	–
Closing balance	395	–

The Group has a 32.68% (2011: nil) interest in Evolution Mining Limited (Evolution), which is an Australian gold mining company listed on the Australian Securities Exchange (ASX). The market value of the Group's interest in Evolution as 30 June 2012 was $341 million based on the closing market bid price of $1.48 on the ASX on 29 June 2012.

The following table discloses summarised financial information of the Group's investment in Evolution:

	2012	2011
Share of the associate's statement of financial position		
Total assets	445	–
Total liabilities	(50)	–
Net assets	395	–
Share of the associate's revenue and profit		
Revenue	126	–
Profit	15	–

18. TRADE AND OTHER PAYABLES

	Consolidated 2012 $M	2011 $M
Trade payables[1]	120	91
Other payables and accruals[1]	362	341
Total trade and other payables	482	432

[1] All payables are unsecured, non-interest-bearing and are normally settled on 30–60 day terms.

19. BORROWINGS

		Consolidated 2012 $M	Consolidated 2011 $M
Current			
Finance lease liabilities – secured	(i)	3	4
US dollar bilateral debt – unsecured	(ii)	1,197	–
US dollar private placement notes – unsecured	(iii)	–	112
Total current borrowings		1,200	116
Non-Current			
Finance lease liabilities – secured	(i)	1	4
US dollar bilateral debt – unsecured	(ii)	–	466
US dollar private placement notes – unsecured	(iii)	226	214
US dollar corporate bonds – unsecured	(iv)	981	–
Total non-current borrowings		1,208	684

(i) Finance lease facility
The Group's lease liabilities are secured by the assets leased. In the event of default, the assets revert to the lessor.

(ii) US dollar bilateral debt
The Group has bilateral debt facilities of US$2,000 million (2011: US$1,100 million) with eight banks. These are committed unsecured revolving facilities, with maturities ranging between December 2012 and February 2013, individually negotiated and documented with each bank, but with similar terms and conditions. Interest is based on LIBOR plus a margin, which varies amongst the lenders.

At the date of this report, the Group is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of three years or more.

(iii) US dollar private placement notes
During the year ended 30 June 2005, the Group issued US$350 million of long-term senior unsecured notes into the North American private placement market. The proceeds of the placement were received on 11 May 2005 and comprised five tranches:

	Maturity	2012 US$M	2011 US$M
Floating 7 years	11/5/2012	–	25
Fixed 7 years	11/5/2012	–	95
Fixed 10 years	11/5/2015	105	105
Fixed 12 years	11/5/2017	100	100
Fixed 15 years	11/5/2020	25	25
		230	350

Interest on the fixed rate notes is payable semi-annually at an average of 5.7% (2011: 5.6%). Floating rate interest was based on LIBOR plus a margin and was payable quarterly at an average of 1.2% (2011: 1.2%).

These notes were fully drawn as at 30 June 2012 and have been restated to Australian dollars, using the spot exchange rate at the reporting date.

(iv) US dollar corporate bonds
In November 2011, Newcrest issued US$1,000 million in US dollar Corporate Bonds (notes). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

– US$750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45%.

– US$250 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%.

(v) Hedging: US dollar denominated debt
Where considered appropriate the foreign currency component of US dollar denominated debt is designated either as a cash flow hedge of future US dollar denominated commodity sales or a net investment in foreign operations with a US dollar functional currency. Refer Note 27(d) for further details.

19. BORROWINGS (continued)

(vi) Financial arrangements
The Group has access to the following unsecured financing arrangements.

	Consolidated 2012 $M	2011 $M
Facilities utilised at reporting date:		
US dollar bilateral facilities	1,197	466
US dollar private placement notes	226	326
US dollar corporate bonds	981	–
	2,404	792
Facilities not utilised at reporting date:		
US dollar bilateral facilities	765	558
	765	558
Total facilities		
US dollar bilateral facilities (2012: US$2,000M, 2011: US$1,100M)	1,962	1,024
US dollar private placement notes (2012: US$230M, 2011: US$350M)	226	326
US dollar corporate bonds (2012: US$1,000M, 2011: nil)	981	–
	3,169	1,350

20. PROVISIONS

		Consolidated 2012 $M	2011 $M
Current			
Employee benefits	(i)	134	109
Mine rehabilitation and restoration	(ii)	6	5
Other	(iii)	60	56
Total current provisions		200	170
Non-Current			
Employee benefits	(i)	29	24
Mine rehabilitation and restoration	(ii)	279	206
Other	(iii)	–	2
Total non-current provisions		308	232

(i) Employee benefits
Represents annual leave, long service leave, salary at risk and other incentive payments (refer Note 2 (u)).

(ii) Mine rehabilitation and restoration
The Group recognises that it has an obligation to restore its mine sites to their original condition at the end of the life of mine. Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised, a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life.

(iii) Other provisions
Comprises onerous contracts, community obligations and other miscellaneous items.

Movements in provisions
Movements in provisions (excluding employee benefits) during the year were as follows:

	Mine Rehabilitation & Restoration $M	Other Provisions $M
At 1 July 2011	211	58
Charged during the year	4	8
Movements in discount rates	71	–
Paid/utilised during the year	–	(9)
Business divestment	(12)	–
Unwinding of discount	8	–
FX translation	3	3
At 30 June 2012	285	60
Split between:		
Current	6	60
Non-current	279	–
	285	60

21. FINANCIAL DERIVATIVE LIABILITIES

	Consolidated 2012 $M	2011 $M
Current		
Quotational period derivatives[1]	18	6
Other financial derivatives	–	1
Total current financial derivative liabilities	18	7

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(z).

22. ISSUED CAPITAL

		Consolidated 2012 $M	2011 $M
(a) Movements in Issued Capital			
Opening balance		13,569	3,640
Shares issued during the year:			
– Dividend reinvestment plan	(ii)	36	42
– Acquisition of Lihir Gold Limited	(iii)	–	9,947
– Share issue costs	(iii)	–	(2)
– Share buy-back	(v)	(35)	(28)
– Shares repurchased and held in treasury	(vi)	(9)	(30)
Total issued capital		13,561	13,569

		2012 No.	2011 No.
(b) Number of Issued Ordinary Shares			
Comprises:			
– Shares held by the public		764,561,477	764,412,847
– Treasury shares		438,523	587,153
Total issued capital		765,000,000	765,000,000
Movement in issued ordinary shares for the year			
Opening number of shares		764,412,847	483,498,777
Shares issued under:			
– Share plans	(i)	379,568	343,086
– Dividend reinvestment plan	(ii)	1,062,040	1,085,162
– Acquisition of Lihir Gold Limited	(iii)	–	280,987,564
– Employee share acquisition plan	(iv)	39,062	39,257
– Share buy-back	(v)	(1,062,040)	(754,621)
– Purchases by the Newcrest Employee Share Trust	(vi)	(270,000)	(786,378)
Closing number of shares		764,561,477	764,412,847
Movement in treasury shares for the year			
Opening number of shares		587,153	–
– Purchases		270,000	786,378
– Issued pursuant to share plans		(418,630)	(199,225)
Closing number of shares		438,523	587,153

(i) Represents rights exercised under the Company's share-based payments plans. Refer Note 26.

(ii) The Dividend Reinvestment Plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.

(iii) Represents issue of shares on 13 September 2010 pursuant to the Scheme of Arrangement between Lihir Gold Limited and its ordinary shareholders, which became effective on 30 August 2010. Refer Note 35 for further details. Transaction costs associated with the issue amounted to $2 million.

(iv) The Employee Share Acquisition Plan is a broad based employee share plan. During the year, the Plan offered eligible employees fully paid shares for $nil consideration.

22. ISSUED CAPITAL (continued)

(v) Comprises of the following on-market buy-backs:

	Shares Bought Back and Cancelled			
Date	No.	Average Price	Low	High
17 Nov 2011	432,056	36.74	36.36	37.01
25 Nov 2011	63,560	33.62	33.29	34.23
21 Dec 2011	394,195	31.49	30.86	31.69
26 Apr 2012	108,800	25.47	25.43	25.49
27 Apr 2012	63,429	25.81	25.69	25.90
	1,062,040			

The total cost of $35 million has been deducted from Issued Capital.

In order to minimise dilution of its share capital through the issue of shares under the Company's share-based payments plans and the Dividend Reinvestment Plan (DRP), the Company intends to buy the corresponding number of shares on market as and when required. It is anticipated that on market buy-backs will be undertaken periodically in response to exercise of rights, or operation of the DRP. The share buy-back plan will only be used to purchase shares that are issued under the above-mentioned plans.

(vi) During the year, $9 million of shares (2011: $30 million) were purchased by the Newcrest Employee Share Trust on behalf of Newcrest Mining Limited to satisfy future share rights and awards as they vest.

23. RETAINED EARNINGS

	Consolidated	
	2012 $M	2011 $M
Opening balance	2,171	1,492
Profit after tax (attributable to owners of the parent)	1,117	908
Dividends paid	(398)	(229)
Closing balance	2,890	2,171

24. RESERVES

		Consolidated	
	Note	2012 $M	2011 $M
Equity Settlements Reserve	(a)	54	45
Foreign Currency Translation Reserve	(b)	(1,543)	(2,026)
Hedge Reserve	(c)	15	17
Fair Value Reserve	(d)	(2)	–
Total Reserves		(1,476)	(1,964)

(a) Equity Settlements Reserve
The Equity Settlements Reserve is used to recognise the fair value of rights and options issued to employees, including Key Management Personnel in relation to equity settled share-based payments.

(b) Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is also used to record gains and losses on hedges of the net investment in foreign operations (refer Note 2(w)).

During the current year, the Group issued US$1,000 million in US denominated corporate bonds. This debt has been designated as a hedge of the net investment in a foreign operation (Lihir Gold Limited). The exchange gains or losses upon subsequent revaluation of this US dollar denominated debt, in an effective hedge relationship, from the historical drawdown rate to the period-end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve. These cumulative gains or losses will remain deferred in equity and will only be transferred to the Income Statement in the event of the disposal of the foreign operation. During the year $7 million (net of tax) was deferred to the reserve in respect of this net investment hedge.

The Group's foreign operations have a US dollar functional currency. The decrease in the reserve during the year was mainly due to the depreciation of the Australian dollar against the US dollar, which represented a movement of 5%. The Group's foreign operations were translated at a rate of 1.0191 at 30 June 2012 compared with 1.0739 at 30 June 2011.

24. RESERVES (continued)

(c) Hedge Reserve

The Hedge Reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer note 2(w)). The components of the Hedge Reserve at year end were as follows:

Components	30 June 2012 Gross Gains/(Losses) $M	30 June 2012 Tax impact $M	30 June 2012 Net Gains/(Losses) $M	30 June 2011 Gross Gains/(Losses) $M	30 June 2011 Tax impact $M	30 June 2011 Net Gains/(Losses) $M
FX gains on US dollar denominated borrowings[1]	20	(6)	14	30	(9)	21
Losses on hedge contracts[2]	–	–	–	(7)	2	(5)
Other cash flow hedges	1	–	1	2	(1)	1
	21	(6)	15	25	(8)	17

[1] FX Gains on US dollar private placement notes
The foreign currency component of this US dollar denominated debt was designated as a cash flow hedge of future US dollar denominated commodity sales. During the 2010 year, this hedge was de-designated. As a result of this de-designation, foreign exchange differences on the retranslation of this debt, from the date of de-designation are recorded in the Income Statement.

At the date of de-designation, the balance of this cash flow hedge deferred in equity was $21 million (net of tax). This balance will continue to remain deferred in equity and will be released to the Income Statement, in the same period as the anticipated hedged US dollar denominated commodity sales.

During the year, $7 million (gross of $10 million less tax of $3 million) was transferred to the Income Statement (2011: nil).

[2] Losses on hedge contracts
Losses on hedge contracts incurred in previous years (which were restructured/closed out in previous years) were released to the Income Statement in line with the original sales to which they were designated. These losses have now been fully released to the Income Statement.

(d) Fair Value Reserve

The Fair Value Reserve records movements in the fair value of available-for-sale financial assets. Where a revalued financial asset is sold or is determined to be impaired, the cumulative gain or loss included in the reserve is recognised in profit or loss.

25. AUDITOR'S REMUNERATION

	Consolidated 2012 $'000	Consolidated 2011 $'000
(a) Amounts Received or Due and Receivable by Ernst & Young (Australia) for:		
Audit or review of financial reports of the company and subsidiaries	1,834	1,805
Other services:		
– Assurance services in respect of acquisitions	–	58
– Assurance services in respect of divestments	40	185
– Accounting advice and other assurance-related services	128	6
– Assurance services in relation to USD corporate bonds issue	319	–
– Advisory services in relation to business management processes	413	–
	2,734	2,054
(b) Amounts Received or Due and Receivable by Related Practices of Ernst & Young (Australia) for:		
Audit or review of financial reports of subsidiaries	193	91
(c) Amounts Received or Due and Receivable by Other Auditors for:		
Audit or review of the financial report of subsidiaries	41	415
Other non-audit services	–	148
	41	563

26. SHARE-BASED PAYMENTS

(a) Newcrest Employee Share Acquisition Plan

Under the Newcrest Employee Share Acquisition Plan (ESAP, or the Plan), eligible employees are granted shares in Newcrest Mining Limited (the Company) for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Group for a period of at least one year are eligible to participate in the Plan. Employees may elect not to participate in the Plan.

Under the Plan, eligible employees may be granted up to $1,000 worth of fully paid ordinary shares in the Company for no consideration. The market value of shares issued under the Plan is measured at the weighted average market price of the shares on the ASX over a period of a week prior to the grant date. The fair value of shares issued under the Plan during the year was $1.4 million (2011: $1.5 million).

Members of the Plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of three years from the date of issue or the date employment ceases. During 2012, 1,396 employees participated in the Plan (2011: 1,501 employees).

(b) Executive Performance Share Plan (LTI Plan)

The Executive Performance Share Plan (also referred to as the Long Term Incentive (LTI) Plan) entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The Executive Directors, Executive General Managers and Senior Executives participate in this Plan.

26. SHARE-BASED PAYMENTS (continued)

The performance measures for the Performance Rights granted in the 2011 and 2012 financial years comprised of three equally weighted measures, being:

- Reserves Growth;
- Comparative Cost Position; and
- Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board, as it is a key driver of group performance:

- Reserves Growth and Comparative Cost Position being key drivers of shareholder return in a gold mining company, and;
- ROCE being a direct measure of returns per unit of capital.

Performance against each of these measures over the three-year vesting period accounts for one-third of any grant made to participants. There is no ability to re-test performance under the Plan after the performance period.

The assessed fair value at grant date of the share rights granted under the Plan during the 2012 year was $31.83 (2011: $41.66) per right.

The fair value is independently determined using a Black-Scholes option pricing model. The model inputs for share rights granted included:

– Exercise price:	nil	(2011: nil)
– Risk-free interest rate:	3.16%	(2011: 5.09%)
– Expected life of right (years):	3 years	(2011: 3 years)
– Share price at grant date:	$33.18	(2011: $42.29)
– Expected dividend yield:	1.5%	(2011: 0.5%)

(c) Restricted Share Plan (MTI Plan)

The Restricted Share Plan (also referred to as the Medium Term Incentive (MTI) Plan) was an annual incentive plan under which eligible employees were granted rights to receive ordinary fully paid shares in the Company (Restricted Rights).

The MTI Plan was last awarded to:

- Managers and other selected high performing personnel in 2009.
- Executive Directors, Executive General Managers (being Key Management Personnel) and Senior Executives in 2008.

The amount of the award was determined by the Group's performance in the financial year immediately prior to the date the award was granted. Once awarded, the Restricted Rights vested at the end of two or three years (depending on the level of the employee), provided that the participating employee had been employed throughout the vesting period and achieved minimal acceptable personal performance. Each Restricted Right granted initially entitled the holder to subscribe for one ordinary share. Group performance in relation to the award was measured according to the Group's Total Shareholder Return (TSR) measured against a comparator group of companies over the previous financial year, taken from the FTSE Gold Mine Index.

Outstanding Restricted Rights at the end of 2012 have an expiry date of 11 November 2013.

(d) Movements in the Number of Rights

Detailed information of share rights over unissued ordinary shares is set out below:

			Movement in Number of Rights During the Year					
Grant date	**Exercise date on or after**	**Expiry date**	Number at beginning of year	Granted	Exercised	Forfeited	Number at end of year	**Number Exerciseable at end of year**
2012								
3 Nov 06	3 Nov 09	3 Nov 11	103,429	–	(102,787)	(642)	–	–
9 Nov 07	9 Nov 10	9 Nov 12	124,902	–	(70,989)	(633)	53,280	53,280
11 Nov 08	11 Nov 10	11 Nov 12	81,339	–	(34,240)	(4,857)	42,242	42,242
11 Nov 08	11 Nov 11	11 Nov 13	352,129	–	(171,552)	(47,008)	133,569	133,569
10 Nov 09	10 Nov 12	10 Nov 14	253,809	–	–	(83,256)	170,553	–
10 Nov 10	10 Nov 13	10 Nov 15	261,355	–	–	(68,257)	193,098	–
23 Sep 11	23 Sep 14	23 Sep 14	–	517,564	–	(2,125)	515,439	–
Total			1,176,963	517,564	(379,568)	(206,778)	1,108,181	229,091
2011								
8 Nov 05	8 Nov 08	8 Nov 10	11,166	–	(11,166)	–	–	–
14 Jul 06	14 Jul 09	14 Jul 11	165,000	–	(165,000)	–	–	–
3 Nov 06	3 Nov 09	3 Nov 11	140,804	–	(35,561)	(1,814)	103,429	103,429
9 Nov 07	9 Nov 10	9 Nov 12	220,971	–	(79,497)	(16,572)	124,902	124,902
11 Nov 08	11 Nov 10	11 Nov 12	146,272	–	(51,862)	(13,071)	81,339	81,339
11 Nov 08	11 Nov 11	11 Nov 13	361,206	–	–	(9,077)	352,129	–
10 Nov 09	10 Nov 12	10 Nov 14	264,079	–	–	(10,270)	253,809	–
10 Nov 10	10 Nov 13	10 Nov 15	–	261,355	–	–	261,355	–
Total			**1,309,498**	**261,355**	**(343,086)**	**(50,804)**	**1,176,963**	**309,670**

All share rights have a nil exercise price.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

– Withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due;

– Maintain the capacity to fund its forecasted project developments and exploration and acquisition strategies; and

– Maintain the equivalent of an investment grade credit rating around BBB+.

The Group continually monitors and tests its forecast financial position against these criteria. The Group has a detailed planning process that forms the basis of all cash flow forecasting and updates these plans through a monthly estimation process. The cash flow forecast is then used to stress test financial risk and forms the basis for the Capital Management Plan.

Credit, liquidity and market risk (including foreign exchange risk, commodity price risk and interest rate risk) arise in the normal course of the Group's business. These are managed under Board approved directives, which underpin Group Treasury policies and processes. The Group's principal financial instruments, other than derivatives and available-for-sale assets, comprise interest-bearing debt, finance leases, cash and short-term deposits. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with Treasury policy are regularly reported to the Board.

The following table discloses the carrying amounts of each class of financial assets and financial liabilities at year end.

	Consolidated	
Category	2012 $M	2011 $M
Financial assets		
Cash and cash equivalents	242	185
Loans and receivables	251	441
Derivatives at fair value through profit or loss	10	12
Derivatives in designated hedge accounting relationship	1	3
Available-for-sale financial assets	8	9
Financial liabilities		
Trade and other payables	482	432
Borrowings	2,408	800
Derivatives at fair value through profit or loss	18	6
Derivatives in designated hedge accounting relationship	–	1

(b) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (such as letter of credits) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was $14 million (2011: nil).

Receivables balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant. There were no material impairments of receivables as at 30 June 2012 or 30 June 2011.

The majority of the Group's receivables are due from concentrate customers in Japan, China, Europe and Korea. There have been no credit defaults with these customers in recent history. Newcrest's Treasury department evaluates credit risk on a continual basis. At the reporting date there were no other significant concentrations of credit risk.

The Group limits its counterparty credit risk on liquid funds and derivative financial instruments by dealing only with banks or financial institutions with credit ratings of at least A equivalent.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The ageing of trade and other receivables at the reporting date was as follows:

Trade and other receivables	Not Past Due $M	Past due but not impaired: Less than 30 days $M	Past due but not impaired: Greater than 30 days $M	Total $M
2012				
Metal in concentrate receivables	100	–	–	100
Bullion awaiting settlement	46	–	–	46
GST receivable	61	–	–	61
Other receivables	29	9	6	44
	236	9	6	251
2011				
Metal in concentrate receivables	277	–	–	277
Bullion awaiting settlement	56	–	–	56
GST receivable	60	–	–	60
Other receivables	40	3	5	48
	433	**3**	**5**	**441**

(c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner. The Group undertakes stress testing of operational cash flows, which are matched with capital commitments to assess liquidity requirements. The Capital Management Plan is the formal record of the analysis and actions required in detail for the next 12 months and longer term to five years.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 19 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities, including derivative financial instruments. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

Consolidated	Less than 6 months $M	Between 6–12 months $M	Between 1–2 years $M	Between 2–5 years $M	Greater than 5 years $M	Total $M
2012						
Payables	482	–	–	–	–	482
Borrowings	319	936	60	369	1,503	3,187
Derivatives	18	–	–	–	–	18
	819	936	60	369	1,503	3,687
2011						
Payables	432	–	–	–	–	432
Borrowings	13	123	480	130	127	873
Derivatives	7	–	–	–	–	7
	452	**123**	**480**	**130**	**127**	**1,312**

At the date of this report, the Group is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of three years or more.

(d) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The majority of the Group's revenue is denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars. The Group's Statement of Financial Position can be affected significantly by movements in the USD:AUD exchange rate. The Group also has exposure to other foreign currencies such as the Indonesian rupiah, Papua New Guinea kina, CFA franc and Fiji dollar; however, these exposures are less significant.

Newcrest hedges certain non-functional currency capital commitment exposures to provide some budget certainty in the functional currency.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The carrying amounts of the Group's US dollar denominated financial assets and liabilities in entities which do not have a US dollar functional currency at the reporting date are as follows:

US dollar denominated balances	2012 A$M	2011 A$M
Financial assets		
Cash and cash equivalents	49	16
Trade and other receivables	100	277
Related party receivables	947	407
Derivatives	11	12
	1,107	712
Financial liabilities		
Payables	10	4
Borrowings	2,404	792
Derivatives	18	6
	2,432	802
Net exposure	(1,325)	(90)

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. Where considered appropriate the foreign currency component of the US dollar denominated debt is designated either as a:

– Cash flow hedge of future US dollar denominated commodity sales. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw-down rate to the period end spot exchange rate are deferred in equity in the Hedge Reserve and will be released to the Income Statement as the anticipated hedged US dollar denominated commodity sales, to which the deferred gains/(losses) are designated, occur.

– Net investment in foreign operations. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw-down rate to the period end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve and will be released to the Income Statement if the foreign operation is sold. As at 30 June 2012 US dollar borrowings of A$1,472 million were designated as a net investment in foreign operations (2011: nil).

Forward Foreign Exchange Contracts

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average Exchange Rate		Contract Value A$M		Fair Value A$M	
Outstanding contracts	2012	2011	2012	2011	2012	2011
Buy EUR/Sell AUD	–	0.71	–	44	–	(1)
Buy EUR/Sell USD	0.72	–	1	–	–	–
			1	44	–	(1)

The above contracts are for periods less than 12 months.

Sensitivity Analysis

The following table details the Group's sensitivity to a 15% movement (2011: 15%) (i.e. increase and decrease) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The 15% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2012 $M	2011 $M	2012 $M	2011 $M
AUD/USD +15%	(13)	(27)	134	45
AUD/USD -15%	18	36	(182)	(62)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

– Reasonably possible movements in foreign exchange rates.

– The reasonably possible movement of 15% (2011: 15%) was calculated by taking the US dollar spot rate as at the reporting date, moving this spot rate by 15% (2011:15%) and then re-converting the US dollar into the Australian dollar with the 'new spot rate'. This methodology reflects the translation methodology undertaken by the Group.

– The translation of the net assets in subsidiaries with a functional currency other than the Australian dollar has not been included in the sensitivity analysis as part of the equity movement.

– The net exposure at the reporting date is representative of what the Group was and is expecting to be exposed to in the next 12 months from the reporting date.

– The sensitivity analysis includes only the impact on the balance of financial assets and financial liabilities at the reporting date.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(e) Commodity Price Risk

The Group's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. The Group has entered into copper forward sales contracts, gold put options and diesel forward contracts to manage its exposure to movements in commodity prices. The carrying amount of the Group's derivative financial instruments as at the reporting date is are disclosed in Notes 11 and 21.

Copper Forward Sales Contracts

The Group enters into copper forward sales contracts to effectively fix the US dollar cash flows receivable on the sale of certain copper concentrate. Copper forward sales contracts are not designated into hedge relationships and therefore fair value adjustments on these contracts are recognised in the Income Statement as 'Other Income/Expense'.

The following table details the copper forward sale contracts outstanding as at the reporting date:

	2012			2011		
Copper Forward Sale Contracts	Tonnes	Weighted Average Price US$	Fair Value A$M	Tonnes	Weighted Average Price US$	Fair Value A$M
Maturing:						
Less than 6 months	21,784	8,053	10	19,020	9,497	6

Gold Put Options

In September 2007, the Group entered into put options for a portion of its gold production in order to manage its exposure to commodity price risk. The put options allow the Group to maintain full exposure to any upwards movement in the gold price, providing it the right, but not the obligation, to deliver gold at the stated strike price.

The following table details the Australian dollar gold put options outstanding as at the reporting date:

	2012			2011		
Gold put options	Ounces	Strike Price A$	Fair Value A$M	Ounces	Strike Price US$	Fair Value A$M
Maturing:						
Less than 1 year	–	–	–	500,000	800	–
			–	500,000		–

The total premium paid for these options in September 2007 was $79 million, which represented the fair value at the date entered. The fair value of these options was subsequently estimated using an option pricing model. As at 30 June 2011, the options had a fair value of nil. These options fully expired during the 2012 year.

Diesel/Fuel Forward Contracts

The Group undertakes short-term diesel/fuel hedging in line with budget to fix certain Australian dollar diesel/fuel costs.

	2012			2011		
Maturing in less than 12 months	Quantity	Weighted Average Price US$	Fair Value A$M	Quantity	Weighted Average Price US$	Fair Value A$M
Diesel forward contracts (barrels)	539,355	111	–	1,190,071	127	1
Heavy fuel forward contracts (tonnes)	51,749	579	1	79,724	606	2

Sensitivity Analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold and copper commodity prices, with all other variables held constant. The 15% (2011: 15%) movement for gold and 15% (2011: 15%) movement for copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five-year period.

	Impact on profit(1) Higher/(Lower)		Impact on Equity(2) Higher/(Lower)	
Post-tax gain/(loss)	2012 $M	2011 $M	2012 $M	2011 $M
Gold(3)				
Gold +15%	23	31	23	31
Gold -15%	(23)	(31)	(23)	(31)
Copper				
Copper +15%	1	1	1	1
Copper -15%	(1)	(1)	(1)	(1)

(1) Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

(2) As the majority of these derivatives are not in hedging relationships, all fair value movements are recognised in the Income Statement and therefore the impact on equity only represents retained earnings impacts.

(3) The impact on profit predominantly relates to the change in value of the embedded derivative relating to quotational period movements on gold sales (refer note 2(z)).

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(f) Interest Rate Risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, which is evaluated regularly to align with interest rate views and risk profile. Details of the Group's types and levels of debt are included in Note 19.

Interest Rate Exposure

The Group's interest rate exposure together with the effective interest rate for each class of financial assets and financial liabilities at the reporting date is summarised as follows:

	2012			2011		
Consolidated	Floating Interest $M	Fixed Interest $M	Effective Interest Rate %	Floating Interest $M	Fixed Interest $M	Effective Interest Rate %
Financial assets						
Cash and cash equivalents	242	–	0.3	185	–	0.5
	242	–		185	–	
Financial liabilities						
Lease liabilities – floating	3	–	3.1	7	–	1.9
Lease liabilities – fixed	–	1	5.0	–	1	6.8
Bilateral debt	1,197	–	2.1	466	–	2.0
Corporate bonds	–	981	4.8	–	–	–
Private placement – floating	–	–	–	23	–	1.1
Private placement – fixed	–	226	5.7	–	303	5.6
	1,200	1,208		496	304	
	(958)	(1,208)		(311)	(304)	

The other financial instruments of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates over a financial year.

	Impact on Profit Higher/(Lower)		Impact on Equity Higher/(Lower)	
Post-tax gain/(loss)	2012 $M	2011 $M	2012 $M	2011 $M
+1% (100 basis points)	(7)	(2)	(7)	(2)
-1% (100 basis points)	7	2	7	2

The Group's sensitivity to interest rates has increased during the current year due to the drawdown on the bilateral debt facility.

(g) Fair Value

(i) Fair Value of Financial Instruments Carried at Amortised Cost

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

	Carrying amount		Fair value	
Financial assets/(liabilities)	2012 $M	2011 $M	2012 $M	2011 $M
Borrowings				
Fixed rate debt:[1]				
– Private placement	(226)	(303)	(249)	(328)
– Corporate bonds	(981)	–	(1,008)	–
	(1,207)	(303)	(1,257)	(328)

[1] Amount recorded at amortised cost and the movements in the fair valuation are not recorded on the Statement of Financial Position.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(ii) Fair Value Measurements Recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/(liabilities)	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
2012				
Financial assets				
Copper forward sales contracts	–	10	–	10
Other financial derivatives	–	1	–	1
Available-for-sale financial assets	8	–	–	8
Financial liabilities				
Quotational period derivatives	–	(18)	–	(18)
2011				
Financial assets				
Quotational period derivatives	–	6	–	6
Copper forward sales contracts	–	6	–	6
Other financial derivatives	–	3	–	3
Available-for-sale financial assets	9	–	–	9
Financial liabilities				
Quotational period derivatives	–	(6)	–	(6)
Other financial derivatives	–	(1)	–	(1)

(h) Capital Management

Newcrest's objectives when managing capital are to maintain a strong capital base capable of withstanding significant cash flow variability, whilst providing the flexibility to pursue its growth aspirations. Newcrest aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. Newcrest has a Capital Management Plan, which is reviewed, updated and approved by the Board on an annual basis.

The capital structure of Newcrest consists of debt, which includes borrowings as disclosed in Note 19, cash, cash equivalents and equity.

Newcrest balances its overall capital structure through the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

Gearing Ratio

Newcrest's gearing ratio is monitored and maintained at a level that is appropriate for financial risk and growth plans. Newcrest's strategy is to have maximum gearing of around 15% and maintain the equivalent of an investment grade credit rating around BBB+.

The gearing ratio at year end was as follows:

	2012 $M	2011 $M
Total debt	2,408	800
Less: Cash and cash equivalents	(242)	(185)
Net debt	2,166	615
Equity	15,094	13,875
Total capital (net debt and equity)	17,260	14,490
Gearing ratio	12.5%	4.2%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

28. COMMITMENTS

	Consolidated 2012 $M	2011 $M
(a) Finance Lease Commitments		
Within one year	3	4
Later than one year but not later than five years	1	4
Total minimum lease payments	4	8
Less future finance charges	–	–
Present value of minimum lease payments	4	8
Included in the financial statements as borrowings (Note 19):		
Current	3	4
Non-current	1	4
	4	8

Finance leases were entered into as a means of financing the acquisition of mining equipment.
No lease arrangements create restrictions on other financing transactions.

	2012 $M	2011 $M
(b) Operating Lease Commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	6	5
Later than one year but not later than five years	17	12
Later than five years	8	10
Total	31	27

The Group leases assets for operations including plant and office premises. The leases have an average life ranging from 1 to 10 years. There are no restrictions placed upon the lessee by entering into these leases.

	2012 $M	2011 $M
(c) Capital Expenditure Commitments		
Capital expenditure commitments	446	743

This represents contracted mining development expenditure.

29. CONTINGENT LIABILITIES

(a) Legal proceedings were commenced in December 2010 against the Hidden Valley mine unincorporated joint venture (in which Newcrest holds a 50% interest) in Papua New Guinea over alleged damage to the Watut River (which runs adjacent to the Hidden Valley gold mine) alleged to have been caused by waste rock and overburden from the mine. The damages sought by the plaintiffs are not specified. At this stage, it is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding in their claim, nor the potential liability of the Hidden Valley mine unincorporated joint venture parties were the plaintiffs to succeed. The defendants are defending the claims. Accordingly, no provision has been recognised in the financial statements for this matter.

(b) In addition to the above matter, companies in the Group are recipients of or defendants in certain claims, suits and complaints made, filed or pending. In the opinion of the Directors, all matters are of such a kind, or involve such amounts, that they will not have a material effect on the financial position of the Group if disposed of unfavourably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

(c) The Indonesian Tax Office (ITO) is conducting tax audits of PT Nusa Halmahera Minerals (PTNHM), which is owned 82.5% by the Group. The audits cover the 2005, 2007, 2008, 2010 and 2011 financial years. The Group considers that PTNHM has made adequate provision for its taxation liabilities and is taking appropriate steps to address issues raised by the ITO. There would be a tax impact on the Group if any of the ITO audits result in an adjustment that increases PTNHM's taxation liabilities.

(d) The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is $163 million (2011: $159 million).

30. CONTROLLED ENTITIES

Entity	Notes	Country of Incorporation	Percentage Holding 2012 %	2011 %
Parent Entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Newcrest Operations Ltd	(a)	Australia	100	100
Australmin Holdings Ltd	(d)	Australia	100	100
Cadia Holdings Pty Ltd	(a)	Australia	100	100
Contango Agricultural Co. Pty Ltd		Australia	100	100
Horskar Pty Limited	(d)	Australia	100	100
Newcrest Exploration Holdings Pty Ltd	(a)	Australia	100	100
Newcrest Finance Pty Ltd	(a)	Australia	100	100
Newcrest International Pty Ltd	(a)	Australia	100	100
Newcrest Services Pty Ltd	(d)	Australia	100	100

30. CONTROLLED ENTITIES (continued)

Entity	Notes	Country of Incorporation	Percentage Holding 2012 %	2011 %
Newcrest Technology Pty Ltd	(d)	Australia	100	100
Newgen Pty Ltd		Australia	100	100
Sulawesi Investments Pty Ltd	(a) (d)	Australia	100	100
Niugini Mining Australia Pty Ltd	(d)	Australia	100	100
LGL Australian Holdings Pty Ltd	(d)	Australia	100	100
LGL Services Australia Pty Ltd		Australia	100	100
LGL Ballarat Operations Pty Ltd	(d)	Australia	100	100
New Resource Pty Ltd	(d)	Australia	100	100
Berringa Resources Pty Ltd	(d)	Australia	100	100
Ballarat West Goldfields Pty Ltd	(d)	Australia	100	100
LGL Mount Rawdon Operations Pty Ltd		Australia	100	100
LGL Mount Rawdon Property Holdings Pty Ltd	(d)	Australia	100	100
LGL CDI Investments Pty Ltd	(d)	Australia	100	100
LGL CDI Exploration Pty Ltd	(d)	Australia	100	100
Newcrest Holdings (Investments) Pty Ltd		Australia	100	–
Newcrest Singapore Holdings Pte Ltd	(c)	Singapore	100	100
Newcrest Insurance Pte Ltd	(b)	Singapore	100	100
Newcrest Singapore (Tandai) Pte Ltd	(c)	Singapore	100	100
Newcrest Fiji Holdings 1 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Holdings 2 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Exploration Holdings 1 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Exploration Holdings 2 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Trading Pte Ltd	(d)	Singapore	100	–
PT Nusa Halmahera Minerals	(b)	Indonesia	82.5	82.5
PT Puncakbaru Jayatama	(b)	Indonesia	100	100
PT Bengkulu Utara Gold	(c)	Indonesia	70	70
Newcrest (Fiji) Ltd	(b)	Fiji	100	100
Newcrest Exploration (Fiji) Ltd	(b)	Fiji	100	–
Newcrest PNG 1 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG 2 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG 3 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG Exploration Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG Andewa Ltd	(b)	Papua New Guinea	100	–
Lihir Gold Ltd	(b)	Papua New Guinea	100	100
Niugini Mining Ltd	(b) (d)	Papua New Guinea	100	100
Lihir Management Company Ltd	(b) (d)	Papua New Guinea	100	100
LGL PNG Holdings Ltd	(b) (d)	Papua New Guinea	100	100
600 Holdings Inc	(d)	USA	100	100
Newcrest Resources Inc		USA	100	100
Newcrest USA Inc	(e)	USA	100	100
Newroyal Resources Inc		USA	100	100
Newcrest Chile Holdings 1	(d)	Bermuda	100	100
Newcrest Chile Holdings 2	(d)	Bermuda	100	100
Newcrest Peru Holdings 1	(d)	Bermuda	100	100
Newcrest Peru Holdings 2	(d)	Bermuda	100	100
Minera Newcrest Chile SRL	(d)	Chile	100	100
Minera Newcrest Peru SAC	(d)	Peru	100	100
Newcrest Mining BC Ltd	(d)	Canada	100	100
LGL Holdings CI SA		Côte d'Ivoire	100	100
LGL Development CI SA	(d)	Côte d'Ivoire	100	100
LGL Exploration CI SA	(d)	Côte d'Ivoire	100	100
LGL Mines CI SA		Côte d'Ivoire	89.89	89.89
LGL Resources CI SA		Côte d'Ivoire	99.89	98.00

Notes:

(a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. (Refer Note 32 for further information).

(b) Audited by affiliates of the parent entity auditors.

(c) Audited by auditors other than parent entity auditors.

(d) Dormant entities.

(e) Formerly Newmont Pty Ltd.

31. PARENT ENTITY INFORMATION

The summarised Income Statement and Statement of Financial Position in respect to the parent entity (Company) is set out below.

	Company	
	2012 $M	2011 $M
(a) Income Statement		
Profit after income tax	486	29
Total comprehensive income for the year	486	29
(b) Statement of Financial Position		
Current assets	277	273
Non-current assets	13,811	13,612
Total assets	14,088	13,885
Current liabilities	165	117
Non-current liabilities	211	145
Total liabilities	376	262
Net assets	13,712	13,623
Issued capital	13,561	13,569
Equity settlements reserve	54	45
Retained earnings:		
Opening balance	9	209
Profit after tax	486	29
Dividends paid	(398)	(229)
Closing balance	97	9
Total equity	13,712	13,623

(c) Commitments

Capital expenditure commitments		
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within one year	24	12
Total	24	12
Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	3	2
Later than one year but not later than five years	5	4
Later than five years	–	–
Total	8	6

(d) Guarantees and Contingent Liabilities

The Company and certain Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 32. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of this Deed on the basis that the possibility of default is remote.

32. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned controlled entities detailed in Note 30 are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

A consolidated Income Statement and consolidated Statement of Financial Position, comprising the Company and controlled entities, which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out below.

	Consolidated	
Income Statement	2012 $M	2011 $M
Operating sales revenue	2,375	2,249
Cost of sales	(1,618)	(1,500)
Gross profit	757	749
Exploration costs	(32)	(28)
Corporate administration costs	(137)	(82)
Other revenue	188	249
Other income/(expenses)	23	(6)
Losses on restructured and closed-out hedge contracts	(7)	(153)
Other close-out related costs	–	(3)
Business acquisition and integration costs	(11)	(48)
Gain on business divestment	46	–
Profit before interest and income tax	827	678
Finance income	34	9
Finance costs	(36)	(45)
Profit before income tax	825	642
Income tax expense	(106)	(85)
Profit after income tax	719	557

32. DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	Consolidated 2012 $M	Consolidated 2011 $M
Current assets		
Cash and cash equivalents	64	26
Trade and other receivables	144	623
Inventories	288	364
Derivative and other financial assets	10	12
Other assets	91	146
Total current assets	597	1,171
Non-current assets		
Other receivables	2,135	2
Inventories	83	–
Investment in subsidiaries	10,096	11,058
Property, plant and equipment	2,250	1,606
Exploration, evaluation and development expenditure	3,221	2,540
Other intangible assets	88	57
Deferred tax assets	229	205
Derivative and other financial assets	1	2
Other assets	208	37
Total non-current assets	18,311	15,507
Total assets	18,908	16,678
Current liabilities		
Trade and other payables	280	226
Borrowings	1,197	112
Provisions	90	72
Derivative and other financial liabilities	18	8
Income tax payable	20	–
Other liabilities	–	7
Total current liabilities	1,605	425
Non-current liabilities		
Borrowings	1,207	680
Provisions	173	82
Deferred tax liabilities	503	380
Total non-current liabilities	1,883	1,142
Total liabilities	3,488	1,567
Net assets	15,420	15,111
Equity		
Issued capital	13,561	13,569
Retained earnings	1,922	1,601
Reserves	(63)	(59)
Total equity	15,420	15,111

33. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS

(a) Interests

The Group has interests in the following significant unincorporated joint ventures:

Name	Country	Principal Activity	Ownership Interest 2012 %	2011 %
Cracow JV[1]	Australia	Gold production and mineral exploration	–	70.0
Namosi JV	Fiji	Mineral exploration	69.94	69.94
Hidden Valley JV	Papua New Guinea	Gold production and mineral exploration	50.0	50.0
Wafi-Golpu JV[2]	Papua New Guinea	Mineral exploration	50.0	50.0
Morobe Exploration JV	Papua New Guinea	Mineral exploration	50.0	50.0

[1] The Group divested its interest in the Cracow JV on 2 November 2011. Refer Note 34.

[2] Consistent with the current administrative practice, the PNG National Government has reserved the right to take up an equity interest of up to 30% in a mine developed from Wafi-Golpu. The right is recorded as a condition in exploration licences and is exercisable by the PNG National Government once at any time prior to the grant of a mining lease or special mining lease. If the PNG National Government exercises this right, the exercise price is a pro-rata share of the historical exploration costs. Once the right is exercised, the PNG National Government becomes responsible for its proportionate share of ongoing exploration and project development costs. The PNG National Government has indicated its intention to exercise its option, nominating government-owned company Petromin PNG Holdings Ltd to take up the interest, although the option has not yet been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu joint venture would be reduced to 35%.

(b) Assets Employed in Joint Ventures

Included in the assets of the Group are the following items, which represent the Group's material interest in the assets employed in the joint ventures, recorded in accordance with the accounting policy, described in Note 2(c).

Joint Ventures	Consolidated 2012 $M	2011 $M
Current assets		
Cash assets	23	10
Receivables	9	11
Inventories	58	43
Other assets	42	24
	132	88
Non-current assets		
Property, plant and equipment	394	376
Exploration, evaluation and development	224	174
	618	550
Total assets	750	638

For operating and capital expenditure commitments and contingent liability disclosures relating to the joint ventures refer to Note 28 and Note 29 respectively.

34. BUSINESS DIVESTMENT

On 2 November 2011, the Group sold its 70% interest in the Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine (the Assets). The Assets were sold to Evolution Mining Limited (Evolution), which was a company formed through the merger of Catalpa Resources Limited and Conquest Mining Limited.

Newcrest received 231,082,631 shares in Evolution as consideration for the Assets, resulting in an initial 38.95% interest in Evolution. This interest was subsequently diluted to 32.68% following a 3 for 17 accelerated renounceable entitlement offer (rights issue) undertaken by Evolution, in which Newcrest had agreed not to take up its entitlement. Newcrest received $10 million from its non-participation in the rights issue.

Gain on Divestment

The gain on the divestment of the Assets was as follows:

	Note	Consolidated $M
Consideration received	(i)	390
Written down value of net assets sold	(ii)	(336)
Disposal costs		(8)
Applicable income tax	(iii)	–
		46

(i) Represents 231,082,631 shares in Evolution at $1.6893 per share, based on the quoted price of Evolution shares at the divestment date (2 November 2011).

34. BUSINESS DIVESTMENT (continued)

(ii) Represents the carrying values of the net assets disposed, as detailed below:

	Consolidated Book Value on Divestment $M
Assets	
Inventories	**10**
Deferred mining	**57**
Property, plant and equipment	**52**
Exploration, evaluation and development	**229**
Goodwill	**53**
Total assets	**401**
Liabilities	
Provisions	**14**
Deferred tax liabilities	**51**
Total liabilities	**65**
Net assets divested	**336**

(iii) The Group has utilised previously unrecognised capital losses to offset the taxable capital gain.

35. BUSINESS ACQUISITIONS

Newcrest and Lihir Gold Limited (LGL) entered into a Merger Implementation Agreement on 4 May 2010 to combine the two companies under a Scheme of Arrangement (Scheme). The Scheme was approved by LGL shareholders on 23 August 2010 and was approved by the National Court of Papua New Guinea (the Court) on 27 August 2010. In accordance with the Court Order, the Scheme became effective on 30 August 2010. Newcrest assumed effective management control of LGL on 30 August 2010.

LGL is a gold producer, with operations in Papua New Guinea, West Africa and Australia. LGL has 19 subsidiaries, which are all wholly-owned except for:

– LGL Mines CI SA (89.89% owned). This company is the holder and operator of the Bonikro operations.

– LGL Resources CI SA (98% owned). This company is the holder of exploration permits in Côte d'Ivoire.

Details of the acquisition are as follows:

	2011 $M
(a) Consideration	
Equity instruments: 280,987,564 Newcrest shares at $35.40 per share[1]	9,947
Cash consideration	533
Total consideration	**10,480**

[1] The fair value of $35.40 is based on the quoted price of Newcrest shares at the acquisition date (30 August 2010)

	2011 $M
(b) Net Cash Flow Attributable to the Acquisition	
Cash consideration paid	533
Less: Cash and cash equivalent balance acquired	(261)
Net cash outflow	**272**
(c) Acquisition-Related Costs	
Costs charged to the Income Statement (Note 4(k)	15
Share issue costs charged to Equity (Note 22)	2
Acquisition-related costs incurred in 2011	17
Costs charged to the Income Statement in 2010	12
Total acquisition related costs	**29**

35. BUSINESS ACQUISITIONS (continued)

(d) Fair Values

Details of the fair values at the date of acquisition are set out below:

	Fair Value on Acquisition $M
Assets	
Cash and cash equivalents	261
Trade and other receivables	10
Inventories	911
Property, plant and equipment	1,565
Exploration, evaluation and development	4,985
Other intangible assets	3
Financial derivative assets	8
Deferred tax assets	157
Other assets	103
Total assets	**8,003**
Liabilities	
Trade and other payables	159
Borrowings	58
Provisions	159
Financial derivative liabilities	1
Deferred tax liabilities	1,462
Other liabilities	1
Total liabilities	**1,840**
Fair value of identifiable net assets	**6,163**
Non-controlling interest in identifiable acquired net assets	(53)
Goodwill on acquisition	4,370
	10,480

(e) Pro-Forma Results

The Income Statement for the year ended 30 June 2011 includes sales revenue of $1,037 million and profit after income tax of $325 million, as a result of the acquisition of LGL.

Had the acquisition of LGL occurred at the beginning of the 2011 reporting period, the Income Statement would have included additional sales revenue and profit after tax of $220 million and $55 million respectively (representing the pro-forma results for the period 1 July to 30 August 2010).

In determining the 'pro-forma' sales revenue and net profit after income tax of the Group had LGL been acquired at the beginning of the 2011 reporting period:

- depreciation of plant and equipment, mine development and mineral rights acquired have been calculated on the basis of the fair values arising in the final accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- synergy benefits have not been taken into account.

36. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee (the chief operating decision-makers) in assessing performance. The operating segments represent the Group's operating mines and projects, which are organised and managed according to their location.

The Group's reportable operating segments are:

- Cadia Valley, Australia
- Telfer, Australia
- Cracow JV (70% interest) and Mt Rawdon, Australia (divested on 2 November 2011)
- Gosowong, Indonesia
- Lihir, Papua New Guinea
- Hidden Valley JV (50% interest), Papua New Guinea
- West Africa (includes Bonikro operations and exploration and evaluation activities in Côte d'Ivoire)
- Exploration and Other.

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Namosi in Fiji, Wafi-Golpu in PNG, and Marsden and O'Callaghans in Australia.

36. SEGMENT INFORMATION (continued)

(a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on their Revenues, Costs, EBITDA and EBIT (Segment result).

Segment Revenues represent gold, copper and silver sales at unhedged prices.

EBITDA is earnings before interest, tax, depreciation, amortisation, hedge restructure and other significant items. EBIT is earnings before interest, tax, hedge restructure and other significant items. The reconciliation of EBITDA and EBIT to profit before tax is shown in the following table.

Segment assets exclude deferred tax assets and intercompany receivables.

Segment liabilities exclude intercompany payables.

2012	Cadia Valley $M	Telfer $M	Cracow & Mt Rawdon[(1)] $M	Gosowong $M	Lihir $M	Hidden Valley $M	West Africa $M	Total Operations $M	Exploration & Other $M	Corporate[(2)] $M	Total Group $M
External sales revenue	1,141	1,192	89	711	964	172	147	4,416	–	–	4,416
EBITDA	568	473	37	527	651	32	63	2,351	(80)	(120)	2,151
Depreciation and amortisation	(111)	(187)	(11)	(67)	(97)	(36)	(33)	(542)	–	(19)	(561)
EBIT (Segment result)	457	286	26	460	554	(4)	30	1,809	(80)	(139)	1,590
Finance income										2	2
Finance costs										(43)	(43)
Hedge restructure and other significant items:											
Losses on restructured and closed-out hedge contracts										(7)	(7)
Business acquisition and integration costs										(11)	(11)
Gain on business divestment										46	46
Profit before income tax										(152)	1,577
Other information											
Segment assets	3,835	2,241	–	523	10,669	679	960	18,907	638	964	20,509
Segment liabilities	230	233	–	86	1,553	68	120	2,290	22	3,103	5,415
Capital expenditure[(3)]	1,278	279	8	88	773	38	17	2,481	231	121	2,833

(1) Segment Result attributable to Mt Rawdon and Cracow is for the period 1 July to 2 November 2011. Refer Note 34.

(2) Includes eliminations.

(3) Represents additions to property, plant and equipment; exploration, evaluation and development; and other intangible assets.

2011	Cadia Valley $M	Telfer $M	Cracow & Mt Rawdon[(1)] $M	Gosowong $M	Lihir[(1)] $M	Hidden Valley $M	West Africa[(1)] $M	Total Operations $M	Exploration & Other $M	Corporate[(2)] $M	Total Group $M
External sales revenue	1,083	1,065	209	654	887	162	42	4,102	–	–	4,102
EBITDA	551	409	106	504	594	37	1	2,202	(55)	(88)	2,059
Depreciation and amortisation	(77)	(172)	(31)	(67)	(106)	(39)	(9)	(501)	–	(14)	(515)
EBIT (Segment result)	**474**	**237**	**75**	**437**	**488**	**(2)**	**(8)**	**1,701**	**(55)**	**(102)**	**1,544**
Finance income										9	9
Finance costs										(45)	(45)
Hedge restructure and other significant items:											
Losses on restructured and closed-out hedge contracts										(153)	(153)
Other close-out related costs										(3)	(3)
Business acquisition and integration costs										(52)	(52)
Profit before income tax										**(346)**	**1,300**
Other information											
Segment assets	2,851	2,007	388	432	9,241	586	830	16,335	501	446	17,282
Segment liabilities	185	169	82	86	1,346	58	99	2,025	12	1,370	3,407
Capital expenditure[(3)]	1,022	119	28	93	609	50	5	1,926	150	29	2,105

(1) Segment Result attributable to Mt Rawdon, Lihir and West Africa is for the period 30 August 2010 to 30 June 2011. Refer Note 35.

(2) Includes eliminations.

(3) Represents additions to property, plant and equipment; exploration, evaluation and development; and other intangible assets.

36. SEGMENT INFORMATION (continued)

(b) Geographical Segments

Revenue from external customers by geographical region is detailed below. Revenue is attributable to geographic location based on the location of customers.

Sales Revenue from External Customers	2012 $M	2011 $M
Bullion		
Australia	2,366	2,238
Other Asia	2	6
Concentrate		
Japan	730	1,021
Korea	159	53
China	95	91
Europe [1]	762	576
USA[1]	302	117
Total sales revenue	4,416	4,102

[1] The majority of concentrate sales to customers in Europe and the USA are shipped to smelters in Japan, Korea and China.

Non-current assets	2012 $M	2011 $M
Australia	6,253	4,622
Indonesia	283	250
Papua New Guinea	11,324	9,820
West Africa	864	777
Other	62	41
Total non-current assets	18,786	15,510

Non-current assets for this purpose exclude deferred tax assets.

(c) Major Customer Information

Major customers to which the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		Percentage of external revenue	
	2012 $M	2011 $M	2012 %	2011 %
Customer A[1]	2,226	1,945	50	47
Customer B	598	695	14	17
Customer C	481	398	11	10

[1] Represents sales of bullion.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

37. KEY MANAGEMENT PERSONNEL

(a) Details of Directors and Key Management Personnel

Key Management Personnel (KMP), as defined in AASB 124 Related Party Disclosures, comprise the Company Directors (including Executive Directors) and Executive Managers. The Managing Director, Finance Director and the Executive Managers are members of the Group's Executive Committee (Exco). The members of the Exco exercise the greatest control over the management and strategic direction of the Group and are also the highest paid individuals in the Group.

Name	Position
Directors	
Greg Robinson[1]	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer (commenced 1 January 2012 and appointed as Executive Director on 8 February 2012)
Don Mercer	Non-Executive Chairman
John Spark	Non-Executive Director
Rick Lee	Non-Executive Director
Tim Poole	Non-Executive Director
Richard Knight	Non-Executive Director
Vince Gauci	Non-Executive Director
Lady Winifred Kamit	Non-Executive Director
Ian Smith[1]	Former Managing Director and Chief Executive Officer
Executive Managers	
Ron Douglas	Executive General Manager – Projects
Colin Moorhead	Executive General Manager – Minerals
Debra Stirling	Executive General Manager – People and Communication
Stephen Creese	Executive General Manager – Corporate Affairs
Greg Jackson	Chief Operating Officer
Peter Smith	Executive General Manager – Australian Operations
Brett Fletcher	Executive General Manager – PNG and Indonesian Operations
Lawrie Conway	Executive General Manager – Commercial and West Africa (commenced 1 July 2011)
Andrew Logan	Executive General Manager – Step Change, Innovation and Technology (commenced 1 July 2011)
Geoff Day	Chief Operating Officer – Offshore Operations (resigned 4 February 2011)

[1] Ian Smith stepped down as Managing Director and Chief Executive Officer on 30 June 2011 and Greg Robinson was appointed Managing Director and Chief Executive Officer, with effect from 1 July 2011.

(b) Remuneration of Key Management Personnel

	2012 $'000	2011 $'000
Short-term	15,771	16,602
Post-employment	248	219
Termination	–	2,250
Share-based payments	3,901	2,476
	19,920	21,547

37. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings of Key Management Personnel

Shares held in Newcrest Mining Limited:

Key Management Personnel	Balance at 1 July 2011	Acquired on exercise of Rights	Net Other Changes	Balance at 30 June 2012
Directors				
G. Robinson	4,235	16,252	–	20,487
G. Bond	–	–	–	–
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	22,447	–	–	22,447
T. Poole	4,235	–	–	4,235
R. Knight	20,000	–	–	20,000
V. Gauci	3,400	–	–	3,400
W. Kamit	326	–	–	326
Executive Managers				
C. Moorhead	32,317	8,568	(23,568)	17,317
R. Douglas	8,725	17,348	–	26,073
D. Stirling	5,603	–	–	5,603
S. Creese	–	–	–	–
G. Jackson	–	–	–	–
P. Smith	20,964	–	–	20,964
B. Fletcher	–	–	–	–
L. Conway	34,829	2,358	(12,500)	24,687
A. Logan	–	3,719	–	3,719

Key Management Personnel	Balance at 1 July 2010	Acquired on exercise of Rights	Net Other Changes	Balance at 30 June 2011
Directors				
I. Smith	4,235	165,000	(165,000)	4,235
G. Robinson	4,235	–	–	4,235
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	20,000	–	2,447	22,447
T. Poole	4,235	–	–	4,235
R. Knight	20,000	–	–	20,000
V. Gauci	3,400	–	–	3,400
W. Kamit	–	–	326	326
Executive Managers				
C. Moorhead	32,317	–	–	32,317
R. Douglas	–	8,725	–	8,725
D. Stirling	5,603	–	–	5,603
S. Creese	–	–	–	–
G. Jackson	–	–	–	–
P. Smith	–	–	20,694	20,694
B. Fletcher	–	–	–	–

37. KEY MANAGEMENT PERSONNEL (continued)

(d) Rights held by Key Management Personnel

All conditional entitlements refer to rights over ordinary shares of Newcrest, which are exercisable on a one-for-one basis under the Executive Performance Plan. The movements in the year in the number of rights over ordinary shares in Newcrest, held directly, indirectly or beneficially, by each KMP, including their personally related entities is shown in the following table.

	Movements During 2012					As at 30 June 2012	
Key Management Personnel	Balance at 1/07/11	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/12	Vested and Exercisable	Non-Vested[1]
G. Robinson	145,480	58,406	(16,252)	(3,252)	184,382	60,195	124,187
G. Bond	–	23,884	–	–	23,884	–	23,884
C. Moorhead	49,800	13,762	(8,568)	(1,206)	53,788	17,348	36,440
R. Douglas[2]	41,382	13,940	(17,348)	(1,206)	36,768	–	36,768
D. Stirling	47,152	13,404	–	(1,117)	59,439	24,530	34,909
S. Creese	22,678	14,368	–	–	37,046	–	37,046
G. Jackson	24,630	16,085	–	–	40,715	–	40,715
P. Smith	10,964	13,940	–	–	24,904	–	24,904
B. Fletcher	9,845	13,940	–	–	23,785	–	23,785
L. Conway	12,166	12,510	(2,358)	(283)	22,035	4,076	17,959
A. Logan	20,306	12,510	(3,719)	(398)	28,699	8,627	20,072
Total	**384,403**	**206,749**	**(48,245)**	**(7,462)**	**535,445**	**114,776**	**420,669**

	Movements During 2011					As at 30 June 2011	
Key Management Personnel	Balance at 1/07/10	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/11	Vested and Exercisable	Non-Vested
I. Smith	423,570	58,824	(165,000)	(1,418)	315,976	93,127	222,849
G. Robinson	112,041	33,793	–	(354)	145,480	29,675	115,805
C. Moorhead	39,064	10,814	–	(78)	49,800	8,568	41,232
R. Douglas	39,373	10,964	(8,725)	(230)	41,382	–	41,382
D. Stirling	36,862	10,513	–	(223)	47,152	8,457	38,695
S. Creese	11,864	10,814	–	–	22,678	–	22,678
G. Jackson	11,864	12,766	–	–	24,630	–	24,630
P. Smith	–	10,964	–	–	10,964	–	10,964
B. Fletcher	–	9,845	–	–	9,845	–	9,845
G. Day	30,418	10,964	–	(41,382)	–	–	–
Total	**705,056**	**180,261**	**(173,725)**	**(43,685)**	**667,907**	**139,827**	**528,080**

(1) All equity-based remuneration is 'at risk' and will lapse or be forfeited in the event that minimum prescribed performance conditions are not met by the Group or individual employees as applicable.

(2) Ron Douglas subsequently resigned on 13 July 2012 and forfeited the non-vested share rights at 30 June 2012.

(e) Loans to Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

(f) Other Transactions of Directors and Key Management Personnel

Transactions are conducted by entities within the Group with Directors and KMP that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with an unrelated person.

38. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors of Newcrest Mining Limited determined that a final dividend of 23 cents per ordinary share (15% franked) is to be paid in respect of the 2012 financial year. The total amount of the dividend is $176 million. This dividend has not been provided for in the 30 June 2012 financial statements.

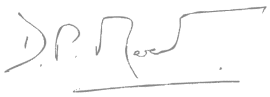
There are no other matters or circumstances which have arisen since 30 June 2012 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

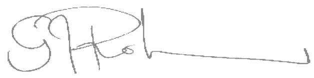
In accordance with a resolution of the Directors of Newcrest Mining Limited, we state that:

1. In the opinion of the Directors:
   (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Group is in accordance with the *Corporations Act 2001*, including:
      (i) Giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
      (ii) Complying with Australian Accounting Standards and *Corporations Regulations 2001*.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Don Mercer
Chairman



Greg Robinson
Managing Director and
Chief Executive Officer

13 August 2012
Melbourne, Victoria

Independent Auditor's Report

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Independent audit report to members of Newcrest Mining Limited

Report on the financial report

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Rodney Piltz
Partner
Melbourne
13 August 2012

1. INTRODUCTION

1.1 About this Report

This Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy, framework and practices adopted by the Company and the Group for the period 1 July 2010 – 30 June 2011 and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations. This entire Remuneration Report is designated as audited.

In accordance with the *Corporations Act 2001*, remuneration details are disclosed for the Group's Key Management Personnel, which includes the five most highly remunerated Executives of the Company and the Group.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, being the Company's Directors, whose names appear in Table 9, and the Executive Managers whose names appear in Table 10.

In sections of this Report where remuneration arrangements are dealt with separately for Directors and for Executive Managers, the term 'Directors' is used to refer to all Directors, Executive Directors refers to the Managing Director and Director Finance and the term 'Key Management Personnel' refers to Executive Managers only.

1.2 Overview of Contents

1.3 Executive Summary

In 2010–2011, the Board's remuneration strategy was:

- to provide market competitive levels of remuneration to employees having regard both to the level of work and to the impact those employees could potentially have on the Company's and the Group's performance;
- to encourage, recognise and reward high performance with appropriate levels of at-risk performance pay;
- to adopt Group performance measures which align performance incentives with the interests of shareholders;
- to retain capable and high performing employees; and
- to adopt a remuneration structure that provides the appropriate balance in risk and reward sharing between each participating employee and the Group.

Key developments during the year in the implementation and administration of the remuneration policy were:

1.3.1 The Board reviewed the form of the Executive Service Agreement offered to Key Management Personnel and amended its terms to standardise the Agreements and ensure that termination payments payable to Key Management Personnel would not exceed 12 months of base salary (averaged over three years). This amendment ensures that the Executive Service Agreements are in line with the *Corporations Act 2001* and applicable regulations, and best market practice. The Board negotiated and entered into the new form of Executive Service Agreements with each of its Key Management Personnel (other than Mr Ian Smith, Newcrest Managing Director and CEO, who stepped down from that role on 30 June 2011), to reflect the changes outlined above.

1.3.2 As in previous years, the Board determined that the Short Term Incentive (STI) Plan (formerly the Short Term Incentive Deferral Plan) would again operate as a 'cash only' plan in 2010–11.

1.3.3 The Board reviewed the purpose and effectiveness of deferring one third of the payments under the STI and concluded deferral created a temporal disconnect for Key Management Personnel between satisfaction of performance measures and receiving the award. Deferral of a portion of STI beyond the 12 month performance measurement period was therefore discontinued for the 2010–11 STI and beyond.

1.3.4 The Board determined to continue offering a Long Term Incentive (LTI) to Key Management Personnel in 2010–11. See Section 5.5.1 for details.

1.3.5 In relation to the Short and Long Term Incentive, the Company reviewed all performance measures following the merger in September 2010 with Lihir Gold Limited, and concluded that these remained appropriate, subject to amendment of the LTI Reserves Growth measure to include some consideration of copper reserves growth, reflecting the contribution copper makes to the Newcrest portfolio. As a result, the measure was amended in relation to the 2011 LTI to include the growth in copper reserves in the target – up to a maximum of 30% (measured as gold-equivalent reserves). The remaining 70% is growth in gold reserves. The Board determined that the reserves growth target will be 15 million ounces of gold over three years.

Further details of each of the above key changes are set out in the relevant sections of this Report.

2. REMUNERATION OVERVIEW 2010–11

2.1 Key Changes in 2010–11

Key changes to remuneration practices in 2010–11 are as outlined above.

2.2 Remuneration Policy

The Board's remuneration policy is to provide market-competitive levels of remuneration for all employees, including Non-Executive Directors, Executive Directors and Key Management Personnel, having regard to both the size and complexity of the Group, and the level of work and the impact that those employees can potentially have on Group performance.

The policy also seeks to align the interests of employees and shareholders by ensuring an appropriate level of at-risk performance pay right across the Company, linking incentives and performance measures to both Group and individual performance.

Performance linked compensation includes both short and long term incentives, and is designed to reward employees for increasing shareholder value by meeting or exceeding their group and, where applicable, individual objectives.

2.3 Non-Executive Directors

Non-Executive Directors' fees are set based upon the need to attract and retain individuals of appropriate calibre, reflecting the demands of the role and fairness in relation to prevailing market conditions.

Non-Executive Directors' fees are reviewed every two years and were reviewed by the Board in December 2010 and adjusted with effect from 1 January 2011. Details of current Non-Executive Directors' fees are set out in Section 4.4 of this Report.

In order to maintain independence and impartiality, Non-Executive Directors do not receive any performance-related remuneration.

2.4 Executive Director and Key Management Personnel

Executive Director and Key Management Personnel remuneration comprises both fixed and variable components. Fixed remuneration is set with reference to fixed remuneration paid by a comparator group of companies for comparable roles.

Variable equity and cash remuneration in 2010–11 was offered respectively under the LTI employee share plan and the STI Plan.

Details of the above incentive schemes are set out in Sections 5.4 and 5.5 of this Report.

3. HUMAN RESOURCES AND REMUNERATION COMMITTEE

3.1 Role of the Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to review, advise and formulate recommendations to the Board in relation to matters within its Charter, to refer these to the Board for determination, and to oversee implementation and administration of major components of the Company's Board approved remuneration strategy. The Charter is available on the Company's website www.newcrest.com.au.

3.2 Duties and Responsibilities

Duties and Responsibilities are set out in the Committee's Charter.

The key duties and responsibilities of the Committee are to assist the Board in the discharge of its responsibilities for oversight and approval of the human resources and remuneration policies and practices of the Group. It considers and makes recommendations to the Board in relation to:

– the oversight of organisational design and human capability at Newcrest commensurate and consistent with its strategic goals, including:
  a. its recruitment strategies and practices;
  b. the identification of talent including training and development;
  c. retention and succession; and
  d. diversity.
– the behavioural and cultural framework and practices of the Group;
– the human resources and remuneration strategies, policies and practices of the Group;
– the remuneration framework for all employees including in particular, Executive Managers, Executive Directors and Non-Executive Directors;
– the remuneration levels for Directors and Executive Managers, and contract terms, incentive arrangements and retirement and termination entitlements for all Executive Managers;
– the implementation and administration of major components of the Group's remuneration strategy such as share plans and incentive and bonus payments;
– performance management practices and outcomes; and
– engagement of remuneration consultants.

3.3 Composition

The Committee is appointed by the Board. It comprises four Non-Executive Directors: Rick Lee, who acts as the Committee Chairman, Vince Gauci, Tim Poole and Winifred Kamit. Rick Lee was appointed as Chairman with effect from January 2011, replacing Don Mercer, who stepped down from the Committee at that time. Winifred Kamit was appointed to the Committee in April 2011. All Board members may attend Committee meetings. The Executive Directors, the Executive General Manager People and Communications and specialist external consultants (as required) attend by invitation. Non-Executive Directors are permitted to consider remuneration arrangements applicable to themselves pursuant to an ASIC relief order.

A minimum of two Committee members is required for a quorum.

3.4 Meetings

The Committee meets as required but must meet at least three times a year to review the structure and implementation of the Group's remuneration strategy including:

– fixed remuneration;
– at risk remuneration including:
  a. short term cash incentives; and
  b. other equity-based remuneration.

Each of these components of remuneration is described later in this Report.

4. NON-EXECUTIVE DIRECTORS' REMUNERATION

4.1 Policy – Independence and Impartiality

In order to maintain impartiality and independence, Non-Executive Directors do not receive any performance-related remuneration and are not entitled to participate in the Group's employee cash and equity remuneration schemes.

4.2 Fixed Fees

Non-Executive Directors, including the Chairman, are paid fixed fees for their services to the Group. Those fees are inclusive of any contribution to superannuation that a Non-Executive Director wishes to make or which the Group is required by law to make on behalf of a Non-Executive Director. The level and structure of fees is based upon:

– the need for the Group to attract and retain Non-Executive Directors of an appropriate calibre;
– the demands of the role; and
– prevailing market conditions.

The aggregate amount of fees paid is within the overall amount approved by shareholders in general meeting. The last determination made was at the Annual General Meeting held on 28 October 2010, at which shareholders approved an aggregate amount of $2,700,000 per annum.

Fixed Fees paid to Non-Executive Directors in 2010–11 are set out in Table 9.

4.3 Additional Services

Under the Company's Constitution, Non-Executive Directors may be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Group outside the scope of their normal Director's duties.

Those members of the Audit and Risk Committee who undertook significant additional duties in relation to the acquisition of LGL and the Lihir Group of companies were paid additional fees in recognition of their contribution in addition to their normal duties as members of that Committee. Details of Board Committee fees paid during 2010–11 are included under the heading 'Committee Fees' in Table 9.

No other fees were paid to Non-Executive Directors during 2010–11, other than Committee membership fees which are discussed below.

4.4 Non-Executive Directors' Fees

The Group's practice is to review Non-Executive Director remuneration every two years. A review by an independent specialist remuneration consultant was undertaken in November 2010, including a process of benchmarking against independent Non-Executive Director fees paid by other ASX Top 20 and Top 25 companies respectively. The review concluded and recommended that Board and Committee fees should be adjusted to be positioned around the median for Top 30 companies and that recommendation has been adopted.

Current Non-Executive Director remuneration, (effective from 1 January 2011) comprises:

– base fees payable to the Board Chairman of $600,000 and to each Non-Executive Director of $200,000 per annum respectively;
– fees payable to Audit and Risk Committee Chair and Committee members of $50,000 and $25,000 respectively;
– fees payable to the Safety, Health and Environment Committee Chair and Committee members of $40,000 and $20,000 respectively; and
– fees payable to the Human Resources and Remuneration Committee Chair and Committee members of $40,000 and $20,000 respectively.

4.5 Requirement for Directors to Hold Shares

All Directors are required to hold shares in the Company. The number of shares to be held and the timeframe in which they are to be acquired are determined by the Board. Acquisition must comply with the Company's Securities Dealing Policy.

4.6 Retirement Benefits

Non-Executive Directors are not entitled to receive a retirement benefit. The practice of offering retirement benefits to Non-Executive Directors was discontinued from 31 December 2003.

5. EXECUTIVE DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

5.1 Executive Reward Structure

The Group's executive reward structure consists of the following three elements:

– fixed remuneration;

– at-risk cash remuneration; and

– at-risk equity-based remuneration.

5.2 Board Policy and Strategy on Executive Remuneration

In 2010–11 the Board retained the remuneration elements outlined above for Executive Directors and Key Management Personnel. The structure of remuneration arrangements for Key Management Personnel is, in broad terms, no different from those for other members of management across the Group. The main differences relate to the weighting for different components of their remuneration, with the proportion of at-risk remuneration increasing with seniority.

Newcrest's policy is to offer a highly competitive total remuneration package for Key Management Personnel, benchmarked against comparable companies in Australia and global mining companies.

5.3 Determining Fixed Remuneration

The Board annually reviews and determines fixed remuneration for the Executive Directors. The Managing Director does the same with respect to his direct reports, the Executive Management group, subject to the Board's oversight. The Executive Management review and recommend fixed remuneration for other Senior Management, for the Managing Director's approval.

The Group has engaged the services of independent and specialist remuneration consultants in formulating recommendations on fixed remuneration for Executive Directors and Key Management Personnel. Under the *Corporations Amendment* (Improving Accountability on Director and Executive Remuneration) *Act 2011* the engagement of remuneration consultants and reporting of any subsequent recommendations must be made directly to the Remuneration Committee. Although this legislation applies only to contracts entered into with remuneration consultants after 1 July 2011, the Board confirms that it has had regard to the principles of the legislation in respect of any remuneration recommendations made during the 2010–11 financial year.

Fixed remuneration paid to Executive Directors in 2010–11 is set out in Table 9 of this Report and Key Management Personnel fixed remuneration in 2010–11 is set out in Table 10 of this Report.

5.4 Determining Variable Cash Remuneration

The Board takes the view that employee incentive schemes are important elements of remuneration which provide tangible incentives to employees to improve the Group's performance in both the short term and the longer term. In turn, improved performance benefits shareholders.

To ensure that Newcrest's remuneration policy fully supports the Group's commitment to high performance and to continue to attract high calibre talent, remuneration levels must be competitive, but oriented more towards variable, performance-based incentives that provide reward only where robust performance hurdles are met to increase shareholder value.

The STI Plan (see 5.4.1) is a short term incentive program, based on both Group and individual employee performance-related measures. Incentive payments in relation to performance over the 1 July 2010 to 30 June 2011 performance period are to be made in October 2011.

The LTI Plan (see 5.5.1) complements the STI Plan with measures that help further drive long term performance within Newcrest.

5.4.1 Short Term Incentive Plan

The STI Plan is designed to help drive performance within the Group by providing a vehicle for rewarding Senior Management and Executives. The performance measures are a combination of Group and individual measures, with a slight weighting towards individual performance, chosen to directly align the individual's reward to the Group's strategy, performance and resultant shareholder value.

The amount of the entitlement is based on a percentage range of each participant's fixed remuneration. The total potential STI available is set at a level so as to provide sufficient incentive to individuals to achieve and exceed operational targets and group objectives.

In 2010–11, the Board determined that the STI offered for the 1 July 2010 to 30 June 2011 performance period (2011 STI) would be 'cash only', in line with previous years. Equity continues to be offered to Senior Management and Key Management Personnel through the LTI Plan.

The Board also resolved to award the 2011 STI without a deferred component. Previously, STI participants were granted an up-front cash entitlement (two thirds) and a deferred entitlement (one third) subject to restrictions for a period of two years after award. The Board reviewed the purpose and effectiveness of deferral under the STI and concluded deferral created a temporal disconnect for Key Management Personnel between satisfaction of performance measures and receiving the award. This is because the nature of the performance measures for the STI were such that the Board were able to accurately confirm and measure the performance shortly following the end of the performance period.

In addition, the 2011 STI Plan Rules have been amended so that payment of the STI is not accelerated on cessation of employment, but instead is paid in the normal STI cycle, and pro-rated for the portion of the performance period completed prior to cessation. This is to ensure that a STI is only paid where performance over the period meets, or exceeds, the agreed performance measures. The Board determined that pro-rata treatment should extend to all employees other than those who resign or are dismissed for cause.

In respect of the 2011 STI, at-target performance for Key Management Personnel was set at 60% of fixed remuneration. At maximum, around 44% of the outcome depends on Group performance and around 56% on personal performance measured against a set of Key Performance Indicators established with the Managing Director. The Group performance measures and outcomes for 2010–11 are set out in Table 7.

Table 1 contains a summary of key features of the STI Plan.

Table 1: 2011 Short Term Incentive Plan

Summary of Short Term Incentive Plan	
What is the 2011 Short Term Incentive Plan?	An incentive plan under which eligible employees are granted a cash amount which is based on a percentage range of each participant's fixed remuneration (determined according to seniority and ability to influence the performance of the Group), and assessed according to performance against a combination of Group and individual measures, with a slight weighting towards individual performance.
When is the 2011 STI grant paid to eligible employees?	The STI amount will be paid to each participant in October 2011, following assessment of performance against the applicable measures during the 2010–11 performance period.
Who participates in the 2011 STI?	The Executive Directors, Key Management Personnel, management and supervisory employees participate in the 2011 STI. In 2010–11, the Board determined to extend the STI to supervisor level employees to encourage and reward high performance.
Why does the Board consider the 2011 STI an appropriate incentive?	A STI is a globally recognised form of reward for management, aimed at ensuring focus and alignment with Group goals and strategy. Based on both Group and individual measures, and in conjunction with other factors, the Board believes that it helps encourage and reward high performance.
In what circumstances are 2011 STI entitlements forfeited?	Where a participant is either dismissed for cause, resigns from employment, or is guilty of fraud, prior to conclusion of the performance period, the STI amount will be forfeited upon cessation of employment.
What happens to 2011 STI entitlements upon a change of control in the Group?	Upon a change of control event, the Board must determine the extent, if any, to which early vesting on a full or a pro-rated basis is the appropriate outcome in all the circumstances.
What are the performance conditions under the 2011 STI?	Group performance measures relate to: – safety; – earnings; and – costs; plus – one further discretionary Group performance measure determined annually. The 'Safety' measure is based on 50% of Total Recordable Injury Frequency Rate (TRIFR) and 50% on actioning of safety risk list. The measures quantify how much of the primary and secondary safety risk lists must be actioned to achieve the measures. The safety measure is seen as critical to the successful operation of the Group's business. 'Earnings' relates to targets for NPAT and minority interests before significant items. The earnings target is a direct financial measurement of the Company's performance. 'Costs' relates to unit production costs before credits; total production costs before by-product revenue credits divided by total gold production. The cost measurement is intended to improve the profitability of the business. The results are adjusted to remove 70% of the impact of commodity price and foreign exchange movements. Personal performance measures relate to: – three objectives in key areas of an employee's broader area of responsibility; and – a fourth discretionary objective developed by each participant's manager. These four objectives are agreed annually between participant and manager under the Group's Work Performance System (WPS) and/or documented on an STI Calculation Worksheet held in a secure environment on the Newcrest HR Portal. Each performance measure (other than the discretionary measure) has an upper limit that caps the performance measure and a threshold below which the measured performance is zero. The performance measures will generally be role specific and focus on areas or projects most closely related to the role, but above and beyond the performance expected on a day to day basis. The key area objectives aim to encourage exceptional performance in the areas that will help drive the Company's longer term strategy. The discretionary component is based on achievement of personal goals and overall work performance. Performance metrics are measured for the financial year immediately preceding the date of award of the relevant STI entitlements.
What is the relationship between Group performance and allocation of STI?	Performance against Group objectives is measured in the range of 0% to 125%, and a minimum performance threshold must be exceeded to achieve a positive outcome. Overall Group performance is measured as the simple average of achieved performance against the four Group objectives. Performance against each personal performance objective is measured on a scale of 0%–160% and the overall personal performance is measured as the simple average of the outcomes on the above four personal measures. Overall performance is calculated as Group performance multiplied by personal performance. The actual award of STI is calculated by multiplying the overall performance rating by a participating employee's target STI.
What is the period over which Group performance is assessed?	The assessment period is the 1 July to 30 June financial year preceding the grant date of the STI.

5.5 Determining Variable Equity-Based Remuneration

The Board reviews and adjusts on an annual basis the content and balance of equity-based remuneration to ensure the effectiveness of equity incentives and to recognise the potential impact on the Group of Senior Executive employees.

The amount of equity remuneration received by employees is performance-dependent and will vary according to the extent to which the related Group performance measures are met.

All equity-based remuneration is 'at risk' and will lapse or be forfeited, if the prescribed performance conditions are not met by the Group.

The Board has directed that shares forming part of the Group's equity remuneration are to be bought on-market by the Company (or issued by the Company as new capital and bought back) to avoid any long term dilution of shareholder value.

The Company's Securities Dealing Policy, in compliance with applicable ASX requirements, prohibits the use by employees of derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Group's equity incentive schemes, whether or not they are vested. The Directors and the Company Secretary are not permitted to enter into margin loans in relation to Newcrest securities at any time and other designated employees must seek approval from the Company Secretary if they intend to enter into such transactions. The Securities Dealing Policy forms part of each employee's terms of employment. Compliance by Non-Executive Directors, Executive Directors and other Key Management Personnel is monitored through the Company's Compliance Assurance Questionnaires and certification process each year.

Table 2 shows the composition of equity-based Remuneration for 2010–11.

Table 2: Equity-Based Remuneration as a Percentage of Fixed Remuneration for Executive Directors and Key Management Personnel in 2010–11

	Managing Director	Director Finance	Key Management Personnel
Total Equity-Based Remuneration (maximum award)	100%	100%	60%

5.5.1 Long Term Incentive Plan

The LTI scheme was offered to Executive Directors and Key Management Personnel in 2010–11. The Group performance measures, over a three year vesting period, were three equally weighted performance measures, being:

– Comparative Cost Position;
– Reserves Growth; and
– Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of Group performance, Reserves Growth and Comparative Cost Position being drivers of shareholder value in a gold mining company, and ROCE being a direct measure of capital efficiency.

These measures were used to assess LTI performance in 2008 and 2009. Following completion of Newcrest's acquisition by Scheme of Arrangement of LGL in September 2010, the Board undertook a full review of the suitability of these measures going forward, given Newcrest's increased size and changed financial and production profile following the completion of the acquisition.

The Board concluded that the Comparative Cost Position and ROCE measures remained appropriate in their present form, but that the Reserves Growth measure should be amended to include copper reserves growth, which contributes to Newcrest remaining a bottom quartile cost producer and from which Newcrest sources a significant proportion of its revenue, but which have not previously been taken into account in assessing Newcrest's performance against the Reserves Growth measure.

Improvements to the 2011 LTI Plan

The 2011 LTI Plan Rules have been amended so that rights granted under the plan do not accelerate on early termination of employment. Rather, the LTI now provides that, in the event of termination of employment for reasons other than cause (or resignation), the normal LTI vesting cycle, pro-rated for the portion of the performance period completed prior to cessation, will apply. By amending the LTI plan to remove accelerated vesting, the Board ensures that a participant will only receive an award where long term performance hurdles are achieved.

The Board also determined that pro-rata treatment should extend to all employees other than those who resign or are dismissed for cause (previously pro-rata retention applied only where employment had ceased as a result of death, incapacity, retirement or redundancy).

The Board has agreed to extend the above amendments retrospectively to the 2009 and 2010 LTI grants (which have not yet vested) for Ron Douglas, Colin Moorhead, Debra Stirling and Stephen Creese, and to alter the LTI plans of the four Executives accordingly. These changes have been agreed to in connection with re-negotiation of the Executive Service Agreements for each of the above Key Management Personnel, details of which are set out in Section 7.2, and are expected to come into effect during the financial year ending 30 June 2012. There is no change in the fair value of each of the LTI grants immediately prior to and after the amendments. Table 3 contains a summary of the LTI's key features, including further details of the above measures.

Table 3: Long Term Incentive Plan

Summary of Long Term Incentive Plan	
What is the LTI?	An incentive plan under which eligible employees are granted rights to receive ordinary fully paid shares in the Company (Performance Rights). The entitlement is contingent on the Group achieving a performance hurdle over a set performance period.
Who participates in the LTI?	The Executive Directors, Key Management Personnel and Senior Management participate in the LTI.
Why does the Board consider the LTI an appropriate incentive?	The LTI is designed to reward participants for Group performance and to align the long-term interests of shareholders, Senior and Executive Management and the Group, by linking a significant proportion of participating employees' remuneration at risk, to the Group's future performance, currently assessed over a three year period from the date of grant of the related Performance Rights.
What are the key features of the LTI?	– Performance Rights issued under the LTI are conditional entitlements for the holder to subscribe for fully paid ordinary shares in the Company. – No amount is payable by the participant upon grant of the Performance Rights (unless the Board determines otherwise), or upon the exercise of the Performance Rights once vested. – Each Performance Right entitles the holder to subscribe for one ordinary share. Performance Rights will not vest if minimum performance conditions are not met.
In what circumstances are LTI entitlements forfeited?	The LTI amount will be forfeited upon cessation of employment prior to conclusion of the performance period in circumstances where a participant is either dismissed for cause, resigns from employment, or is guilty of fraud.
What are the performance conditions under the LTI?	Rights issued under the Plan are subject to three performance measures based on: – Comparative Cost Position; – Reserves Growth; and – Return on Capital Employed (ROCE). Performance against each of these measures over the three year vesting period accounts for one third of any grant made to participants. The results are independently audited. Comparative Cost Position is a relative measure of the Group's cash cost of production after any by-product credits, compared to other global producers. The GFMS Precious Metals Cost Service is an independent web-based service, updated quarterly, which offers access to industry cost and production data. The gold section of the GFMS Service captures cost and production data for around 200 operating mines controlled by 90 companies, accounting for 1,400 tonnes of annual gold mine production (approximately two thirds of global gold production annually). GFMS data is used for performance measurement over the LTI's three year vesting period. The comparison is made by ranking the Group's performance against all other producers included in the GFMS Precious Metals Cost Service in accordance with their cash costs of production. All measurements are verified by an independent third party. Reserves Growth is an absolute performance measure which refers to the growth in total in situ ore reserves at the end of each performance period, net of mining depletion. Reserves growth is an absolute and objective measure, based on independently reviewed reserves figures which are reported in the Company's annual accounts. Broadly, the increase in reserves will determine the number of rights granted. ROCE is an absolute measure, defined as underlying earnings before interest and tax (EBIT), divided by Capital Employed, being shareholders' equity plus net debt. One third of LTI rights vest to the extent to which the ROCE performance condition is satisfied each year of the performance period. As this is an internal Newcrest performance measure all results are verified by an independent third party.
What is the relationship between Group performance and allocation of Performance Rights?	**Comparative Cost Position** Performance against this measure accounts for one third of Rights which may vest in any grant of LTI entitlements: – at or above the 50th percentile leads to a zero award of these Rights; – less than the 50th percentile but at or above the 25th percentile leads to a 50% award of Rights; – below the 25th percentile but at or above the 10th percentile leads to an 80% award of Rights; – below the 10th percentile leads to a 100% award of these Rights; and – straight line vesting occurs between each of these thresholds.

Table 3: Long Term Incentive Plan (continued)

Summary of Long Term Incentive Plan

What is the relationship between Group performance and allocation of Performance Rights?	**Reserves Growth** Performance against this measure accounts for one third of Rights which may vest in any grant of LTI entitlements. – Less than 10% growth leads to a zero award of these Rights; – 10% growth leads to a 50% award of these Rights; – Greater than 10% growth up to 30% growth. Award of these Rights is calculated pro-rata with an additional 2.5% of Rights vesting for each percentage point above 10% growth; and – 30% growth or more leads to a 100% award. **ROCE** Performance against this measure accounts for one third of Rights which may vest in any grant of LTI entitlements. – ROCE below 7% leads to a zero award of these Rights; – ROCE from 7% and below 17% leads to an award of 10% of these Rights per percentage point above 7%; and – ROCE at or above 17% leads to 100% of these Rights vesting.
When do the Performance Rights vest?	Performance Rights vest (i.e. may be exercised) three years after the date of grant, provided performance conditions are met.
What is the period over which Group performance is assessed?	The assessment period is the three financial years commencing on 1 July in the year the grant is issued.
How are shares provided to participants under the LTI?	Once Performance Rights have vested, shares are either issued by the Company to eligible LTI participants as new capital and bought back to avoid any long term dilution of shareholder value, or transferred from the Company's share plan trust, having previously been bought on market by the trustee.
Why did the Board choose the above performance hurdles?	The Board considers that these performance measures are key factors which impact on the share price and which drive the value of the Group over the long term.
Is the benefit of participation in the LTI affected by changes in the share price?	Yes, participants in the LTI will be affected in the same way as all other shareholders by changes in the Company's share price. The value participants receive through participation in the LTI will be reduced if the share price falls during the vesting period and will increase if the share price rises over the period.
Are the performance conditions re-tested?	No, the performance conditions are only tested once at the end of the three year performance period.
What is the maximum number of Performance Rights that may be granted to an LTI participant?	The maximum number of Performance Rights that may be granted is determined by the level of Equity Based remuneration applicable to each participant. See Table 2.

5.5.2 Medium Term Incentive (MTI)

The MTI scheme offered participants Restricted Rights to receive ordinary fully paid shares in the Company after a three year vesting period – based on the Company's Total Shareholder Return (TSR) performance against a comparator group of companies in the financial year immediately prior to the date of grant of those rights. The MTI has not been offered to Executive Directors and Key Management Personnel since 2007 and has been discontinued as an incentive scheme. All Restricted Rights issued to Executive Directors and Key Management Personnel under the MTI in prior periods have now vested. The exercise period for these Restricted Rights will expire on 9 November 2012.

Table 4: Executive Share Plan Performance Hurdles 2008 and 2009

The following is a summary of performance hurdles that relate to the 2008 and 2009 Share Plan awards that are yet to vest. Table 14 provides detail of all Share Plan awards, including those that have vested, but have not yet been exercised.

Note: 2011 awards are scheduled to be made in November 2011.

Year	Grant Date	Performance Hurdle
2009 (LTI)	10 Nov 2009	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details).
2008 (LTI)	11 Nov 2008	As for 2009

5.6 Lihir Acquisition Bonus

On 30 August 2010, the Company assumed day to day management of LGL following approval of the Scheme of Arrangement.

In light of the work undertaken by certain key Executives up to completion of the merger, and additional responsibilities as a result of significant subsequent growth in the Company's size and operations, the Board determined an acquisition bonus for those employees, including certain Key Management Personnel involved, to be appropriate.

The successful merger has created the third largest gold company in the world by market capitalisation, with operations across five countries. The merger is expected to result in an $85 million benefit to the Group as a result of related synergies, complementary portfolios, operational and technical capabilities, leading to significant growth opportunities and increased shareholder value.

Table 5 outlines the acquisition bonuses provided to the relevant Key Management Personnel.

Table 5: Lihir Acquisition Bonus

Name	Lihir Acquisition Bonus
Ian Smith	$750,000
Ron Douglas	$100,000
Colin Moorhead	$100,000
Debra Stirling	$100,000
Stephen Creese	$100,000
Greg Jackson	$50,000

6. RELATIONSHIP OF INCENTIVES TO NEWCREST'S FINANCIAL PERFORMANCE

Performance measures since the November 2008 LTI have been based on a combination of the Group's Reserves Growth, Comparative Cost Position and ROCE over a three year performance period.

The LTI performance measures are based on key business drivers, which should result in superior financial performance. Over the past five years, the Company has performed strongly with respect to each of these. In assessing the achievement of performance measures, the Board takes into account performance of the Group both in the current year and over a number of years for the purposes of the LTI. Over the past five years, basic earnings per share has grown at an average rate per annum of approximately 41.4%. Over the same period, there has been a continued increase in other measures, year on year, including dividend yield (moving from a 5 cent dividend in 2007 to a 50 cent dividend in 2011) and the Company share price (increasing from $22.85 in 2007 to $37.71 at 30 June 2011).

Table 6 reflects the underlying financial performance of the Company for the period 30 June 2006 to 30 June 2011.

Table 6: Newcrest's Financial Performance

Year Ended 30 June	2007	2008	2009	2010	2011
Basic Earnings Per Share (EPS)(1) (cents)	19.4	30.8	53.0	115.2	**126.4**
Dividends (cents)(2)	5.0	10.0	15.0	25.0	**50.0**
Share Price at 30 June ($)	22.85	29.30	30.51	35.10	**37.71**
Share Price Increase(3) ($)	1.77	6.45	1.21	4.59	**2.61**

(1) Basic EPS is calculated as net profit after tax and non-controlling interests divided by the weighted average number of ordinary shares.

(2) Dividends includes special dividends.

(3) Share price movement during the financial year.

In relation to the STI awarded for 2010–11, the Group's performance against the Group performance objectives for Executive Directors and Key Management Personnel is set out in Table 7. It shows that overall, the Group's performance was at 89% of the target, reflecting above-target performance for earnings, safety and costs. Performance above or below target results in a percentage of target outcome based on a scale of pro-rating pre-determined by the Board. The outcome for each of the Executive Directors and Key Management Personnel for 2010–11 has been determined by the overall personal performance multiplied by the Group's overall performance.

Table 7: Performance Objective for Year Ending 30 June 2011 (Executive Directors and Key Management Personnel)

Performance Objective	Target	Outcome	Percentage of Target Achieved
Safety Total Recordable Injuries and Frequency Rate (TRIFR) for Newcrest (total recordable injuries per million work hours)	<5.5	3.6	125% as a whole (50% weighting)
Safety Risk List (% Action)(1)	10% Risk Reduction Actions Overdue	100% Risk Reduction Actions on Time	125% (50% weighting)
Earnings (Adjusted Net Profit after Tax and Significant Items)(2)	A$727 million	A$672 million	63%
Costs (Total Production Costs per ounce before by-product revenue credits divided by total gold production)	A$969/oz	A$1,060/oz	53%
Discretionary Component(3)			115%
Overall Company Performance (including discretionary component)			89%

(1) The Safety List comprises risk reduction actions that have been developed as part of the risk assessment process conducted on the major safety hazards across the Group.

(2) Actual earnings are adjusted to remove 70% of the revenue differential between actual and budget commodity prices and exchange rates when compared to Target Earnings. Significant Items represent hedge restructure and close-out impacts.

(3) The discretionary component is a discretionary assessment by the Board of the overall performance of the Company in areas other than safety, earnings and costs.

7. EXECUTIVE SERVICE AGREEMENTS

7.1 Overview and Summary

Remuneration and other key terms of employment for the Executive Directors and Key Management Personnel are formalised in the Executive Service Agreements.

Table 8 lists each of the executives who was party to an Executive Service Agreement during 2010–11 and provides a high level overview of some key terms.

Table 8: Executive Service Agreements

Name	Term of Agreement	Fixed Annual Remuneration[1] $	Notice Period by Executive	Notice Period by Newcrest	Termination Payment[1]
Ian Smith Managing Director and Chief Executive Officer[2]	Open	2,350,000	3 months	12 months	12 month average base salary
Greg Robinson Director Finance[3]	Open	1,350,000	3 months	12 months	12 month average base salary
Greg Robinson Managing Director and Chief Executive Officer	Open	2,000,000	6 months	12 months	12 month average base salary
Stephen Creese Executive General Manager Corporate Affairs	Open	820,000	3 months	12 months	12 month average base salary
Ron Douglas Executive General Manager Projects	Open	780,000	3 months	12 months	12 month average base salary
Brett Fletcher Executive General Manager PNG and Indonesian Operations	Open	780,000	3 months	12 months	12 month average base salary
Greg Jackson Chief Operating Officer	Open	900,000	3 months	12 months	12 month average base salary
Colin Moorhead Executive General Manager Minerals	Open	770,000	3 months	12 months	12 month average base salary
Peter Smith Executive General Manager Australian and African Operations	Open	780,000	3 months	12 months	12 month average base salary
Debra Stirling Executive General Manager People and Communications	Open	750,000	3 months	12 months	12 month average base salary
Geoff Day Executive General Manager PNG and Indonesian Operations[4]	Open	730,000	3 months	12 months	Nil

(1) Subject to compliance with other conditions as set out in the Corporations Act, the maximum termination payment is calculated as being the employee's average base salary over the previous three years.
(2) Stepped down as MD and CEO on 30 June 2011.
(3) Appointed MD and CEO on 1 July 2011.
(4) Resigned from Newcrest on 4 February 2011

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executives' fixed annual remuneration as at 30 June 2011.

7.2 Executive Service Agreements Entered into in 2010–11
In 2010–11, Newcrest's Board undertook a full review of all existing Executive Service Agreements. The purpose of the review was to:

- ensure that termination-related entitlements and benefits under the Company's Executive Service Agreements comply with the provisions of Part 2 D.2, Division 2 of the Corporations Act;
- ensure that the terms of the Company's Executive Service Agreements are aligned with market practice for a company of Newcrest's size; and
- introduce a standardised form of Executive Service Agreement for all current and future executive Key Management Personnel, replacing the different forms of agreement previously entered into.

Following review and development of a revised form of Executive Service Agreement to satisfy the above objectives, Newcrest entered into new Executive Service Agreements with each of its Executives (listed in Table 8).

For Key Management Personnel who had commenced employment with the Company in 2010 and 2011 and had either not previously entered into a Newcrest Executive Service Agreement, or had entered into such an Agreement post commencement, namely Brett Fletcher, Greg Jackson and Peter Smith, the changes either did not or did not materially affect their contractual rights and employment terms.

With respect to other Key Management Personnel who had commenced employment with Newcrest prior to 2010, namely Stephen Creese, Ron Douglas, Colin Moorhead and Debra Stirling, the Board considered that this change materially diminished each Executive's rights and entitlements. The key substantive change to the form of the Executive Service Agreement for these Executives was to the amount of termination benefits payable upon cessation of employment, introduced in response to the late 2009 changes to Part 2 D.2, Division 2 of the Corporations Act, which limited termination benefits payable to Key Management Personnel to an amount no greater than the average 12 month salary earned by the relevant Key Management Personnel in the three years prior to his or her termination.

As a result of this change, the new Executive Service Agreement limited termination benefits to an amount within the statutory 'cap' referred to above.

The Executive Service Agreements previously entered into by these Executives had provided for entitlements upon cessation including:

- 12 months notice of termination; or
- payment in lieu of notice of 12 months base salary plus compensation for incentive entitlements forgone during the notice period; and
- in some cases, payment in lieu of equity or cash incentives forfeited as a result of cessation.

7.3 Executive Retention Arrangements
The acquisition of LGL, the growth of the Group and the departure of Ian Smith meant the Board were concerned with retaining a number of key executives. These executives have been identified as individuals necessary to drive the Company's post acquisition business plan and achieve the successful integration and benefits of the LGL acquisition. The following retention payment has been offered to Stephen Creese, Ron Douglas, Colin Moorhead and Debra Stirling.

A retention payment in three parts, being:

- $75,000 Payable June 2011;
- $100,000 Payable June 2012;
- $125,000 Payable June 2013.

The entitlement to receive each tranche of the retention payment is conditional on each executive maintaining at least a 'satisfactory' rating in his or her performance reviews, throughout the periods outlined above, as well as continuing to be employed at least at their current level by the Company at the relevant payment date.

7.4 Executive Director Service Agreements
7.4.1 Ian Smith
Ian Smith commenced employment with the Company as Chief Executive Officer on 14 July 2006 and was appointed to the Board as Managing Director on 19 July 2006, pursuant to a letter of appointment and entered into a Service Agreement.

The terms of the Service Agreement under which Ian Smith was employed are summarised below.

The appointment was for an indefinite duration. Ian Smith was entitled to resign at any time on giving three months written notice, and the Company was entitled to terminate his employment on giving 12 months written notice, or payment in lieu of notice.

The Agreement set out Ian Smith's duties and responsibilities.

- Base salary of $2,350,000 per annum to be reviewed annually;
- STI of 60% of base salary at target, up to a maximum of 120% of base salary dependent upon Ian Smith meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance;
- Ian Smith has also been entitled to participate in the LTI plan with an award of up to 100% of base salary;
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

On 11 February 2011, the Company announced that Ian Smith would step down as Managing Director and Chief Executive Officer with effect from 1 July 2011 and that Greg Robinson would succeed him. Ian will remain employed with the Company until the end of December 2011.

The terms of Ian Smith's remuneration for the period from 11 February 2011 to 31 December 2011 are summarised below.

- Ian Smith remains on base salary of $2,350,000 inclusive of statutory superannuation until 31 December 2011. The level of base salary has not been reviewed or increased for Ian Smith for the stated period and continues at the level for the previous year;
- For the financial year ended 30 June 2011, Ian Smith is entitled to the STI in accordance with the plan rules;
- The deferred component of the existing 2009 Short Term Incentive Deferral Plan was paid in July 2011 in accordance with the plan rules;
- The deferred component of the existing 2010 Short Term Incentive Deferral Plan will be forfeited in accordance with the plan rules;
- His rights to receive ordinary fully paid shares under the 2008 Long Term Incentive Plan remain subject to original plan rules and are expected to vest in November 2011;
- Ian Smith will forfeit his 63,977 and 58,824 rights to receive ordinary fully paid shares under the 2009 and 2010 LTI plans respectively.

In addition to the above, Ian Smith will receive a payment of $2,250,000 upon departure on 31 December 2011. The value of the termination benefits will be less than 12 months average base salary, as calculated under Part 2 D.2, Division 2 of the Corporations Act.

Ian Smith is not entitled to any rights under the 2011 LTI plan.

7.4.2 Greg Robinson
Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Director Finance on 23 November 2006.

The terms of the Service Agreement under which Greg Robinson was employed as Executive General Manager Finance and Chief Financial Officer are summarised below.

The appointment was for an indefinite duration. Greg Robinson was entitled to resign at any time on giving three months written notice, and the Company was entitled to terminate his employment on giving 12 months written notice, or payment in lieu of notice.

7. EXECUTIVE SERVICE AGREEMENTS (continued)

7.4.2 Greg Robinson (continued)

The Agreement set out Greg Robinson's duties and responsibilities.

- Base salary of $1,350,000 per annum to be reviewed annually;
- STI of 60% at target, with a maximum of up to 120% of base salary dependent upon him meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance;
- Greg Robinson has also been entitled to participate in the LTI plan with an award of up to 100% of base salary;
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

Effective 1 July 2011, Greg Robinson was appointed Managing Director and Chief Executive Officer.

The terms of the new Service Agreement under which Greg Robinson is employed are summarised below.

The appointment is for an indefinite duration. Greg Robinson may resign at any time giving six months written notice, and the Company may terminate his employment on giving 12 months written notice, or payment in lieu of notice.

The Agreement sets out Greg Robinson's duties and responsibilities.

The terms of remuneration payable to Greg Robinson include:

- Base salary of $2,000,000 per annum to be reviewed annually;
- STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance;
- LTI in accordance with the Group's LTI plan, equal to 100% of base salary;
- Statutory entitlements of accrued annual and long service leave and any superannuation benefits, apply upon termination of employment.

8. REMUNERATION DETAILS

8.1 Directors

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:

Table 9: Directors' Remuneration

	Short Term					Post-Employment	Share-Based Payments				
Directors	Salary & Fees (A) $'000	Committee Fees (B) $'000	Salary at Risk (C) $'000	Other Cash Benefits (D) $'000	Non-Monetary Benefits (E) $'000	Super-annuation (F) $'000	Value of Rights (G) $'000	Termination Benefit (H) $'000	**Total $'000**	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
2010–11											
Executive Directors											
Ian Smith Managing Director and Chief Executive Officer	2,302	–	965	750	6	15	377	2,250	**6,665**	5.7	20.1
Greg Robinson Director Finance	1,274	–	1,153	–	6	15	910	–	**3,358**	27.1	61.4
Non-Executive Directors											
Don Mercer Chairman	527	–	–	–	–	13	–	–	**540**	–	–
John Spark	166	95	–	–	–	16	–	–	**277**	–	–
Rick Lee	166	66	–	–	–	16	–	–	**248**	–	–
Tim Poole	166	56	–	–	–	16	–	–	**238**	–	–
Richard Knight	178	56	–	–	–	7	–	–	**241**	–	–
Vince Gauci	166	35	–	–	4	15	–	–	**220**	–	–
Winifred Kamit	77	13	–	–	–	6	–	–	**96**	–	–
	5,022	**321**	**2,118**	**750**	**16**	**119**	**1,287**	**2,250**	**11,883**		
2009–10											
Executive Directors											
Ian Smith Managing Director and Chief Executive Officer	2,186	–	2,113	–	6	14	1,666	–	**5,985**	27.8	63.1
Greg Robinson Director Finance	1,086	–	1,225	–	6	14	754	–	**3,085**	24.4	64.1
Non-Executive Directors											
Don Mercer Chairman	466	–	–	–	–	14	–	–	**480**	–	–
John Spark	146	50	–	–	–	14	–	–	**210**	–	–
Rick Lee	146	33	–	–	4	14	–	–	**197**	–	–
Tim Poole	152	33	–	–	–	8	–	–	**193**	–	–
Richard Knight	146	48	–	–	–	14	–	–	**208**	–	–
Vince Gauci	146	30	–	–	–	14	–	–	**190**	**–**	**–**
	4,474	**194**	**3,338**	**–**	**16**	**106**	**2,420**	**–**	**10,548**		

See Section 8.3 for explanation of notes (A) – (J).

8.2 Key Management Personnel

Details of the nature and amount of each major element of remuneration for the Company's Key Management Personnel are as follows:

Table 10: Key Management Personnel Remuneration

	Short Term				Post-Employment	Share-Based Payments			
Key Management Personnel	Salary & Fees (A) $'000	Salary at Risk (C) $'000	Other Cash Benefits (D) $'000	Non-Monetary Benefits (E) $'000	Super-annuation (F) $'000	Value of Rights (G) $'000	**Total $'000**	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
2010–11									
Executives									
Ron Douglas EGM Projects	721	443	175	6	15	343	**1,703**	20.1	46.2
Colin Moorhead EGM Minerals	713	483	175	6	15	332	**1,724**	19.3	47.3
Debra Stirling EGM People & Communications	686	416	175	6	15	321	**1,619**	19.8	45.5
Stephen Creese EGM Corporate Affairs	713	586	175	6	15	186	**1,681**	11.1	45.9
Greg Jackson Chief Operating Officer	821	481	50	6	15	198	**1,571**	12.6	43.2
Peter Smith EGM Australian & African Operations Commenced 30 Aug 10	640	313	–	6	13	67	**1,039**	6.4	36.6
Brett Fletcher EGM PNG & Indonesian Operations Commenced 28 Mar 11	200	114	–	2	4	37	**357**	10.4	42.3
Former Executives									
Geoff Day[(1)] EGM PNG & Indonesian Operations Resigned 4 Feb 2011	465	(212)	–	4	8	(295)	**(30)**	N/A	N/A
	4,959	**2,624**	**750**	**42**	**100**	**1,189**	**9,664**		
2009–10									
Executives									
Ron Douglas EGM Projects	666	473	–	–	14	299	**1,452**	20.6	53.2
Colin Moorhead EGM Minerals	666	511	–	6	14	285	**1,482**	19.2	53.7
Debra Stirling EGM People & Communications	616	526	–	6	14	280	**1,442**	19.4	55.9
Geoff Day COO Offshore Operations	666	355	–	6	14	216	**1,257**	17.2	45.4
Greg Jackson COO Australian Operations Commenced 18 Jan 2010	304	219	–	–	7	80	**610**	13.1	49.0
Stephen Creese General Counsel & Company Secretary Commenced 30 Nov 2009	390	442	–	3	8	80	**923**	8.7	56.6
Former Executives									
Bernard Lavery EGM Corporate Services & Company Secretary Ceased 10 Dec 2009	264	–	–	3	6	123	**396**	31.1	31.1
	3,572	**2,526**	**–**	**24**	**77**	**1,363**	**7,562**		

(1) Geoff Day resigned on 4 February 2011 and forfeited his share rights and his deferred component of his Short Term Incentive. Any share-based payments expense previously recognised under AASB 2 in respect of the rights has been reversed. The deferred component of his STI in respect of FY2009 and FY2010 has been reversed.

8.3 Notes to Tables 9 and 10:

(A) Salary & Fees comprise cash salary and available salary package options grossed-up by related fringe benefits tax, where applicable. The Company's minimum required superannuation contributions made on behalf of Directors and Key Management Personnel are disclosed separately.

(B) Represents fees paid to Non-Executive Directors for participation in Board Committees and other Committees.

(C) Short Term Incentive relates to the Executive Directors and Key Management Personnel performance in the 2010–11 year and for comparatives, performance in the 2009–10 year (of which one third is deferred for two years).

The amount disclosed for Ian Smith in 2011 is net of the forfeiture of $704,000 of the deferred component of the Short Term Incentive relating to the 2009–10 year. This amount was disclosed as remuneration in 2009–10.

(D) Comprises:

– amounts paid to Key Management Personnel as retention bonuses, as outlined in Section 7.3.

– amounts paid to the Managing Director and Chief Executive Officer and Key Management Personnel for work in relation to the acquisition of Lihir Gold Limited, as outlined in 5.6.

(E) Represents non-monetary benefits to Directors and Key Management Personnel such as non-business travel, parking and applicable fringe benefits tax payable on benefits.

(F) Represents Company contributions to superannuation under the Superannuation Guarantee legislation (SGC).

(G) The fair value of rights, comprising rights over unissued shares, granted under the Executive Performance Share Plan has been valued using a Black-Scholes option pricing model.

The following factors and assumptions were used in determining the fair value of rights on the grant date:

Table 11: Fair Value of Rights	Rights LTI Nov 2010	Rights LTI Nov 2009	Rights LTI Nov 2008	Rights LTI Nov 2007	Rights MTI Nov 2007	Rights LTI Nov 2006	Rights MTI Nov 2006	Rights MD & CEO Jul 2006
Fair value[1]	$41.66	$34.63	$22.00	$23.38	$35.64	$18.19	$23.81	$19.52
Exercise price	–	–	–	–	–	–	–	–
Estimated volatility	30%	40%	40%	36%	36%	36%	36%	36%
Risk-free interest rate	5.09%	5.04%	3.97%	6.69%	6.69%	5.99%	5.99%	5.99%
Dividend yield	0.50%	0.50%	0.20%	0.20%	0.20%	0.40%	0.40%	0.40%
Expected life of award/option	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years

[1] Fair Value has been calculated by an independent third party.

(H) Represents amounts payable to the Chief Executive Officer, including Ian Smith's termination payment as outlined in Section 7.4.1.

(I) Represents the value of rights included in remuneration as a percentage of total remuneration.

(J) Represents performance related remuneration as a percentage of total remuneration.

9. RIGHTS HELD BY EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

All conditional entitlements refer to Restricted Rights and Performance Rights over ordinary shares of the Company, which are exercisable on a one-for-one basis.

The movements in the year in the number of Rights over ordinary shares in the Company held by each Executive Director and Key Management Personnel, as part of their remuneration, are as follows:

Table 12: Movement in Rights for Executive Directors and Key Management Personnel 2010–11

					Movements During the Year				As at 30 June 2011	
KMP	Grant Date	Type	Share Price at Grant Date	Balance at 1 July 2010	Rights Granted	Rights Exercised	Rights Lapsed	Balance at 30 June 2011	Vested and Exercisable	Non-Vested[1]
I. Smith[2]	14 Jul 06	LTI	$19.52	165,000	–	(165,000)	–	–	–	–
	3 Nov 06	MTI	$24.10	8,845	–	–	–	8,845	8,845	–
	3 Nov 06	LTI	$24.10	42,881	–	–	–	42,881	42,881	–
	9 Nov 07	MTI	$35.85	7,373	–	–	–	7,373	7,373	–
	9 Nov 07	LTI	$35.85	35,446	–	–	(1,418)	34,028	34,028	–
	11 Nov 08	LTI	$22.13	100,048	–	–	–	100,048	–	100,048
	10 Nov 09	LTI	$35.15	63,977	–	–	–	63,977	–	63,977
	10 Nov 10	LTI	$42.29	–	58,824	–	–	58,824	–	58,824
				423,570	**58,824**	**(165,000)**	**(1,418)**	**315,976**	**93,127**	**222,849**
G. Robinson	3 Nov 06	MTI	$24.10	4,245	–	–	–	4,245	4,245	–
	3 Nov 06	LTI	$24.10	12,007	–	–	–	12,007	12,007	–
	9 Nov 07	MTI	$35.85	4,915	–	–	–	4,915	4,915	–
	9 Nov 07	LTI	$35.85	8,862	–	–	(354)	8,508	8,508	–
	11 Nov 08	LTI	$22.13	50,024	–	–	–	50,024	–	50,024
	10 Nov 09	LTI	$35.15	31,988	–	–	–	31,988	–	31,988
	10 Nov 10	LTI	$42.29	–	33,793	–	–	33,793	–	33,793
				112,041	**33,793**	**–**	**(354)**	**145,480**	**29,675**	**115,805**
C. Moorhead	3 Nov 06	MTI	$24.10	1,932	–	–	–	1,932	1,932	–
	3 Nov 06	LTI	$24.10	1,005	–	–	–	1,005	1,005	–
	9 Nov 07	MTI	$35.85	3,768	–	–	–	3,768	3,768	–
	9 Nov 07	LTI	$35.85	1,941	–	–	(78)	1,863	1,863	–
	11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
	10 Nov 09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10 Nov 10	LTI	$42.29	–	10,814	–	–	10,814	–	10,814
				39,064	**10,814**	**–**	**(78)**	**49,800**	**8,568**	**41,232**
R. Douglas	9 Nov 07	MTI	$35.85	3,195	–	(3,195)	–	–	–	–
	9 Nov 07	LTI	$35.85	5,760	–	(5,530)	(230)	–	–	–
	11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
	10 Nov 09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10 Nov 10	LTI	$42.29	–	10,964	–	–	10,964	–	10,964
				39,373	**10,964**	**(8,725)**	**(230)**	**41,382**	**–**	**41,382**
D. Stirling	9 Nov 07	MTI	$35.85	3,097	–	–	–	3,097	3,097	–
	9 Nov 07	LTI	$35.85	5,583	–	–	(223)	5,360	5,360	–
	11 Nov 08	LTI	$22.13	17,190	–	–	–	17,190	–	17,190
	10 Nov 09	LTI	$35.15	10,992	–	–	–	10,992	–	10,992
	10 Nov 10	LTI	$42.29	–	10,513	–	–	10,513	–	10,513
				36,862	**10,513**	**–**	**(223)**	**47,152**	**8,457**	**38,695**
S. Creese	10 Nov 09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10 Nov 10	LTI	$42.29	–	10,814	–	–	10,814	–	10,814
				11,864	**10,814**	**–**	**–**	**22,678**	**–**	**22,678**
G. Jackson	10 Nov 09	LTI	$35.15	11,864	–	–	–	11,864	–	11,864
	10 Nov 10	LTI	$42.29	–	12,766	–	–	12,766	–	12,766
				11,864	**12,766**	**–**	**–**	**24,630**	**–**	**24,630**
P. Smith	10 Nov 10	LTI	$42.29	–	10,964	–	–	10,964	–	10,964
				–	**10,964**	**–**	**–**	**10,964**	**–**	**10,964**
B. Fletcher	10 Nov 10	LTI	$42.29	–	9,845	–	–	9,845	–	9,845
				–	**9,845**	**–**	**–**	**9,845**	**–**	**9,845**
Former KMP										
G. Day	11 Nov 08	LTI	$22.13	18,554	–	–	(18,554)	–	–	–
	10 Nov 09	LTI	$35.15	11,864	–	–	(11,864)	–	–	–
	10 Nov 10	LTI	$42.29	–	10,964	–	(10,964)	–	–	–
				30,418	**10,964**	**–**	**(41,382)**	**–**	**–**	**–**

(1) All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Company or individual employees, as applicable.

(2) Ian Smith will forfeit his 63,977 and 58,824 rights to receive ordinary fully paid shares under the Nov 2009 and Nov 2010 LTI plans respectively. Refer Section 7.4.1.

9.1 Performance Conditions for Rights

Table 13: Value of Rights

Executive Directors and Key Management Personnel	Value at Grant Date (A) $'000	Value at Exercise Date (B) $'000	Value at Lapse Date (C) $'000
Ian Smith	2,451	6,923	62
Greg Robinson	1,408	–	15
Ron Douglas	457	344	10
Colin Moorhead	451	–	3
Debra Stirling	438	–	10
Stephen Creese	451	–	–
Greg Jackson	532	–	–
Peter Smith	457	–	–
Brett Fletcher	410	–	–
Geoff Day	457	–	1,562

Table 13 shows the total value of any Rights granted, exercised and lapsed in 2010–11 in relation to Executive Directors and Key Management Personnel based on the following assumptions:

(A) The value of Rights at grant date reflects the fair value of a right multiplied by the number of Rights granted during 2010–11. (Refer Note (G) to Tables 9 and 10).

(B) The value at exercise date has been determined by the Company's share price at the close of business on the exercise date less the right exercise price multiplied by the number of rights exercised during 2010–11.

(C) The value at lapse date has been determined by the share price at the close of business on the date the Restricted Right or Performance Right lapsed, less the exercise price multiplied by the number of Rights that lapsed during the year.

Performance conditions for Rights are set out in Table 14.

Table 14: Executive Directors and Key Management Personnel – Rights granted between the 2005–06 and 2009–10 years

Note: Refer to Table 3 for a summary of the applicable Performance Hurdles for the 2008–2010 LTI.

Grant Date	Expiry Date	Comparator Group	Strike Price	Performance Date (for LTI) or Vesting Date (for MTI)	Performance Achieved	Percentage Vested
10 Nov 2010 (LTI)	10 Nov 2015	Performance Conditions referred to in the Plan Rules	Nil	10 Nov 2013	To be determined	N/A
10 Nov 2009 (LTI)	10 Nov 2014	Performance Conditions referred to in the Plan Rules	Nil	10 Nov 2012	To be determined	N/A
11 Nov 2008 (LTI)	11 Nov 2013	Performance Conditions referred to in the Plan Rules	Nil	11 Nov 2011	To be determined	N/A
9 Nov 2007 (LTI)	9 Nov 2012	Newcrest's TSR ranking against FTSE Gold Index	Nil	9 Nov 2010	73rd percentile resulting in 96% of the maximum award of Rights	100%
9 Nov 2007 (MTI)	9 Nov 2012	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	9 Nov 2010	69th percentile resulting in 83.2% of the maximum award of Rights	100%
3 Nov 2006 (LTI)	3 Nov 2011	Newcrest's TSR ranking against FTSE Gold Index	Nil	3 Nov 2009	82nd percentile resulting in 100% of the maximum award of Rights	100%
3 Nov 2006 (MTI)	3 Nov 2011	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	3 Nov 2009	69th percentile resulting in 82.5% of the maximum award of Rights	100%
14 July 2006 (MD & CEO)	14 July 2011	Performance objectives agreed with Board	Nil	14 Jan 2007	Fully achieved became convertible to ordinary shares on 14 July 2009	100% on 14 July 2009
8 Nov 2005 (MTI)	8 Nov 2010	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	8 Nov 2008	53rd percentile resulting in 38.2% of the maximum award of Rights	100% on 8 Nov 2008

Table 15: Short Term Incentive and Allocation of the November 2010 Equity Grant

	Short Term Incentive (A)		Long Term Incentive (B)			
	As a percentage of maximum STI		Estimates of the maximum remuneration amounts which could be received under the Nov 2010 performance rights grants in future years			
Executive Directors and Key Management Personnel	Percentage Awarded	Percentage Forfeited	2011–12 $'000	2012–13 $'000	2013–14 $'000	Maximum Total $'000
Ian Smith[1]	59.2%	40.8%	–	–	–	–
Greg Robinson	71.2%	28.8%	469	469	196	1,134
Ron Douglas	47.3%	52.7%	152	152	63	367
Colin Moorhead	52.3%	47.7%	150	150	63	363
Debra Stirling	46.2%	53.8%	146	146	61	353
Stephen Creese	59.5%	40.5%	150	150	63	363
Greg Jackson	44.5%	55.5%	177	177	74	428
Peter Smith	40.1%	59.9%	152	152	63	367
Brett Fletcher	46.7%	53.3%	137	137	57	331

[1] Ian Smith will forfeit his rights to receive ordinary fully paid shares under the Nov 2010 LTI plan. Refer to Section 7.4.1.

(A) To be awarded a STI of 120% an Executive has to have met outstanding personal performance and Group performance must be at or above the maximum level pre-determined by the Board. Personal performance and Group performance each at target will result in an award of 50% of the maximum STI.

(B) The maximum value in future years has been determined in relation to the grant of Performance Rights in November 2010, based on the valuation performed at grant date and amortised in accordance with applicable accounting standard requirements. The minimum value of the grant is $nil if the performance conditions are not met.

This Report is signed in accordance with a resolution of the Directors.

Don Mercer
Chairman

Greg Robinson
Managing Director and
Chief Executive Officer

12 August 2011
Melbourne

Auditor's Independence Declaration

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Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

In relation to our audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

RC Piltz

Rodney Piltz
Partner
Melbourne
12 August 2011

Income Statement

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $M	2010 $M
Operating sales revenue	4(a)	**4,102**	2,802
Cost of sales	4(b)	**(2,401)**	(1,569)
Gross profit		**1,701**	1,233
Exploration expenses	14	**(55)**	(33)
Corporate administration expenses	4(c)	**(93)**	(78)
Other revenue	4(d)	**1**	1
Other income/(expenses)	4(e)	**(10)**	16
Operating profit before finance costs		**1,544**	1,139
Finance income		**9**	12
Finance costs	4(f)	**(45)**	(33)
Profit before tax, restructure and other significant items		**1,508**	1,118
Losses on restructured and closed-out hedge contracts	4(j)	**(153)**	(295)
Other close-out related costs	4(k)	**(3)**	(12)
Foreign exchange gain on US dollar borrowings	4(l)	**–**	12
Business acquisition and integration costs	4(m)	**(52)**	(12)
Profit before income tax		**1,300**	811
Income tax expense	5(b)	**(334)**	(209)
Profit after income tax		**966**	602
Profit after tax attributable to:			
Owners of the parent		**908**	557
Non-controlling interest		**58**	45
		966	602
Profit after tax attributable to owners of the parent comprises:			
Profit after tax attributable to owners of the parent		**908**	557
Losses on restructured and closed-out hedge contracts (after tax)	4(j)	**107**	206
Other close-out related costs (after tax)	4(k)	**2**	9
Foreign exchange gain on US dollar borrowings (after tax)	4(l)	**–**	(8)
Business acquisition and integration costs (after tax)	4(m)	**41**	12
Profit after tax before hedge restructure and other significant items attributable to owners of the parent ('Underlying Profit')		**1,058**	776
Earnings Per Share (EPS) (cents per share)	7		
Basic earnings per share		**126.4**	115.2
Diluted earnings per share		**126.2**	114.9
Earnings per share on Underlying Profit:			
Basic earnings per share		**147.3**	160.5
Diluted earnings per share		**147.1**	160.1

The above statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $M	Consolidated 2010 $M
Profit after income tax		**966**	602
Other comprehensive income			
Cash flow hedges			
US dollar debt cash flow hedge deferred in equity		**–**	3
Other cash flow hedges deferred in equity		**1**	1
Losses on restructured hedge contracts transferred to the Income Statement	4(j)	**153**	295
Foreign exchange gains on US dollar borrowings transferred to the Income Statement	4(l)	**–**	(12)
Income tax expense/(benefit)	5	**(47)**	(86)
		107	201
Foreign currency translation			
Foreign currency translation	24(b)	**(1,926)**	(31)
		(1,926)	(31)
Other comprehensive income/(loss) for the year, net of tax		**(1,819)**	170
Total comprehensive income/(loss) for the year		**(853)**	772
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(887)**	728
Non-controlling interest		**34**	44
		(853)	772

The above statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $M	2010 $M
Current assets			
Cash and cash equivalents	8(a)	**185**	643
Trade and other receivables	9	**441**	280
Inventories	10	**691**	267
Derivative and other financial assets	11	**15**	40
Other assets	12	**210**	181
Total current assets		**1,542**	1,411
Non-current assets			
Other receivables	9	**2**	9
Inventories	10	**710**	153
Property, plant and equipment	13	**3,310**	1,764
Exploration, evaluation and development	14	**7,675**	2,556
Goodwill	15	**3,621**	–
Other intangible assets	16	**61**	83
Deferred tax assets	5	**230**	271
Derivative and other financial assets	11	**9**	3
Other assets	12	**122**	84
Total non-current assets		**15,740**	4,923
Total assets		**17,282**	6,334
Current liabilities			
Trade and other payables	17	**432**	209
Borrowings	18	**116**	6
Provisions	19	**170**	78
Derivative financial liabilities	20	**7**	17
Income tax payable		**92**	16
Other liabilities	21	**–**	1
Total current liabilities		**817**	327
Non-current liabilities			
Borrowings	18	**684**	421
Provisions	19	**232**	88
Deferred tax liabilities	5	**1,674**	488
Total non-current liabilities		**2,590**	997
Total liabilities		**3,407**	1,324
Net assets		**13,875**	5,010
Equity			
Issued capital	22	**13,569**	3,640
Retained earnings	23	**2,171**	1,492
Reserves	24	**(1,964)**	(178)
Parent entity interest		**13,776**	4,954
Non-controlling interest		**99**	56
Total equity		**13,875**	5,010

The above statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $M	2010 $M
Cash flows from operating activities			
Receipts from customers		**4,013**	2,756
Payments to suppliers and employees		**(2,157)**	(1,358)
Interest received		**12**	10
Interest paid		**(32)**	(31)
Income taxes paid		**(107)**	(74)
Net cash provided by operating activities	8(b)	**1,729**	1,303
Cash flows from investing activities			
Payments for property, plant and equipment		**(356)**	(100)
Mine under construction, development and feasibility expenditure		**(1,531)**	(632)
Exploration and evaluation expenditure		**(126)**	(101)
Information systems development		**(3)**	(53)
Acquisition of subsidiary, net of cash acquired	34	**(272)**	–
Payment for investments		**(4)**	–
Interest capitalised to development projects		**(2)**	–
Net cash (used in) investing activities		**(2,294)**	(886)
Cash flows from financing activities			
Proceeds from borrowings:			
– US dollar bilateral debt		**614**	–
Repayment of borrowings:			
– US dollar bilateral debt		**(135)**	–
– Other debt		**(52)**	–
Net repayment of finance lease principal		**(5)**	(3)
Share issue costs	22(c)	**(2)**	–
Share buy-back	22(e)	**(28)**	(16)
Payment for treasury shares	22(f)	**(30)**	–
Dividends paid:			
– Members of the parent entity		**(187)**	(82)
– Non-controlling interest		**(44)**	(30)
Net cash (used in)/provided by financing activities		**131**	(131)
Net increase/(decrease) in cash and cash equivalents		**(434)**	286
Cash and cash equivalents at the beginning of the year		**643**	366
Effects of exchange rate changes on cash held		**(24)**	(9)
Cash and cash equivalents at the end of the year	8(a)	**185**	643

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Issued Capital $M	FX Translation Reserve[1] $M	Hedge Reserve[1] $M	Equity Settlements Reserve[1] $M	Retained Earnings $M	Total $M	Non-Controlling Interest $M	Total $M
	Attributable to Owners of the Parent							
Balance at 1 July 2010	**3,640**	**(124)**	**(90)**	**36**	**1,492**	**4,954**	**56**	**5,010**
Profit for the year	–	–	–	–	908	908	58	966
Other comprehensive income for the year	–	(1,902)	107	–	–	(1,795)	(24)	(1,819)
Total comprehensive income for the year	**–**	**(1,902)**	**107**	**–**	**908**	**(887)**	**34**	**(853)**
Transactions with owners in their capacity as owners								
Acquisition of Lihir Gold Limited, net of share issue costs (Note 34)	9,945	–	–	–	–	9,945	53	9,998
Share-based payments	–	–	–	9	–	9	–	9
Shares issued – Dividend Reinvestment Plan	42	–	–	–	–	42	–	42
Share buy-back	(28)	–	–	–	–	(28)	–	(28)
Treasury shares	(30)	–	–	–	–	(30)	–	(30)
Dividends paid	–	–	–	–	(229)	(229)	(44)	(273)
Balance at 30 June 2011	**13,569**	**(2,026)**	**17**	**45**	**2,171**	**13,776**	**99**	**13,875**

[1] Refer Note 24 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

Consolidated	Issued Capital $M	FX Translation Reserve[1] $M	Hedge Reserve[1] $M	Equity Settlements Reserve[1] $M	Retained Earnings $M	Total $M	Non-Controlling Interest $M	Total $M
	Attributable to Owners of the Parent							
Balance at 1 July 2009	**3,642**	**(94)**	**(291)**	**27**	**1,032**	**4,316**	**42**	**4,358**
Profit for the year	–	–	–	–	557	557	45	602
Other comprehensive income for the year	–	(30)	201	–	–	171	(1)	170
Total comprehensive income for the year	**–**	**(30)**	**201**	**–**	**557**	**728**	**44**	**772**
Transactions with owners in their capacity as owners								
Share-based payments	–	–	–	9	–	9	–	9
Shares issued – Dividend Reinvestment Plan	15	–	–	–	–	15	–	15
Shares issued – Equity raising	(1)	–	–	–	–	(1)	–	(1)
Share buy-back	(16)	–	–	–	–	(16)	–	(16)
Dividends paid	–	–	–	–	(97)	(97)	(30)	(127)
Balance at 30 June 2010	**3,640**	**(124)**	**(90)**	**36**	**1,492**	**4,954**	**56**	**5,010**

[1] Refer Note 24 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

1. CORPORATE INFORMATION

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The registered office of Newcrest Mining Limited is Level 9, 600 St Kilda Road, Melbourne, Victoria 3004, Australia.

The nature of operations and principal activities of Newcrest Mining Limited and its controlled entities are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

The financial report of Newcrest Mining Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 15 August 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are:

(a) Basis of Preparation and Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which have been measured at fair value.

The financial report also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board.

The financial report has been presented in Australian dollars and all values are rounded to the nearest $1,000,000 dollars unless otherwise stated.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of controlled entities is presented in Note 30.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interest in the results and equity of the entity that is controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

(c) Interest in Jointly Controlled Assets

Where the Group's activities are conducted through unincorporated Joint Ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, gold production and related operating costs are included in the financial statements. Details of the Group's interests in jointly controlled assets are shown in Note 33.

(d) Foreign Currency

Functional and Presentation Currency

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the majority of the Group's foreign operations is US dollars (US$).

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement with the exception of differences on certain US dollar denominated borrowings where the foreign currency components are designated as cash flow hedges of future US dollar denominated sales. These are taken directly to the Hedge Reserve in equity until the forecast sales used to repay the debt occur, at which time they are recognised in the Income Statement.

Translation of Foreign Operations

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest Mining Limited (Australian dollars) at the rates of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve (refer Note 2(v)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Trade receivables comprising metal in concentrate receivables and Bullion Awaiting Settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for impairment.

(g) Inventories

Gold in solution form, ore and work in progress is physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

By-products inventory on hand obtained as a result of the production process to extract gold are valued at the lower of cost and net realisable value.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Ore stockpiles which are not scheduled to be processed in the 12 months after the reporting date is classified as non-current inventory. The Group believes the processing of these stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

(h) Deferred Mining Expenditure

The Group defers mining costs incurred during the production stage of its operations, as part of determining the cost of inventories. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the year are deferred to the extent that the current year waste to contained gold ounce ratio exceeds the life of mine waste to ore ratio (life of mine) ratio. Deferred mining costs are then charged against reported profits to the extent that, in subsequent years, the current year ratio falls below the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

The life of mine ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine ratio are accounted for prospectively.

In the production stage of some operations, further developments of the mine require a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent years on a unit-of-production basis. This accounting treatment is consistent with that for overburden removal costs incurred during the development phase of a mine, before production commences.

In some operations underground mining occurs progressively on a level by level basis. In these operations an estimate is made of the life-of-level average underground mining cost per tonne of ore mined to expense underground mining costs in the Income Statement. Underground mining costs incurred during the year are deferred to the extent that the actual cost per tonne of ore mined on a level in the year, exceeds the life-of-level average. Previously deferred underground mining costs are released to the Income Statement to the extent that the actual cost per tonne of the ore mined in the year is less than the life-of-level average.

Deferred mining costs that relate to the production phase of the operation are included in 'other assets'. These costs form part of the total investment in the relevant cash-generating unit to which they relate, which is reviewed for impairment in accordance with the accounting policy described in Note 2(p). The release of deferred mining costs is included in site operating costs.

(i) Property, Plant and Equipment

Cost

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. Freehold land is held for extractive industry operations and its value is wholly dependent upon those operations. The net carrying values of property, plant and equipment are reviewed at a cash-generating unit level half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2(o)).

Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives.

The Group uses the unit-of-production basis when depreciating mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets the straight-line method is used, resulting in estimated useful lives between 3–20 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed half-yearly for all major items of plant and equipment.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. Assets are depreciated or amortised from the date they are installed and are ready for use, or in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Payments made under operating leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(j) Exploration, Evaluation and Feasibility Expenditure

Exploration and Evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

(i) Rights to tenure of the area of interest are current; and

(ii) (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or

(b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in, or in relation to, the area are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Group, together with an appropriate portion of directly related overhead expenditure.

Deferred Feasibility

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest and capitalised as incurred.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis.

When an area of interest is abandoned or the Directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

(k) Mine Construction and Development

Mines Under Construction

Expenditure incurred in constructing a mine by or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Once a development decision has been taken, all aggregated costs of construction are transferred to non-current assets as either mine development or buildings, plant and equipment as appropriate.

Mine Development

Mine development represents expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the Group, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

Depreciation and Amortisation

Amortisation of costs is provided using the unit-of-production method. The net carrying values of mine development expenditure carried forward are reviewed half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2(o)).

(l) Mineral Rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within Exploration, Evaluation and Development assets.

Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit-of-production basis over the estimated economic reserve of the mine to which the rights relate.

(m) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs), to which the goodwill relates. The Group performs its impairment testing annually as at 30 June each year using discounted cash flows under the fair value less costs to sell methodology or under the value in use methodology to which goodwill and indefinite lived intangibles have been allocated (refer Note 15(b)).

When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (group of CGUs) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(n) Other Intangible Assets

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Costs capitalised include external costs of materials and services and the cost of employee benefits. Amortisation is calculated on a straight-line basis over the useful life, ranging from three to seven years.

(o) Impairment of Non-Financial Assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the Income Statement. Individual assets are grouped for impairment purposes at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGUs). Generally, this results in the Group evaluating its mine properties on a geographical basis.

(p) Available-for-Sale Financial Assets

The Group's investment in listed equity securities are designated as available-for-sale financial assets. Subsequent to initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Income Statement.

The fair values of listed equity securities are determined by reference to quoted market price.

(q) Non-Current Assets and Disposal Groups Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(r) Trade and Other Payables

Liabilities for trade and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group, and then subsequently at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Borrowings and Borrowing Costs

Bank loans are initially recognised at fair value and subsequently at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year used to develop the qualifying asset.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(t) Employee Benefits

Wages, Salaries, Salary at Risk, Annual Leave and Sick Leave

Liabilities arising in respect of wages and salaries, salary at risk, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in 'trade and other payables' (for amounts other than annual leave and salary at risk) and 'current provisions' (for annual leave and salary at risk) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Long Service Leave and Retention Initiative Payments

The liabilities for long service leave and retention initiative payments are measured at the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date.

Liabilities for long service leave benefits and retention initiative payments not expected to be settled within 12 months are discounted using the rates attaching to national government securities at the reporting date, which most closely match the terms of maturity of the related liabilities. In determining the liability for these long term employee benefits, consideration has been given to expected future increases in wage and salary rates, the Group's experience with staff departures and periods of service. Related on-costs have also been included in the liability.

Defined Contribution Superannuation Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-Based Payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based compensation, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Currently the Group operates the Executive Performance Share Plan, the Restricted Share Plan and the Employee Share Acquisition Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, further details of which are given in Note 26.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of non-market vesting conditions, such as performance conditions. Non-market conditions are included in the assumptions about the number of options that are expected to become exercisable. At each reporting date the Group revises its estimate of the number of options that are expected to become exercisable. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting period).

Upon the exercise of the options, the balance of the Equity Settlements Reserve relating to those options remains in the Equity Settlements Reserve and the proceeds received, net of any directly attributable transaction costs, are credited to Share Capital.

Under the Newcrest Employee Share Acquisition Plan, shares are issued to employees for no cash consideration and vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the Income Statement. The carrying amount capitalised as a part of mining equipment is depreciated/amortised over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, but do not have a future economic benefit are expensed as incurred.

(v) Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments to manage its risk to commodity prices. The instruments used by the Group include forward sale contracts, gold put options, diesel forward contracts and foreign currency forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the Income Statement depends on the nature of the hedge relationship.

The fair value of forward sale contracts, diesel forward contracts and foreign currency forward contracts are calculated by reference to current forward commodity prices. The fair value of gold put options is calculated by reference to an option pricing model.

At the inception of the transaction, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, hedges are classified as:

– Fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability;
– Cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
– Hedges of a net investment in a foreign operation.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in equity in the Hedge Reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are transferred to the Income Statement in the periods when the hedged item affects the Income Statement, for instance when the forecast sale that is hedged takes place.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

Copper Forward Sales Contracts

Copper forward sales contracts have been entered into by the Group to provide certainty of cash flows from certain copper concentrate sales. These derivative instruments are not designated into hedge relationships and as such changes in fair value are immediately recognised as 'Other Income/Expenses' in the Income Statement.

Gold Put Options

The Group entered into gold put options for a portion of its future gold production in order to manage its exposure to downward price risk. These options allow the Group to maintain full exposure to any upward movements in the gold price, by providing it with the right, but not the obligation, to deliver gold at the stated strike price (minimum price). These options comprise an extrinsic and intrinsic value. The total premium paid for these options represents the 'extrinsic value'. The 'intrinsic value' is calculated as the strike price less the forward price and where the forward price is greater than the strike price, the 'intrinsic value' is zero.

Unlike other hedging instruments, the hedging provisions of AASB 139 Financial Instruments: Recognition and Measurement permits the intrinsic value and extrinsic value of an option to be separated. Only the intrinsic value of the option is designated into the cash flow hedge relationship. Therefore, the only instance where hedge accounting impacts the financial statements is if the gold forward price falls below the strike price, giving the options an intrinsic value due to them coming 'into the money'.

The premium paid on the purchase of put options (i.e. its extrinsic value) is initially recognised as a financial asset and is not designated into a hedge relationship. It is remeasured to fair value, using an option pricing model, at each subsequent reporting date, with fair value changes recognised immediately in the Income Statement. Fair value changes in the intrinsic value of the put options which have been designated into a hedge relationship, are recognised directly in the Hedge Reserve in equity to the extent that the hedge is effective. These fair value movements are then transferred to the Income Statement as the forecast sales to which they are designated, occur. Fair value changes relating to changes in the intrinsic value of the option to the extent that the hedge is ineffective, are recognised immediately in the Income Statement.

Hedges of a Net Investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity in the Foreign Currency Translation Reserve while any gains or losses relating to the ineffective portion are recognised in the Income Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the Income Statement.

(w) Issued Capital

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

Treasury Shares

The Group's own equity instruments, which are reacquired on market for later use in employee share-based payment arrangements (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(x) Earnings Per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

– costs of servicing equity (other than dividends) and preference share dividends;
– the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
– other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Revenue Recognition

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for the majority of the Group's commodity sales is upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

Gold and Silver Bullion Sales

Revenue from gold and silver bullion sales, is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Gold, Copper and Silver in Concentrate Sales

Contract terms for the Group's sale of gold, copper and silver in concentrate (metal in concentrate) allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal price in concentrate with a subsequent adjustment made upon final determination and presented as part of 'Other Income'.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and six months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The provisionally priced sales of metal in concentrate contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement each period until final settlement, and presented as 'Other Income'. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Interest Revenue

Interest revenue is recognised as it accrues using the effective interest method.

(z) Government Royalties

Royalties under existing regimes are payable on sales and are therefore recognised as the sale occurs.

(aa) Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences (except as noted below) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

– Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
– Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

(bb) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

– where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
– receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(cc) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

– assets transferred by the Group;
– liabilities incurred by the acquirer to former owners of the acquiree;
– equity issued by the Group;

and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured.

(dd) New Accounting Standards and Interpretations

Adoption of New Standards and Interpretations

The Group has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 July 2010:

– AASB 2009-5 Amendments arising from the Annual Improvements Project;
– AASB 2009-8 Amendments – Group Cash-settled Share-based Payment Transactions;
– AASB 2009-10 Amendments – Classification of Rights Issues;
– AASB 2010-3 Amendments arising from the Annual Improvements Project;
– Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.

Adoption of the above Standards, Amendments and Interpretations did not have any effect on the financial position or performance of the Group.

New Accounting Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

Reference and Title	Details of New Standard/Amendment/Interpretation	Impact on Group	Application date for the Group
AASB 124 Related Party Disclosures (Revised)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.	(i)	1 July 2011
AASB 2009-12 Amendments to Australian Accounting Standards (AASs)	This amendment makes numerous editorial changes to a range of AASBs and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	(i)	1 July 2011
AASB 1054 Australian Additional Disclosures	This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: – Compliance with Australian Accounting Standards; – The statutory basis or reporting framework for financial statements; – Whether the financial statements are general purpose or special purpose; – Audit fees; and – Imputation credits.	(i)	1 July 2011
AASB 2010-4 Further Amendments to AASs	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.	(i)	1 July 2011
AASB 2009-12 and AASB 2010-5 Amendments to AASs	These standards make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	(i)	1 July 2011
AASB 9 Financial Instruments AASB 2010-7 and AASB 2009-11 Amendments to AASs arising from AASB 9	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: – two categories for financial assets being amortised cost or fair value; – removal of the requirement to separate embedded derivatives in financial assets; – reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and – changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	(ii)	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	(i)	1 July 2013
IFRS 10 Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity.	(ii)	1 July 2013
IFRS 11 Joint Arrangements	IFRS 11 replaces IAS 31 and SIC-13. The standard uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change.	(i)	1 July 2013
IFRS 12 Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about these entities.	(ii)	1 July 2013
IFRS 13 Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. It includes guidance on how to determine fair value under IFRS and expands the disclosure requirements for all assets or liabilities carried at fair value.	(ii)	1 July 2013

(i) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.

(ii) The Group has not yet determined the extent of the impact, if any.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered, however their impact is considered insignificant to the Group.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Mine Rehabilitation Provision
The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy Note 2(u). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(b) Unit-of-Production Method of Depreciation/ Amortisation
The Group uses the unit-of-production basis when depreciating/ amortising life of mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

(c) Impairment of Assets
The Group assesses each cash-generating unit half-yearly, to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 2(o). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

(d) Share-Based Payments
The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed in Note 26.

(e) Deferred Mining Expenditure
The Group defers mining costs incurred during the production stage of its operations, which are calculated in accordance with accounting policy Note 2(h). Changes in an individual mine's design will generally result in changes to the life of mine waste to contained gold ounce (life of mine) ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

(f) Recovery of Deferred Tax Assets
Deferred tax assets, including those arising from unutilised tax losses require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods, in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(g) Ore Reserve Estimates
The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources of December 2004 (JORC code). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long term exchange rates, estimates of short and long term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement.

(h) Capitalisation of Exploration and Evaluation Costs
The Group's accounting policy for exploration and evaluation expenditure is set out in Note 2(j). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

(i) Assets Held for Resale
Judgement is required in determining whether disposal groups are classified as held for sale. For a disposal group to be classified as held for resale, it must be available for immediate sale in its present condition and its sale must be highly probable. Where a sale is subject to shareholder approval and other conditions, these are taken into account when assessing whether it satisfies the highly probable criteria.

4. REVENUE AND EXPENSES

	Consolidated 2011 $M	Consolidated 2010 $M
Specific items		
Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group:		
(a) Operating Sales Revenue		
Gold	**3,409**	2,126
Copper	**638**	652
Silver	**55**	24
Total operating sales revenue	**4,102**	2,802
(b) Cost of Sales		
Mine production costs	**1,813**	1,097
Royalty	**121**	68
Concentrate treatment and realisation	**136**	139
Deferred mining adjustment	**–**	79
Inventory movements	**(170)**	(115)
	1,900	1,268
Depreciation	**501**	301
Total cost of sales	**2,401**	1,569
(c) Corporate Administration Expenses		
Corporate costs	**70**	61
Corporate depreciation	**14**	8
Equity settled share-based payments	**9**	9
Total corporate administration expenses	**93**	78
(d) Other Revenue		
Joint venture management fees	**1**	1
Total other revenue	**1**	1
(e) Other Income/(Expenses)		
Net foreign exchange gain/(loss)	**(26)**	(15)
Net fair value gain/(loss) on gold and copper derivatives	**15**	44
Royalty dispute[1]	**11**	(11)
Other	**(10)**	(2)
Total other income/(expenses)	**(10)**	16
(f) Finance Costs		
Interest Costs:		
Interest on loans	**22**	21
Finance leases	**1**	1
Other:		
Facility fees and other costs	**13**	6
Discount unwind on provisions	**11**	5
	47	33
Less: Capitalised borrowing costs	**(2)**	–
Total finance costs	**45**	33
(g) Depreciation and Amortisation		
Property, plant and equipment	**269**	155
Mine development	**306**	167
Intangible assets	**17**	8
	592	330
Add/(Less):		
Capitalised to inventory on hand or mines under construction	**(77)**	(21)
Total depreciation and amortisation expense	**515**	309
Included in:		
Cost of sales depreciation	**501**	301
Corporate depreciation	**14**	8
Total depreciation and amortisation expense	**515**	309

[1] In 2010 the Group received an unfavourable ruling by the NSW Court of Appeal in respect to a mineral royalties dispute at Cadia Valley, and the Group accrued for this exposure. The ruling was subsequently overturned by the High Court of Australia on appeal by the Group, and the accrual was released in 2011.

4. REVENUE AND EXPENSES (continued)

	Consolidated 2011 $M	Consolidated 2010 $M
(h) Employee Benefits Expense		
Defined contribution plan expense	**33**	20
Equity settled share-based payments	**9**	9
Other employment benefits	**431**	239
Total employee benefits expense	**473**	268
(i) Other Items		
Operating lease rentals	**8**	5
(j) Losses on Restructured and Closed-Out Hedge Contracts		
Losses on restructured and closed-out hedge contracts transferred from reserves (Note 24(c))	**153**	295
Applicable income tax/(benefit)	**(46)**	(89)
Total losses on restructured and closed-out hedges (after tax)	**107**	206
(k) Other Close-Out Related Costs		
Fair value loss on gold put options	**3**	12
Applicable income tax/(benefit)	**(1)**	(3)
Total other close-out related costs (after tax)	**2**	9
(l) Foreign Exchange Gain on US Dollar Borrowings		
Foreign exchange gain on US dollar borrowings transferred from reserves	**–**	12
Applicable income tax/(expense)	**–**	(4)
Total foreign exchange gain on US dollar borrowings (after tax)	**–**	8
(m) Business Acquisition and Integration costs		
Acquisition related costs[1, 2]	**15**	12
Integration costs[1]	**37**	–
	52	12
Applicable income tax expense/(benefit)	**(11)**	–
Total Business Acquisition and Integration costs (after tax)	**41**	12

[1] Represents costs associated with the acquisition of Lihir Gold Limited on 30 August 2010. Refer Note 34.

[2] Acquisition related costs in 2010 were presented as part of Corporate Administration Expenses. They have been re-classified to align with the current year disclosure.

5. INCOME TAX

	Consolidated 2011 $M	Consolidated 2010 $M
(a) Income Tax Expense Comprises:		
Income Statement		
Current income tax		
Current income tax expense	**410**	268
Under/(over) provision in respect of prior years	**(41)**	(41)
	369	227
Deferred tax		
Relating to origination and reversal of temporary differences	**(30)**	(17)
Under/(over) provision in respect of prior years	**(5)**	(1)
	(35)	(18)
Income tax expense per the Income Statement	**334**	209
(b) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	**1,300**	811
Income tax expense calculated at 30% (2010: 30%)	**390**	243
– Investment, research and development allowance	**(7)**	(16)
– Non-deductible share-based payment expense	**2**	2
– Effect of different tax rates in foreign jurisdictions	**(9)**	16
– Other	**4**	6
– (Over) provided in prior years[1]	**(46)**	(42)
Income tax expense per the Income Statement	**334**	209

[1] The over provision for the Group predominantly relates to higher actual research and development allowance claimed for prior years.

	Consolidated					
	Balance at 1 July $M	Acquisitions $M	Charged/ (credited) to income $M	Charged/ (credited) to equity $M	Translation $M	Balance at 30 June $M
(c) Movement in Deferred Taxes						
2011						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	250	126	(171)	–	–	205
– Overseas entities	21	31	(21)	–	(6)	25
	271	157	(192)	–	(6)	230
Deferred tax liabilities						
Temporary differences:						
– Property, plant and equipment	(380)	(1,476)	(18)	–	279	(1,595)
– Deferred mining	(65)	(13)	7	–	1	(70)
– Financial instruments	(7)	–	51	(47)	–	(3)
– Provisions	21	31	7	–	(3)	56
– Other	(57)	(4)	(12)	10	1	(62)
	(488)	(1,462)	35	(37)	278	(1,674)
Net deferred taxes	**(217)**	**(1,305)**	**(157)**	**(37)**	**272**	**(1,444)**
2010						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	403	–	(153)	–	–	250
– Overseas entities	–	–	21	–	–	21
	403	–	(132)	–	–	271
Deferred tax liabilities						
Temporary differences:						
– Property, plant and equipment	(290)	–	(86)	–	(4)	(380)
– Deferred mining	(89)	–	24	–	–	(65)
– Financial instruments	(4)	–	83	(86)	–	(7)
– Provisions	24	–	(3)	–	–	21
– Other	(55)	–	–	(2)	–	(57)
	(414)	–	18	(88)	(4)	(488)
Net deferred taxes	**(11)**	**–**	**(114)**	**(88)**	**(4)**	**(217)**

(d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of carry forward capital losses of $296 million (2010: $296 million) because it is not probable that the Group will have future capital gains available against which carry forward capital losses could be utilised.

6. DIVIDENDS

	Cents per share	Total amount $M	Date of payment
(a) Dividend declared and paid			
The following dividends (unfranked) on ordinary shares were declared and paid:			
2010			
Final – In respect to the year ended 30 June 2009	15.0	73	16 Oct 2009
Interim – In respect to the year ended 30 June 2010	5.0	24	16 Apr 2010
	20.0	97	
2011			
Final – In respect to the year ended 30 June 2010	20.0	153	22 Oct 2010
Interim – In respect to the year ended 30 June 2011	10.0	76	15 Apr 2011
	30.0	229	

Participation in the Dividend Reinvestment Plan reduced the cash amount paid to owners of the parent to $187 million (2010: $81 million).

(b) Dividend proposed and not recognised as a liability

Subsequent to the end of the year, the Directors determined the following dividend (unfranked) be paid:

	Cents per share	Total amount $M	Date of payment
Final – In respect to the year ended 30 June 2011	20.0	153	21 Oct 2011
Special – In respect to the year ended 30 June 2011	20.0	153	16 Dec 2011
	40.0	306	

(c) Dividend franking account balance

Franking credits at 30% as at 30 June 2011 available for the subsequent financial year is nil (2010: nil).

7. EARNINGS PER SHARE (EPS)

	Consolidated 2011 ¢	2010 ¢
EPS (cents per share)		
Basic EPS	**126.4**	115.2
Diluted EPS	**126.2**	114.9
Earnings per share on Underlying Profit:		
Basic EPS	**147.3**	160.5
Diluted EPS	**147.1**	160.1

	2011 $M	2010 $M
Earnings used in calculating EPS		
Earnings used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to owners of the parent	**908**	557
Earnings used in the calculation of basic and diluted EPS on Underlying Profit:		
Profit after tax before hedge restructure and other significant items attributable to owners of the parent	**1,058**	776

	2011 No. of shares	2010 No. of shares
Weighted average number of shares		
Share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS:	**718,079,536**	483,495,632
Effect of dilutive securities:		
Share rights[1]	**1,176,963**	1,309,498
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	**719,256,499**	484,805,130

[1] Rights granted to employees (including KMP) as described in Note 26 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These rights have not been included in the determination of basic earnings per share.

8. CASH AND CASH EQUIVALENTS

	Consolidated 2011 $M	Consolidated 2010 $M
(a) Components of cash and cash equivalents		
Cash at bank	**40**	87
Short-term deposits	**145**	556
Total cash and cash equivalents	**185**	643
(b) Reconciliation of net profit after income tax to net cash flow from operating activities		
Profit after income tax	**966**	602
Non-cash items:		
Depreciation and amortisation	**515**	309
Hedge restructure and close-out expense	**153**	283
Net fair value change on derivatives	**18**	(16)
Share-based payments	**9**	9
Discount unwind on provisions	**11**	5
Other non-cash items	**43**	(34)
Items presented as investing or financing activities:		
Exploration expenditure written off	**55**	33
Changes in assets and liabilities, net of effects from business acquisitions:		
(Increase)/Decrease in:		
Trade and other receivables	**(144)**	(7)
Inventories	**(70)**	(147)
Deferred mining	**(42)**	74
Prepayments current	**27**	(21)
Prepayments non-current	**51**	1
Deferred tax assets	**198**	132
(Decrease)/Increase in:		
Trade and other payables	**64**	(4)
Provisions current	**7**	(15)
Provisions non-current	**70**	11
Current tax liabilities	**76**	15
Deferred tax liabilities	**(276)**	74
Deferred income	**(2)**	(1)
Net cash from operating activities	**1,729**	1,303
(c) Non-cash financing and investing activities		
Dividends paid by the issue of shares under the Dividend Reinvestment Plan	**42**	15

9. TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $M	Consolidated 2010 $M
Current		
Metal in concentrate receivables[1]	**277**	199
Bullion awaiting settlement[2]	**56**	24
GST receivable[3]	**60**	43
Other receivables[3]	**48**	14
Total current receivables	**441**	280
Non-current		
Other receivables[4]	**2**	9
Total non-current receivables	**2**	9

(1) Are non-interest bearing and are generally expected to settle within 1 to 6 months, refer Note 2(f).
(2) Are non-interest bearing and are generally expected to settle within 7 days, refer Note 2(f).
(3) Recorded at amortised cost, are non-interest bearing and are generally expected to settle within 1 to 2 months.
(4) Carried at amortised cost.

10. INVENTORIES

	Consolidated	
	2011 $M	2010 $M
Current		
Ore	**232**	54
Gold in circuit	**25**	32
Concentrate	**136**	21
Materials and supplies	**298**	160
Total current inventories	**691**	267
Non-current		
Ore	**710**	153
Total non-current inventories	**710**	153

11. DERIVATIVE AND OTHER FINANCIAL ASSETS

	Consolidated	
	2011 $M	2010 $M
Current		
Quotational period derivatives[1]	**6**	22
Copper forward sales contracts	**6**	17
Other financial derivatives	**3**	1
Total current derivative and other financial assets	**15**	40
Non-current		
Gold put options	**–**	3
Available-for-sale financial assets[2]	**9**	–
Total non-current derivative and other financial assets	**9**	3

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer Note 2(v).
[2] Represents investments in listed companies.

12. OTHER ASSETS

	Consolidated	
	2011 $M	2010 $M
Current		
Prepayments	**55**	30
Deferred mining expenditure	**155**	151
Total current other assets	**210**	181
Non-current		
Prepayments	**6**	6
Deferred mining expenditure	**116**	78
Total non-current other assets	**122**	84

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2011 $M	2010 $M
At 30 June		
Cost	**5,172**	2,971
Accumulated depreciation	**(1,862)**	(1,207)
	3,310	1,764
Year ended 30 June		
Carrying amount at 1 July	**1,764**	1,470
Acquisition of Lihir Gold Ltd (Note 34)	**1,565**	–
Additions	**357**	88
Depreciation charge for the year	**(269)**	(155)
FX translation	**(362)**	(1)
Reclassifications/transfers	**255**	362
Carrying amount at 30 June	**3,310**	1,764

Included in property, plant and equipment are leased assets with a carrying amount of $14 million (2010: $18 million).

14. CAPITALISED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES

	Consolidated				
	Exploration & Evaluation Expenditure $M	Deferred Feasibility Expenditure $M	Mines under Construction $M	Mine Development[1] $M	Total $M
At 30 June 2011					
Cost	775	74	1,376	6,716	8,941
Accumulated depreciation	–	–	–	(1,270)	(1,270)
	775	**74**	**1,376**	**5,446**	**7,671**
Year ended 30 June 2011					
Carrying amount at 1 July 2010	285	20	477	1,774	2,556
Acquisition of Lihir Gold Ltd (Note 34)	565	–	672	3,748	4,985
Expenditure during the year[2]	126	32	1,411	178	1,747
Expenditure written off during the year	(55)	–	–	–	(55)
Depreciation charge for the year	–	–	–	(306)	(306)
FX translation	(142)	–	(168)	(696)	(1,006)
Reclassifications/transfers	(4)	22	(1,016)	752	(246)
Carrying amount at 30 June 2011	**775**	**74**	**1,376**	**5,450**	**7,675**
At 30 June 2010					
Cost	285	20	477	2,642	3,424
Accumulated depreciation	–	–	–	(868)	(868)
	285	**20**	**477**	**1,774**	**2,556**
Year ended 30 June 2010					
Carrying amount at 1 July 2009	234	227	911	1,069	2,441
Expenditure during the year	101	192	398	30	721
Expenditure written off during the year	(33)	–	–	–	(33)
Depreciation charge for the year	–	–	–	(167)	(167)
FX translation	(7)	(5)	(23)	(5)	(40)
Reclassifications/transfers	(10)	(394)	(809)	847	(366)
Carrying amount at 30 June 2010	**285**	**20**	**477**	**1,774**	**2,556**

Reclassifications/transfers: Expenditure included in mines under construction has been reclassified from/to mine development or property, plant and equipment, as appropriate, upon initial utilisation of the assets.

(1) Includes acquired Mineral Rights.

(2) Borrowing costs were capitalised on qualifying assets at a weighted average interest rate of 2.0%. (2010: nil was capitalised).

14. CAPITALISED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES (continued)

Areas of Interest in the exploration phase at cost	Consolidated 2011 $M	Consolidated 2010 $M
Cadia Valley, NSW	**54**	54
Telfer, WA	**52**	40
Cracow and Mount Rawdon, QLD	**15**	6
Marsden, NSW	**5**	5
Gosowong, Indonesia	**22**	16
Namosi, Fiji	**20**	24
Morobe Province, PNG	**134**	140
Lihir, PNG	**199**	–
Côte d'Ivoire	**274**	–
	775	285

Recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and continuing commercial exploitation, or alternatively, sale of the respective area of interest.

15. GOODWILL

	Consolidated 2011 $M	Consolidated 2010 $M
Opening balance	**–**	–
Acquisition of Lihir Gold Limited (Note 34)	**4,370**	–
Foreign currency translation	**(749)**	–
Closing balance	**3,621**	–

(a) Allocation of Goodwill to Cash-Generating Units

Goodwill arose through the acquisition of Lihir Gold Limited on 30 August 2010 and has been allocated to the following cash-generating units (CGUs):

Mt. Rawdon	**53**	–
West Africa	**175**	–
Lihir	**3,393**	–
	3,621	–

(b) Impairment Test

Goodwill recognised as a result of the acquisition of Lihir Gold Limited (LGL) has been allocated to cash-generating units (CGUs) as noted above in Note 15(a).

The goodwill on acquisition reflects the following aspects:

- The unique financial characteristics of gold assets, where they generally trade at a significant premium to underlying discounted cash flows;
- The value implicit in the ability to sustain and/or grow the Newcrest Group by increasing reserves and resources through exploration at the acquired assets, as well as the increased optionality available for the total asset portfolio; and
- The requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in the acquisition.

In assessing whether goodwill has been impaired, the carrying amount of the CGU is compared with its recoverable amount. For the purpose of impairment testing, the recoverable amount has been assessed by reference to fair value less costs to sell.

Fair value less costs to sell was determined by using a discounted cash flow methodology, then application of a CGU specific gold multiple. The discounted cash flow valuations are based on the latest CGU life of mine (LOM) planning information, market based commodity price and exchange assumptions and country specific discount rates.

The LOM plans reflect Newcrest's assessment of the relevant characteristics of the ore body (including recoverable reserves and resources) and processing activities to estimate overall production levels, future cash costs of production and required levels of capital expenditure for each mine. LOM plans are updated annually.

The key assumptions in addition to the LOM plans used in the discounted cash flow valuations are gold prices, the Australian dollar exchange rate against the US dollar and discount rates.

Gold price and AUD:USD exchange rate assumptions are estimated by management with reference to external market forecasts, and updated at least annually. The gold prices per ounce used are in the range of US$1,450 to US$1,130 between FY2012 and FY2016 and US$1,000 for 2017 and beyond, in real terms. The AUD:USD exchange rates used are in the range of $1.02 to $0.84 between FY2012 and FY2016 and $0.80 for 2017 and beyond.

The discount rate applied to discount the estimated cash flows is based upon Newcrest's real weighted average cost of capital with an appropriate adjustment for the risks associated with the relevant cash flows based on the geographic location of the CGU. The real after tax discount rates used were Australia 6%, Papua New Guinea 7% and Côte d'Ivoire 7%.

Newcrest applies a gold multiple to the discounted cash flow valuation in order to assess the CGU's estimated fair value. Gold companies typically trade at a market capitalisation that is based on a multiple of their underlying discounted cash flow valuation. Similarly, in an asset sale scenario, a gold multiple would generally be applied when estimating the fair value of an operating gold mine. In determining the appropriate gold multiples for CGUs, we took into consideration the mine life, reserve/resource addition potential, average annual production level and operating cost profile. In addition, the external market view of Newcrest's overall gold multiple was taken into consideration. The following range of gold multiples for each CGU was determined: Mt Rawdon 1.1–1.3; West Africa 1.3–1.7; Lihir 1.7–2.0.

As the acquisition of LGL has occurred within the past 12 months, the purchase price paid by Newcrest represents a very strong indicator of fair value of the CGUs acquired. In future periods, the determination of recoverable amount will be sensitive to changes in assumptions for long term gold prices, discount rates and the CGU specific gold multiples.

16. OTHER INTANGIBLE ASSETS

	Consolidated Information Systems Development	
	2011 $M	2010 $M
At 30 June		
Cost	**103**	107
Accumulated amortisation	**(42)**	(24)
	61	83
Year ended 30 June		
Carrying amount at 1 July	**83**	33
Acquisition of Lihir Gold Limited (Note 34)	**3**	–
Additions	**1**	54
Amortisation charge for the year	**(17)**	(8)
Reclassifications/transfers	**(9)**	4
Carrying amount at 30 June	**61**	83

17. TRADE AND OTHER PAYABLES

	Consolidated	
	2011 $M	2010 $M
Trade payables[1]	**91**	21
Other payables and accruals[1]	**341**	188
Total trade and other payables	**432**	209

[1] All payables are unsecured, non-interest bearing and are normally settled on 30–60 day terms.

18. BORROWINGS

		Consolidated	
		2011 $M	2010 $M
Current			
Finance lease liabilities – secured	(i)	**4**	6
US dollar private placement notes – unsecured	(iii)	**112**	–
US dollar bilateral debt – unsecured	(ii)	**–**	–
Total current borrowings		**116**	6
Non-current			
Finance lease liabilities – secured	(i)	**4**	9
US dollar private placement notes – unsecured	(iii)	**214**	412
US dollar bilateral debt – unsecured	(ii)	**466**	–
Total non-current borrowings		**684**	421

18. BORROWINGS (continued)

(i) Finance lease facility
The Group's lease liabilities are secured by the assets leased. In the event of default, the assets revert to the lessor.

(ii) US dollar bilateral debt
The Group has bilateral debt facilities of US$1,100 million (2010: US$1,100 million) with eight banks. These are committed unsecured revolving facilities with maturities ranging between December 2012 and February 2013, individually negotiated and documented with each bank but with similar terms and conditions. Interest is based on LIBOR plus a margin which varies amongst the lenders.

(iii) US dollar private placement notes
During the year ended 30 June 2005, the Group issued US$350 million of long term senior unsecured notes into the North American private placement market. The proceeds of the placement were received on 11 May 2005 and comprised five tranches:

	Maturity	US$M
Fixed 7 years	11/5/2012	95
Fixed 10 years	11/5/2015	105
Fixed 12 years	11/5/2017	100
Fixed 15 years	11/5/2020	25
Floating 7 years	11/5/2012	25
		350

Interest on the fixed rate notes is payable semi-annually at an average of 5.6%. Floating rate interest is based on LIBOR plus a margin and is payable quarterly at an average of 1.2% (2010: 1.2%).

These notes were fully drawn as at 30 June 2011 and have been restated to Australian dollars, using the spot exchange rate at the reporting date.

(iv) Hedging: US dollar denominated debt
Where considered appropriate the foreign currency component of US dollar denominated debt is designated either as a cash flow hedge of future US dollar denominated commodity sales or a net investment in foreign operations. Refer Note 27(d) for further details.

(v) Financial arrangements

	Consolidated	
	2011 $M	2010 $M
The Group has access to the following financing arrangements:		
Unsecured		
Bank overdrafts (payable at call)	**–**	2
USD bilateral facilities (US: $1,100M)	**1,024**	1,294
USD private placement notes (US: $350M)	**326**	412
	1,350	1,708
Facilities utilised at reporting date:		
Unsecured		
Bank overdrafts (payable at call)	**–**	–
USD bilateral facilities	**466**	–
USD private placement notes	**326**	412
	792	412
Facilities not utilised at reporting date:		
Unsecured		
Bank overdrafts (payable at call)	**–**	2
USD bilateral facilities	**558**	1,294
	558	1,296

19. PROVISIONS

		Consolidated 2011 $M	Consolidated 2010 $M
Current			
Employee benefits	(i)	**109**	70
Mine rehabilitation and restoration	(ii)	**5**	5
Other	(iii)	**56**	3
Total current provisions		**170**	78
Non-Current			
Employee benefits	(i)	**24**	11
Mine rehabilitation and restoration	(ii)	**206**	77
Other	(iii)	**2**	–
Total non-current provisions		**232**	88

(i) **Employee benefits**
Represents annual leave, long service leave, salary at risk and other retention incentive payments (refer Note 2 (t)).

(ii) **Mine rehabilitation and restoration**
The Group recognises that it has an obligation to restore its mine sites to their original condition at the end of the life of mine. Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life.

(iii) **Other provisions**
Comprises of onerous contracts, community obligations and other miscellaneous items.

Movements in provisions
Movements in provisions (excluding employee entitlements) during the year were as follows:

	Mine Rehabilitation & Restoration $M	Other Provisions $M
At 1 July 2010	82	3
Acquisition of Lihir Gold Limited	66	72
Increase/(decrease) in provision	63	4
Paid/utilised during the year	–	(10)
Unwinding of discount	11	–
FX translation	(11)	(11)
At 30 June 2011	**211**	**58**
Split between:		
Current	5	56
Non-current	206	2
	211	**58**

20. FINANCIAL DERIVATIVE LIABILITIES

	Consolidated 2011 $M	Consolidated 2010 $M
Current		
Quotational period derivatives[1]	**6**	17
Other financial derivatives	**1**	–
Total current financial derivative liabilities	**7**	17

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer Note 2(v).

21. OTHER LIABILITIES

	Consolidated 2011 $M	Consolidated 2010 $M
Current		
Deferred income	**–**	1
Total current other liabilities	**–**	1

22. ISSUED CAPITAL

		Consolidated 2011 $M	Consolidated 2010 $M
Opening balance		**3,640**	3,642
Shares issued:			
– Share plans	(a)	**–**	–
– Dividend reinvestment plan	(b)	**42**	15
– Acquisition of Lihir Gold Limited	(c)	**9,947**	–
– Share issue costs	(c)	**(2)**	–
– Tax effect of issue costs		**–**	(1)
– Share buy-back	(e)	**(28)**	(16)
– Shares repurchased and held in treasury	(f)	**(30)**	–
Total issued capital		**13,569**	3,640

Share capital issued		2011 No.	2010 No.
Comprising:			
– Shares held by the public		**764,412,847**	483,498,777
– Treasury shares		**587,153**	–
Total issued capital		**765,000,000**	483,498,777
Movement in issued ordinary shares for the year			
Opening number of shares		**483,498,777**	483,344,644
Shares issued under:			
– Share plans	(a)	**343,086**	91,598
– Dividend reinvestment plan	(b)	**1,085,162**	451,537
– Acquisition of Lihir Gold Limited	(c)	**280,987,564**	–
– Employee share acquisition plan	(d)	**39,257**	43,680
– Share buy-back	(e)	**(754,621)**	(432,682)
– Shares reclassified as treasury shares	(f)	**(786,378)**	–
Closing number of shares		**764,412,847**	483,498,777
Movement in treasury shares for the year			
Opening number of shares		**–**	–
– Purchases		**786,378**	–
– Issued pursuant to share plans		**(199,225)**	–
Closing number of shares		**587,153**	–

(a) Represents options/rights exercised under the Company's share-based payments plans. Refer Note 26.

(b) The Dividend Reinvestment Plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.

(c) Represents issue of shares on 13 September 2010 pursuant to the Scheme of Arrangement between Lihir Gold Limited and its ordinary shareholders which became effective on 30 August 2010. Refer Note 34 for further details. Transaction costs associated with the issue amounted to $2 million.

(d) The Employee Share Acquisition Plan is a broad based employee share plan. During the year, the Plan offered eligible employees fully paid shares for $nil consideration.

(e) Comprises of the following on-market buy-backs:

	Shares Bought Back and Cancelled			
Date	No.	Average Price	Low	High
7 Jan 2011	174,000	38.70	38.35	39.16
2 Mar 2011	173,287	38.25	37.94	38.45
21 Jun 2011	407,334	36.82	36.52	37.00
	754,621			

The total cost of $28 million has been deducted from Issued Capital.

In order to prevent dilution of its share capital through the issue of shares under the Company's share-based payments plans and the Dividend Reinvestment Plan (DRP), the Company has determined that it will buy the corresponding number of shares on market as and when required. It is anticipated that on market buy-backs will be undertaken periodically in response to exercise of rights, or operation of the DRP. The share buy-back plan will only be used to purchase shares that are issued under the above mentioned plans.

(f) During the year, $30 million of shares (2010: $nil) were purchased by the Newcrest Employee Share Trust on behalf of Newcrest Mining Limited to satisfy future share options and awards as they vest.

23. RETAINED EARNINGS

	Consolidated 2011 $M	2010 $M
Opening balance	**1,492**	1,032
Profit after tax	**908**	557
Dividends paid	**(229)**	(97)
Closing balance	**2,171**	1,492

24. RESERVES

		Consolidated 2011 $M	2010 $M
Equity Settlements Reserve	(a)	**45**	36
Foreign Currency Translation Reserve	(b)	**(2,026)**	(124)
Hedge Reserve	(c)	**17**	(90)
Total reserves		**(1,964)**	(178)

(a) Equity Settlements Reserve
The Equity Settlements Reserve is used to recognise the fair value of rights and options issued to employees, including Key Management Personnel in relation to equity-settled share-based payments.

(b) Foreign Currency Translation Reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is also used to record gains and losses on hedges of the net investment in foreign operations (refer Note 2(v)).

The Group's foreign operations have a USD functional currency. The increase in the reserve during the year was mainly due to the appreciation of the AUD against the USD, which represented a movement of 26%. The Group's foreign operations were translated at a rate of 1.0739 at 30 June 2011 compared to 0.8500 at 30 June 2010 (and a rate of 0.8874 for the operations acquired from the acquisition of Lihir Gold Limited on 30 August 2010).

During the prior year, the Group drew down on its USD bilateral debt facility. The loan proceeds were used to fund the acquisition of the Morobe Mining Joint Venture. This loan was designated as a hedge against the net assets of the foreign subsidiaries which hold the joint venture assets. The exchange gains or losses upon subsequent revaluation of the effective portion of this US dollar denominated debt from the historical draw down rate to the period end spot exchange rate were deferred in equity in the foreign currency translation reserve, up until the bilateral debt facility was repaid. These cumulative gains or losses will remain deferred in equity until the disposal of the foreign operation, at which point they will be transferred to the Income Statement.

(c) Hedge Reserve
The Hedge Reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer Note 2(v)).

The components of the Hedge Reserve at year end were as follows:

	30 June 2011			30 June 2010		
Components	Gross Gains/ (Losses) $M	Tax impact $M	Net Gains/ (Losses) $M	Gross Gains/ (Losses) $M	Tax impact $M	Net Gains/ (Losses) $M
FX gains on US dollar denominated borrowings[1]	**30**	**(9)**	**21**	30	(9)	21
Losses on hedge contracts[2]	**(7)**	**2**	**(5)**	(160)	48	(112)
Other cash flow hedges	**2**	**(1)**	**1**	1	–	1
	25	**(8)**	**17**	(129)	39	(90)

[1] FX Gains on USD private placement notes
The foreign currency component of this US dollar denominated debt was designated as a cash flow hedge of future US dollar denominated commodity sales. During the 2010 year, this hedge was de-designated. As a result of this de-designation, foreign exchange differences on the retranslation of this debt, from the date of de-designation are recorded in the Income Statement.

At the date of de-designation, the balance of this cash flow hedge deferred in equity was $21 million (net of tax). This balance will continue to remain deferred in equity and will be released to the Income Statement, in the same period as the anticipated hedged US dollar denominated commodity sales.

[2] Losses on hedge contracts
Losses on hedge contracts incurred in previous years (which were restructured/closed out in previous years) are being released to the Income Statement in line with the original sales to which they were designated. This has resulted in the following release profile:

	Current Year 2011 $M	To be released in future years 2012 $M
Hedge losses deferred in equity	**153**	7
Tax effect	**(46)**	(2)
After tax hedge losses	**107**	5

25. AUDITORS REMUNERATION

	Consolidated 2011 $'000	2010 $'000
(a) Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of financial reports of the Company and subsidiaries	**1,805**	708
Other services:		
– Assurance services in respect of acquisitions	**58**	714
– Assurance services in respect of divestments	**185**	–
– Accounting advice and other assurance-related services	**6**	10
– Advice and assurance services in relation to information technology systems development	**–**	224
	2,054	1,656
(b) Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Audit or review of financial reports of subsidiaries	**91**	91
(c) Amounts received or due and receivable by other auditors for:		
Audit or review of the financial report of subsidiaries	**415**	99
Other non-audit services	**148**	64
	563	163

26. SHARE-BASED PAYMENTS

(a) Executive Performance Share Plan (LTI Plan)

The Executive Performance Share Plan (also referred to as the Long Term Incentive (LTI) plan) entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The Executive Directors, Executive General Managers and Senior Executives participate in this plan.

The performance measures for the Performance Rights granted in the 2010 and 2011 financial years comprised of three equally weighted measures, being:

- Reserves Growth;
- Comparative Cost Position; and
- Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of group performance:

- Reserves Growth and Comparative Cost Position being key drivers of shareholder return in a gold mining company, and;
- ROCE being a direct measure of returns per unit of capital.

Performance against each of these measures over the three year vesting period accounts for one-third of any grant made to participants. There is no ability to re-test performance under the Plan after the performance period.

The assessed fair value at grant date of the share rights granted under the plan during the 2011 year was $41.66 (2010: $34.63) per right.

The fair value is independently determined using a Black-Scholes option pricing model. The model inputs for share rights granted included:

– Exercise price:	Nil	(2010: Nil)
– Expected volatility:	30%	(2010: 40%)
– Risk-free interest rate:	5.09%	(2010: 5.04%)
– Expected life of right (years):	3 years	(2010: 3 years)
– Share price at grant date:	$42.29	(2010: $35.15)
– Expected dividend yield:	0.5%	(2009: 0.5%)

The expected volatility is based on historic volatility and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

In the 2008 and prior financial years, the entitlement to receive Performance Rights was contingent on the Group achieving a performance hurdle over a three year forward period commencing on the date on which the Performance Rights were granted. Group performance is measured against the Total Shareholder Returns (TSR) of the same comparator group of companies. If TSR performance of the Group is below the threshold 50th percentile of TSR for the comparator group, then no award will be made. If the Group's TSR performance is at the 75th percentile of the comparator group, a 100% allocation will be made with a straight line allocation occurring between the 50th and 75th percentile.

(b) Newcrest Employee Share Acquisition Plan (ESAP)

Under the Newcrest Employee Share Acquisition Plan (ESAP or the plan), eligible employees are granted shares in Newcrest Mining Limited (the Company) for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Group for a period of at least one year are eligible to participate in the plan. Employees may elect not to participate in the plan.

Under the plan, eligible employees may be granted up to $1,000 worth of fully paid ordinary shares in the Company for no consideration. The market value of shares issued under the plan is measured at the weighted average market price of the shares on the ASX over a period of a week prior to the grant date. The fair value of shares issued under the plan during the year was $1.5 million (2010: $1.4 million).

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of, three years from the date of issue or the date employment ceases. During 2011, 1,501 employees participated in the plan (2010: 1,456 employees).

(c) Restricted Share Plan (MTI Plan)

The Restricted Share Plan (also referred to as the Medium Term Incentive (MTI) Plan) was an annual incentive plan under which eligible employees were granted rights to receive ordinary fully paid shares in the Company (Restricted Rights).

The MTI Plan was last awarded to:

– Managers and other selected high performance personnel in 2009.

– Executive Directors, Executive General Managers (being Key Management Personnel) and Senior Executives in 2008.

The amount of the award was determined by the Group's performance in the financial year immediately prior to the date the award was granted. Once awarded, the Restricted Rights vested at the end of two or three years (depending on the level of the employee), provided that the participating employee had been employed throughout the vesting period and achieved minimal acceptable personal performance. Each Restricted Right granted, initially entitled the holder to subscribe for one ordinary share. Group performance in relation to the award was measured according to the Group's TSR measured against a comparator group of companies over the previous financial year, taken from the FTSE Gold Mine Index.

Outstanding Restricted Rights at the end of 2011 have an expiry date of 11 November 2012.

(d) Movements in the Number of Rights

Detailed information of share rights over unissued ordinary shares is set out below:

			Movement in Number of Rights During the Year					
Grant date	Exercise date on or after	Expiry date	Number at beginning of year	Granted	Exercised	Forfeited	Number at end of year	Number Exerciseable at end of year
2011								
8 Nov 05	8 Nov 08	8 Nov 10	11,166	–	(11,166)	–	–	–
14 Jul 06	14 Jul 09	14 Jul 11	165,000	–	(165,000)	–	–	–
3 Nov 06	3 Nov 09	3 Nov 11	140,804	–	(35,561)	(1,814)	103,429	103,429
9 Nov 07	9 Nov 10	9 Nov 12	220,971	–	(79,497)	(16,572)	124,902	124,902
11 Nov 08	11 Nov 10	11 Nov 12	146,272	–	(51,862)	(13,071)	81,339	81,339
11 Nov 08	11 Nov 11	11 Nov 13	361,206	–	–	(9,077)	352,129	–
10 Nov 09	10 Nov 12	10 Nov 14	264,079	–	–	(10,270)	253,809	–
10 Nov 10	10 Nov 13	10 Nov 15	–	261,355	–	–	261,355	–
Total			**1,309,498**	**261,355**	**(343,086)**	**(50,804)**	**1,176,963**	**309,670**
2010								
8 Nov 05	8 Nov 08	8 Nov 10	22,883	–	(10,880)	(837)	11,166	11,166
14 Jul 06	14 Jul 09	14 Jul 11	165,000	–	–	–	165,000	165,000
3 Nov 06	3 Nov 09	3 Nov 11	217,172	–	(75,729)	(639)	140,804	140,804
9 Nov 07	9 Nov 10	9 Nov 12	228,389	–	(2,061)	(5,357)	220,971	–
11 Nov 08	11 Nov 10	11 Nov 12	153,936	–	(2,928)	(4,736)	146,272	–
11 Nov 08	11 Nov 11	11 Nov 13	380,355	–	–	(19,149)	361,206	–
10 Nov 09	10 Nov 12	10 Nov 14	–	264,079	–	–	264,079	–
Total			**1,167,735**	**264,079**	**(91,598)**	**(30,718)**	**1,309,498**	**316,970**

All share rights have a nil exercise price.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

– Withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due;

– Maintain the capacity to fund its forecasted project developments and exploration and acquisition strategies; and

– Maintain the equivalent of an investment grade credit rating around BBB+.

The Group continually monitors and tests its forecast financial position against these criteria. The Group has a detailed planning process that forms the basis of all cash flow forecasting and updates these plans through a monthly estimation process. The cash flow forecast is then used to stress test financial risk and forms the basis for the Capital Management Plan.

Credit, liquidity and market risk (including foreign exchange risk, commodity price risk and interest rate risk) arise in the normal course of the Group's business. These are managed under Board approved directives which underpin Group Treasury policies and processes. The Group's principal financial instruments, other than derivatives and available-for-sale assets, comprise interest-bearing debt, finance leases, cash and short term deposits. Other financial instruments include trade receivables and trade payables which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with treasury policy are regularly reported to the Board.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The following table discloses the carrying amounts of each class of financial assets and financial liabilities at year end.

Category	Consolidated 2011 $M	2010 $M
Financial assets		
Cash and cash equivalents	**185**	643
Loans and receivables	**443**	289
Derivatives at fair value through profit or loss	**12**	42
Derivatives in designated hedge accounting relationship	**3**	1
Available-for-sale financial assets	**9**	–
Financial liabilities		
Trade and other payables	**432**	209
Borrowings	**800**	427
Derivatives at fair value through profit or loss	**6**	17
Derivatives in designated hedge accounting relationship	**1**	–

(b) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counter party with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short term liquidity and financial position. The Group obtains sufficient collateral (such as letters of credit) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was nil (2010: $8 million).

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no material impairments of receivables as at 30 June 2011 or 30 June 2010.

The majority of the Group's receivables are due from concentrate customers in Japan, China, Europe and Korea. There have been no credit defaults with these customers in recent history. Newcrest's treasury department evaluates credit risk on a continual basis. At the reporting date there were no other significant concentrations of credit risk.

The Group limits its counterparty credit risk on liquid funds and derivative financial instruments by dealing only with banks or financial institutions with credit ratings of at least A equivalent.

The ageing of trade and other receivables at the reporting date was as follows:

Trade and other receivables	Not past due $M	Past due but not impaired: Less than 30 days $M	Past due but not impaired: Greater than 30 days $M	Total $M
2011				
Metal in concentrate receivables	277	–	–	277
Bullion awaiting settlement	56	–	–	56
GST receivable	60	–	–	60
Other receivables	42	3	5	50
	435	**3**	**5**	**443**
2010				
Metal in concentrate receivables	199	–	–	199
Bullion awaiting settlement	24	–	–	24
GST receivable	43	–	–	43
Other receivables	22	1	–	23
	288	**1**	**–**	**289**

(c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner. The Group undertakes stress testing of operational cash flows which are matched with capital commitments to assess liquidity requirements. The Capital Management Plan is the formal record of the analysis and actions required in detail for the next 12 months and longer term to five years.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 18 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities, including derivative financial instruments. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

Consolidated	Less than 6 months $M	Between 6–12 months $M	Between 1–2 years $M	Between 2–5 years $M	Greater than 5 years $M	Total $M
2011						
Payables	432	–	–	–	–	432
Borrowings	13	123	480	130	127	873
Derivatives	7	–	–	–	–	7
	452	**123**	**480**	**130**	**127**	**1,312**
2010						
Payables	208	1	–	–	–	209
Borrowings	14	14	169	173	169	539
Derivatives	17	–	–	–	–	17
	239	**15**	**169**	**173**	**169**	**765**

(d) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The majority of the Group's revenue is denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars. The Group's Statement of Financial Position can be affected significantly by movements in the USD:AUD exchange rate. The Group also has exposure to other foreign currencies such as the Indonesian rupiah, Papua New Guinea kina and Fiji dollar, however these exposures are less significant.

Newcrest hedges certain non-functional-currency capital commitment exposures to provide some budget certainty in the functional currency.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The carrying amounts of the Group's US dollar denominated financial assets and liabilities in entities which do not have a US dollar functional currency at the reporting date are as follows:

US dollar denominated balances	2011 A$M	2010 A$M
Financial assets		
Cash and cash equivalents	**16**	81
Trade and other receivables	**277**	199
Derivatives	**12**	38
	305	318
Financial liabilities		
Payables	**4**	5
Borrowings	**792**	412
Derivatives	**6**	17
	802	434
Net exposure	**(497)**	(116)

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. Where considered appropriate the foreign currency component of the US dollar denominated debt is designated either as a:

- Cash flow hedge of future US dollar denominated commodity sales. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity in the Hedge Reserve and will be released to the Income Statement as the anticipated hedged US dollar denominated commodity sales to which the deferred gains/(losses) are designated, occur.
- Net investment in foreign operations. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve and will be released to the Income Statement if the foreign operation is sold.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Forward foreign exchange contracts

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average Exchange Rate		Contract Value A$M		Fair Value A$M	
Outstanding Contracts	2011	2010	2011	2010	2011	2010
Buy USD/Sell AUD	–	0.89	–	2	–	–
Buy JPY/Sell AUD	–	78.26	–	1	–	–
Buy EUR/Sell AUD	**0.71**	0.69	**44**	15	**(1)**	–
Buy EUR/Sell USD	–	1.22	–	3	–	–
			44	21	**(1)**	–

The above contracts are for periods up to 12 months (2010: 13 months).

Sensitivity analysis

The following table details the Group's sensitivity to a 15% movement (2010: 5%) (i.e. increase and decrease) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The 15% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period, which has increased in volatility during the year.

	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2011 $M	2010 $M	2011 $M	2010 $M
AUD/USD +15% (2010:+5%)	**(27)**	(10)	**45**	4
AUD/USD –15% (2010:–5%)	**36**	11	**(62)**	(4)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

– Reasonably possible movements in foreign exchange rates;

– The reasonably possible movement of 15% (2010: 5%) was calculated by taking the USD spot rate as at the reporting date, moving this spot rate by 15% (2010: 5%) and then reconverting the USD into AUD with the 'new spot rate'. This methodology reflects the translation methodology undertaken by the Group;

– The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement;

– The net exposure at the reporting date is representative of what the Group was and is expecting to be exposed to in the next 12 months from the reporting date;

– The sensitivity analysis includes only the impact on the balance of financial assets and financial liabilities at the reporting date.

(e) Commodity Price Risk

The Group's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. The Group has entered into copper forward sales contracts, gold put options and diesel forward contracts to manage its exposure to movements in commodity prices. The carrying amount of the Group's derivative financial instruments as at the reporting date are disclosed in Notes 11 and 20.

Copper forward sales contracts

The Group enters into copper forward sales contracts to effectively fix the US dollar cash flows receivable on the sale of certain copper concentrate. Copper forward sales contracts are not designated into hedge relationships and therefore fair value adjustments on these contracts are recognised in the Income Statement as 'Other Income/Expense'.

The following table details the copper forward sale contracts outstanding as at the reporting date:

	2011			2010		
Copper forward sale contracts	Tonnes	Weighted Average Price US$	Fair Value A$M	Tonnes	Weighted Average Price US$	Fair Value A$M
Maturing:						
Less than 6 months	**19,020**	**9,497**	**6**	19,204	7,250	17

Gold put options

In September 2007, the Group entered into put options for a portion of its gold production in order to manage its exposure to commodity price risk. The put options allow the Group to maintain full exposure to any upwards movement in the gold price, providing it the right, but not the obligation, to deliver gold at the stated strike price.

The following table details the Australian dollar gold put options outstanding as at the reporting date:

	2011			2010		
Gold put options	Ounces	Strike Price A$	Fair Value A$M	Ounces	Strike Price A$	Fair Value A$M
Maturing:						
Less than 1 year	**500,000**	**800**	–	500,000	800	–
Between 1–2 years	–	–	–	500,000	800	3
	500,000		–	1,000,000		3

The total premium paid for these options in September 2007 was $79 million, which represented the fair value at the date entered. The current fair value of these options is estimated using an option pricing model. The movement in fair value has been recognised in the Income Statement. Refer Note 4(k).

Diesel/fuel forward contracts

The Group undertakes short-term diesel/fuel hedging in line with budget to fix certain Australian dollar diesel/fuel costs.

Maturing in less than 12 months	2011 Quantity	2011 Weighted Average Price US$	2011 Fair Value A$M	2010 Quantity	2010 Weighted Average Price US$	2010 Fair Value A$M
Diesel forward contracts (barrels)	**1,190,071**	**127**	**1**	177,526	100	1
Heavy fuel forward contracts (tonnes)	**79,724**	**606**	**2**	–	–	–

Sensitivity analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold and copper commodity prices, with all other variables held constant. The 15% (2010: 10%) movement for gold and 15% (2010: 10%) movement for copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five-year period.

Post-tax gain/(loss)	Impact on profit[1] Higher/(Lower) 2011 $M	Impact on profit[1] Higher/(Lower) 2010 $M	Impact on Equity[2] Higher/(Lower) 2011 $M	Impact on Equity[2] Higher/(Lower) 2010 $M
Gold[3]				
Gold +15% (2010: +10%)	**31**	9	**31**	9
Gold –15% (2010: –10%)	**(31)**	(9)	**(31)**	(9)
Copper				
Copper +15% (2010:+10%)	**1**	1	**1**	1
Copper –15% (2010: –10%)	**(1)**	(1)	**(1)**	(1)

[1] Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

[2] As the majority of these derivatives are not in hedging relationships, all fair value movements are recognised in the Income Statement and therefore the impact on equity only represents retained earnings impacts.

[3] The impact on profit predominantly relates to the change in value of the gold put options and the embedded derivative relating to quotational period movements on gold sales (refer Note 2(v)).

(f) Interest Rate Risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated regularly to align with interest rate views and risk profile. Details of the Group's types and levels of debt are included in Note 18.

Interest rate exposure

The Group's interest rate exposure together with the effective interest rate for each class of financial assets and financial liabilities at the reporting date is summarised as follows:

Consolidated	2011 Floating Interest $M	2011 Fixed Interest $M	2011 Effective Interest Rate %	2010 Floating Interest $M	2010 Fixed Interest $M	2010 Effective Interest Rate %
Financial assets						
Cash and cash equivalents	**185**	**–**	**0.5**	643	–	4.1
	185	**–**		643	–	
Financial liabilities						
Lease liabilities – floating	**7**	**–**	**1.9**	14	–	1.9
Lease liabilities – fixed	**–**	**1**	**6.8**	–	1	6.8
Bilateral debt	**466**	**–**	**2.0**	–	–	–
Private placement – floating	**23**	**–**	**1.1**	29	–	1.1
Private placement – fixed	**–**	**303**	**5.6**	–	383	5.6
	496	**304**		43	384	
	(311)	**(304)**		600	(384)	

The other financial instruments of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

Notes to the Financial Statements

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27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates over a financial year.

	Impact on Profit Higher/(Lower)		Impact on Equity Higher/(Lower)	
Post-tax gain/(loss)	2011 $M	2010 $M	2011 $M	2010 $M
+1% (100 basis points)	**2**	4	**2**	4
–1% (100 basis points)	**(2)**	(4)	**(2)**	(4)

The Group's sensitivity to interest rates has decreased during the current year due to decreased cash balances.

(g) Fair Value

(i) Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

	Carrying Amount		Fair Value	
Financial Assets/(Liabilities)	2011 $M	2010 $M	2011 $M	2010 $M
Borrowings:				
Fixed rate debt[1]	**(303)**	(383)	**(328)**	(418)

[1] Amount recorded at amortised cost and the movements in the fair valuation are not recorded on the Statement of Financial Position.

(ii) Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Assets/(Liabilities)	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
2011				
Financial assets				
Quotational period derivatives	–	6	–	6
Copper forward sales contracts	–	6	–	6
Other financial derivatives	–	3	–	3
Available-for-sale financial assets	9	–	–	9
Financial liabilities				
Quotational period derivatives	–	(6)	–	(6)
Other financial derivatives	–	(1)	–	(1)
2010				
Financial assets				
Gold put options	–	3	–	3
Quotational period derivatives	–	22	–	22
Copper forward sales contracts	–	17	–	17
Other financial derivatives	–	1	–	1
Financial liabilities				
Quotational period derivatives	–	(17)	–	(17)

(h) Capital Management

Newcrest's objectives when managing capital are to maintain a strong capital base capable of withstanding significant cash flow variability, whilst providing the flexibility to pursue its growth aspirations. Newcrest aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. Newcrest has a Capital Management Plan which is reviewed, updated and approved by the Board on an annual basis

The capital structure of Newcrest consists of debt, which includes borrowings as disclosed in Note 18, cash, cash equivalents and equity.

Newcrest balances its overall capital structure through the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

Newcrest's gearing ratio is monitored and maintained at a level that is appropriate for financial risk and growth plans. Newcrest's strategy is to have maximum gearing of around 15% and maintain the equivalent of an investment grade credit rating around BBB+. In the current financial and economic environment, the Group will continue with a lower level of gearing.

The gearing ratio at year end was as follows:

	2011 $M	2010 $M
Total debt	**800**	427
Less: Cash and cash equivalents	**(185)**	(643)
Net debt	**615**	(216)
Equity	**13,875**	5,010
Total capital (Net debt and equity)	**14,490**	4,794
Gearing ratio	**4%**	(5%)

28. COMMITMENTS

(a) Finance Lease Commitments

	Consolidated	
	2011 $M	2010 $M
Within one year	**4**	6
Later than one year but not later than five years	**4**	10
Later than five years	**–**	–
Total minimum lease payments	**8**	16
Less future finance charges	**–**	(1)
Present value of minimum lease payments	**8**	15
Included in the financial statements as borrowings (Note 18):		
Current	**4**	6
Non-current	**4**	9
	8	15

Finance leases were entered into as a means of financing the acquisition of mining equipment. No lease arrangements create restrictions on other financing transactions.

(b) Capital Expenditure Commitments

	Consolidated	
	2011 $M	2010 $M
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within one year	**720**	191
Later than one year but not later than two years	**23**	–
Total	**743**	191

This represents contracted mining development expenditure.

(c) Operating Lease Commitments

	Consolidated	
	2011 $M	2010 $M
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	**5**	4
Later than one year but not later than five years	**12**	12
Later than five years	**10**	3
Total	**27**	19

The Group leases assets for operations including plant and office premises. These leases have an average life ranging from 1 to 10 years. There are no restrictions placed upon the lessee by entering into these leases.

(d) Mineral and Exploration Leases

Expenditure of $16 million (2010: $4 million) is required in the next financial year to satisfy mineral leases and exploration licences conditions. These amounts are subject to negotiation depending on exploration results and are cancellable at any time by the Group at no cost.

(e) Other Commitments

The Group has contractual obligations for various expenditures such as royalties, exploration and the cost of goods and services supplied to the Group. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

29. CONTINGENT LIABILITIES

(a) PT Nusa Halmahera Minerals (PTNHM), an 82.5% owned Indonesian subsidiary, has been named as a defendant in proceedings in a local Indonesian court regarding customary ownership of land situated within the Gosowong Contract of Work. The proceedings were initiated by five local residents seeking compensation and have been defended by PTNHM. The proceedings were dismissed by the local court, as the court found that the plaintiffs had been unable to prove the existence of communal land. It should be noted that the plaintiffs cannot file a new proceeding with the same merits. The plaintiffs appealed to the High Court of Indonesia, which also dismissed their claims. The plaintiffs have now appealed to the Supreme Court (the final court of appeal), which can only consider questions of law, not fact. Newcrest believes that it will be successful in defending this claim. A decision by the Supreme Court could take several years to be handed down.

(b) Legal proceedings have commenced against the Hidden Valley Mine Joint Venture (in which Newcrest holds a 50% interest) in PNG over alleged damage to the Watut River (which runs adjacent to the Hidden Valley gold mine) alleged to have been caused by waste rock and overburden from the mine. The Joint Venture is defending the claims. The damages sought by the plaintiffs are not specified. At this stage, it is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding in their claim, nor the potential liability of the Joint Venturer parties were the plaintiffs to succeed. Accordingly, no provision has been recognised in the financial statements for this matter.

(c) In addition to the above matters, companies in the Group are recipients of or defendants in certain claims, suits and complaints made, filed or pending. In the opinion of the Directors, all matters are of such a kind, or involve such amounts, that they will not have a material effect on the financial position of the Group if disposed of unfavourably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

(d) The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is $159 million (2010: $126 million).

30. CONTROLLED ENTITIES

Entity	Notes	Country of Incorporation	Percentage Holding 2011 %	Percentage Holding 2010 %
Parent entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Newcrest Operations Ltd	(a)	Australia	**100**	100
Australmin Holdings Ltd		Australia	**100**	100
Cadia Holdings Pty Ltd	(a)	Australia	**100**	100
Contango Agricultural Co. Pty Ltd		Australia	**100**	100
Horskar Pty Limited		Australia	**100**	100
Newcrest Exploration Holdings Pty Ltd	(a)	Australia	**100**	100
Newcrest Finance Pty Ltd	(a)	Australia	**100**	100
Newcrest International Pty Ltd	(a)	Australia	**100**	100
Newcrest Services Pty Ltd		Australia	**100**	100
Newcrest Technology Pty Ltd		Australia	**100**	100
Newgen Pty Ltd		Australia	**100**	100
Sulawesi Investments Pty Ltd	(a)	Australia	**100**	100
Lihir Australian Holdings Pty Ltd		Australia	**100**	–
LGL Services Australia Pty Ltd		Australia	**100**	–
Niugini Mining Australia Pty Ltd		Australia	**100**	–
LGL Ballarat Operations Pty Ltd		Australia	**100**	–
New Resource Pty Ltd		Australia	**100**	–
Berringa Resources Pty Ltd		Australia	**100**	–
Ballarat West Goldfields Pty Ltd		Australia	**100**	–
LGL Mount Rawdon Operations Pty Ltd		Australia	**100**	–
LGL Mount Rawdon Property Holdings Pty Ltd		Australia	**100**	–
LGL CDI Investments Pty Ltd		Australia	**100**	–
LGL CDI Exploration Pty Ltd		Australia	**100**	–
600 Holdings Inc		USA	**100**	100
Newcrest Resources Inc		USA	**100**	100
Newmont Pty Ltd		USA	**100**	100
Newroyal Resources Inc		USA	**100**	100
Newcrest Mining BC Ltd		Canada	**100**	100
Newcrest Singapore Holdings Pte Ltd	(c)	Singapore	**100**	100
Newcrest Insurance Pte Ltd	(b)	Singapore	**100**	100
Newcrest Singapore (Tandai) Pte Ltd	(c)	Singapore	**100**	–
Newcrest Fiji Holdings 1 Pte Ltd	(c)	Singapore	**100**	–
Newcrest Fiji Holdings 2 Pte Ltd	(c)	Singapore	**100**	–
Newcrest Fiji Exploration Holdings 1 Pte Ltd	(c)	Singapore	**100**	–
Newcrest Fiji Exploration Holdings 2 Pte Ltd	(c)	Singapore	**100**	–

30. CONTROLLED ENTITIES (continued)

Entity	Notes	Country of Incorporation	Percentage Holding 2011 %	2010 %
PT Nusa Halmahera Minerals	(b)	Indonesia	**82.5**	82.5
PT Puncakbaru Jayatama	(b)	Indonesia	**100**	100
Newcrest Chile Holdings 1		Bermuda	**100**	100
Newcrest Chile Holdings 2		Bermuda	**100**	100
Newcrest Peru Holdings 1		Bermuda	**100**	100
Newcrest Peru Holdings 2		Bermuda	**100**	100
Minera Newcrest Chile SRL		Chile	**100**	100
Minera Newcrest Peru SAC		Peru	**100**	100
Newcrest (Fiji) Ltd	(b)	Fiji	**100**	100
Newcrest PNG 1 Ltd	(c)	Papua New Guinea	**100**	100
Newcrest PNG 2 Ltd	(c)	Papua New Guinea	**100**	100
Newcrest PNG 3 Ltd	(c)	Papua New Guinea	**100**	100
Newcrest PNG Exploration Ltd		Papua New Guinea	**100**	–
Lihir Gold Limited		Papua New Guinea	**100**	–
Niugini Mining Limited		Papua New Guinea	**100**	–
Lihir Management Company Limited		Papua New Guinea	**100**	–
LGL PNG Holdings Limited		Papua New Guinea	**100**	–
LGL Mines CI SA		Côte d'Ivoire	**90**	–
LGL Resources CI SA		Côte d'Ivoire	**98**	–
LGL Exploration CI SA		Côte d'Ivoire	**100**	–
LGL Development CI SA		Côte d'Ivoire	**100**	–
LGL Holdings CI SA		Côte d'Ivoire	**100**	–

Notes:

(a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission (refer Note 32 for further information).

(b) Audited by affiliates of the Parent entity auditors.

(c) Audited by auditors other than Parent entity auditors.

31. PARENT ENTITY INFORMATION

The summarised Income Statement and Statement of Financial Position in respect to the parent entity (Company) is set out below.

(a) Income Statement

	Company 2011 $M	2010 $M
Profit after income tax	**29**	130
Total comprehensive income for the year	**29**	130

(b) Statement of Financial Position

	Company 2011 $M	2010 $M
Current assets	**273**	728
Non-current assets	**13,612**	3,376
Total assets	**13,885**	4,104
Current liabilities	**117**	77
Non-current liabilities	**145**	142
Total liabilities	**262**	219
Net assets	**13,623**	3,885
Issued capital	**13,569**	3,640
Equity settlements reserve	**45**	36
Retained earnings:		
Opening balance	**209**	176
Profit after tax	**29**	130
Dividends paid	**(229)**	(97)
Closing balance	**9**	209
Total equity	**13,623**	3,885

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

31. PARENT ENTITY INFORMATION (continued)

(c) Commitments

	Company 2011 $M	Company 2010 $M
Capital expenditure commitments		
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within one year	**12**	35
Total	**12**	35
Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	**2**	1
Later than one year but not later than five years	**4**	6
Later than five years	**–**	–
Total	**6**	7

(d) Guarantees and Contingent Liabilities

The Company and certain Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 32. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of this Deed on the basis that the possibility of default is remote.

32. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned controlled entities detailed in Note 30 are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

A consolidated Income Statement and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out below.

Income Statement	Consolidated 2011 $M	Consolidated 2010 $M
Operating sales revenue	**2,249**	2,237
Cost of sales	**(1,500)**	(1,378)
Gross profit	**749**	859
Exploration costs	**(28)**	(20)
Corporate administration costs	**(82)**	(78)
Other revenue	**249**	144
Other income/(expenses)	**(6)**	12
Operating profit before finance costs	**882**	917
Finance income	**9**	1
Finance costs	**(45)**	(33)
Profit before tax, restructure and other significant items	**846**	885
Losses on restructured and closed-out hedge contracts	**(153)**	(295)
Other close-out related costs	**(3)**	(12)
Foreign exchange gain on US dollar borrowings	**–**	12
Business acquisition and integration costs	**(48)**	(12)
Profit before income tax	**642**	578
Income tax expense	**(85)**	(93)
Profit after income tax	**557**	485

Statement of Financial Position	Consolidated 2011 $M	2010 $M
Current assets		
Cash and cash equivalents	**26**	547
Trade and other receivables	**623**	636
Inventories	**364**	188
Financial derivative assets	**12**	39
Other	**146**	149
Total current assets	**1,171**	1,559
Non-current assets		
Other receivables	**2**	9
Inventories	**–**	153
Investment in subsidiaries	**11,058**	469
Property, plant and equipment	**1,606**	1,361
Exploration, evaluation and development expenditure	**2,540**	1,901
Intangible assets	**57**	76
Deferred tax assets	**205**	250
Financial derivative assets	**2**	3
Other	**37**	84
Total non-current assets	**15,507**	4,306
Total assets	**16,678**	5,865
Current liabilities		
Trade and other payables	**226**	148
Borrowings	**112**	1
Provisions	**72**	62
Financial derivative liabilities	**8**	17
Other	**7**	1
Total current liabilities	**425**	229
Non-current liabilities		
Borrowings	**680**	412
Deferred tax liabilities	**380**	415
Provisions	**82**	69
Total non-current liabilities	**1,142**	896
Total liabilities	**1,567**	1,125
Net assets	**15,111**	4,740
Equity		
Issued capital	**13,569**	3,640
Retained earnings	**1,601**	1,273
Reserves	**(59)**	(173)
Total equity	**15,111**	4,740

33. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS

(a) Interests

The Group has an interest the following unincorporated joint ventures:

Name	Country	Principal Activity	Ownership Interest 2011 %	2010 %
Cracow JV	Australia	Gold production and mineral exploration	**70.0**	70.0
Hidden Valley JV	Papua New Guinea	Gold production and mineral exploration	**50.0**	50.0
Wafi-Golpu JV	Papua New Guinea	Mineral exploration	**50.0**	50.0
Morobe Exploration JV	Papua New Guinea	Mineral exploration	**50.0**	50.0
Namosi JV	Fiji	Mineral exploration	**69.94**	69.94

33. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS (continued)

(b) Assets Employed in Joint Ventures

Included in the assets of the Group are the following items which represent the Group's material interest in the assets employed in the joint ventures, recorded in accordance with the accounting policy described in Note 2(c).

Joint Ventures	Consolidated 2011 $M	Consolidated 2010 $M
Current assets		
Cash assets	**10**	10
Receivables	**11**	2
Inventories	**43**	43
Other assets	**24**	13
	88	68
Non-current assets		
Property, plant and equipment	**376**	371
Exploration, evaluation and development	**174**	153
Other assets	**–**	4
	550	528
	638	596

For operating and capital expenditure commitments and contingent liability disclosures relating to the joint ventures refer to Note 28 and Note 29 respectively.

34. BUSINESS ACQUISITIONS

Newcrest and Lihir Gold Limited (LGL) entered into a Merger Implementation Agreement on 4 May 2010 to combine the two companies under a Scheme of Arrangement (Scheme). The Scheme was approved by LGL shareholders on 23 August 2010 and was approved by the National Court of Papua New Guinea (the Court) on 27 August 2010. In accordance with the Court Order, the Scheme became effective on 30 August 2010. Newcrest assumed effective management control of LGL on 30 August 2010.

LGL is a gold producer with operations in Papua New Guinea, West Africa and Australia. LGL has 19 subsidiaries, which are all wholly-owned except for:

- LGL Mines CI SA (90% owned). This company is the holder and operator of the Bonikro operations.
- LGL Resources CI SA (98% owned). This company is the holder of exploration permits in Côte d'Ivoire.

The non-controlling interest in LGL Mines CI SA and LGL Resources CI SA is owned by the government of Côte d'Ivoire (CDI).

Details of the acquisition are as follows:

(a) Consideration

	$M
Equity instruments: 280,987,564 Newcrest shares at $35.40 per share[1]	9,947
Cash consideration	533
Total consideration	**10,480**

[1] The fair value of $35.40 is based on the quoted price of Newcrest shares at the acquisition date (30 August 2010).

(b) Net Cash Flow Attributable to the Acquisition

	$M
Cash consideration paid	533
Less: Cash and cash equivalent balance acquired	(261)
Net cash outflow	**272**

(c) Acquisition Related Costs

	$M
Costs charged to the Income Statement (Note 4(m))	15
Share issue costs charged to equity (Note 22)	2
Acquisition related costs incurred during the current year	17
Costs charged to the Income Statement in the prior year	12
Total acquisition related costs	**29**

(d) Fair Values

Details of the fair values at the date of acquisition are set out below:

	Fair Value on Acquisition		
	Provisional Fair Value[1] $M	Adjustments $M	Final Fair Value $M
Assets			
Cash and cash equivalents	261	–	261
Trade and other receivables	10	–	10
Inventories	911	–	911
Property, plant and equipment	1,565	–	1,565
Exploration, evaluation and development	5,009	(24)	4,985
Other intangible assets	3	–	3
Financial derivative assets	8	–	8
Deferred tax assets	116	41	157
Other assets	52	51	103
Total assets	**7,935**	**68**	**8,003**
Liabilities			
Trade and other payables	159	–	159
Borrowings	58	–	58
Provisions	71	88	159
Financial derivative liabilities	1	–	1
Deferred tax liabilities	1,487	(25)	1,462
Other liabilities	1	–	1
Total liabilities	**1,777**	**63**	**1,840**
Fair value of identifiable net assets	**6,158**	**5**	**6,163**
Non-controlling interest in identifiable acquired net assets	(37)	(16)	(53)
Goodwill on acquisition	4,359	11	4,370
	10,480	**–**	**10,480**

[1] Represents the values reported in the Group's accounts for the half-year ended 31 December 2010.

The initial accounting for the acquisition of LGL had been provisionally determined at the end of the previous reporting period (half-year ended 31 December 2010). The key adjustments from the provisional balances included:

- Increase in provisions relating to the mine rehabilitation and restoration provision, contingent liabilities and other onerous contracts;
- Reclassification of balances within assets;
- Increase in deferred tax assets to recognise additional tax losses for which recoupment is probable;
- Increase in deferred tax liabilities, representing the tax effect of the above adjustments; and
- Increase in non-controlling interests. In attributing value to the potential exploration projects in CDI, it has been assumed that through the realisation of these projects the CDI government will take a 10% stake on any project that proceeds to operate as mining project.

The goodwill reflects the unique financial characteristics of gold assets, where they generally trade at a significant premium to underlying discounted cash flows. In addition to the gold premium, the goodwill represents the value implicit in the ability to sustain and/or grow the merged Group by increasing reserves and resources through exploration as well as the increased optionality available for the total asset portfolio. In addition, a portion of the goodwill reflects the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in the business combination.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

(e) Pro-forma Results

The Income Statement for the year ended 30 June 2011 includes sales revenue of $1,037 million and profit after income tax of $325 million, as a result of the acquisition of LGL.

Had the acquisition of LGL occurred at the beginning of the reporting period, the Income Statement would have included additional sales revenue and profit after tax of $220 million and $55 million respectively (representing the pro-forma results for the period 1 July to 30 August 2010).

In determining the 'pro-forma' sales revenue and net profit after tax of the Group had LGL been acquired at the beginning of the current reporting period:

- depreciation of plant and equipment, mine development and mineral rights acquired have been calculated on the basis of the fair values arising in the final accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- synergy benefits have not been taken into account.

35. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee (the chief operating decision makers) in assessing performance. The operating segments represent the Group's operating mines and projects which are organised and managed according to their location.

The Group's reportable operating segments are:

– Cadia Valley, NSW, Australia
– Telfer, WA, Australia
– Cracow JV (70% interest) & Mt Rawdon, QLD, Australia
– Gosowong, Indonesia
– Lihir, Papua New Guinea
– Hidden Valley JV (50% interest), Papua New Guinea
– West Africa (includes Bonikro operations and exploration and evaluation activities in Côte d'Ivoire)
– Exploration and Other

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Namosi in Fiji, Wafi-Golpu in PNG, Marsden and O'Callaghans in Australia.

(a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on their revenues, costs and Operating EBIT (Segment Result).

Segment revenues represent gold, copper and silver sales at unhedged prices. Operating EBIT is earnings before interest and income tax. Operating EBIT does not include the allocation of copper hedging, litigation settlements and acquisition related costs.

Segment assets exclude deferred tax assets and intercompany receivables.

Segment liabilities exclude intercompany payables.

2011	Cadia Valley $M	Telfer $M	Cracow & Mt Rawdon[1] $M	Gosowong $M	Lihir[1] $M	Hidden Valley $M	West Africa[1] $M	Total Operations $M	Exploration & Other $M	Corporate[2] $M	Total Group $M
External sales revenue	1,083	1,065	209	654	887	162	42	4,102	–	–	4,102
Other revenue	–	–	–	–	–	–	–	–	–	1	1
Total segment revenue	1,083	1,065	209	654	887	162	42	4,102	–	1	4,103
Segment EBITDA	551	409	106	504	594	37	1	2,202	(55)	(88)	2,059
Depreciation and amortisation	(77)	(172)	(31)	(67)	(106)	(39)	(9)	(501)	–	(14)	(515)
Segment result (Operating EBIT)	**474**	**237**	**75**	**437**	**488**	**(2)**	**(8)**	**1,701**	**(55)**	**(102)**	**1,544**
Finance income										9	9
Finance costs										(45)	(45)
Net finance costs										**(36)**	**(36)**
Profit before tax										(138)	1,508
Income tax expense										(392)	(392)
Non-controlling interests										(58)	(58)
Underlying Profit										**(588)**	**1,058**
Other segment information											
Segment assets	2,851	2,007	388	432	9,241	586	830	16,335	501	446	17,282
Segment liabilities	185	169	82	86	1,346	58	99	2,025	12	1,370	3,407
Acquisition of segment assets	1,022	119	28	93	609	50	5	1,926	150	29	2,105

(1) Segment Result attributable to Mt Rawdon, Lihir and West Africa are for the period 30 August to 30 June 2011.
(2) Includes eliminations.

(a) Segment Results, Segment Assets and Segment Liabilities (continued)

2010	Cadia Valley $M	Telfer $M	Cracow $M	Gosowong $M	Hidden Valley $M	Total Operations $M	Exploration & Other $M	Corporate[1] $M	Total Group $M
External sales revenue	1,001	1,146	90	555	10	2,802	–	–	2,802
Other revenue	–	–	–	–	–	–	–	1	1
Total segment revenue	1,001	1,146	90	555	10	2,802	–	1	2,803
Segment EBITDA	548	517	50	418	1	1,534	(33)	(53)	1,448
Depreciation and amortisation	(63)	(176)	(18)	(40)	(4)	(301)	–	(8)	(309)
Segment result (Operating EBIT)	**485**	**341**	**32**	**378**	**(3)**	**1,233**	**(33)**	**(61)**	**1,139**
Finance income								12	12
Finance costs								(33)	(33)
Net finance costs								**(21)**	**(21)**
Profit before tax								**(82)**	**1,118**
Income tax expense								(297)	(297)
Non-controlling interests								(45)	(45)
Underlying Profit								**(424)**	**776**
Other segment information									
Segment assets	1,907	2,033	67	439	682	5,128	285	921	6,334
Segment liabilities	120	98	8	60	45	331	4	989	1,324
Acquisition of segment assets	407	55	14	120	91	687	101	75	863

[1] Includes eliminations.

(b) Geographical Segments

Revenue from external customers by geographical region is detailed below. Revenue is attributable to geographic location based on the location of customers.

Sales Revenue from External Customers	2011 $M	2010 $M
Bullion		
Australia	**2,238**	981
Other Asia	**6**	2
Concentrate		
Japan	**1,021**	770
Korea	**53**	130
China	**91**	155
Europe[1]	**576**	671
USA[1]	**117**	93
Total sales revenue	**4,102**	2,802

[1] The majority of concentrate sales to customers in Europe and the USA are shipped to smelters in Japan, Korea and China.

Non-Current Assets	2011 $M	2010 $M
Australia	**4,622**	3,438
Indonesia	**250**	279
Papua New Guinea	**9,820**	757
West Africa	**777**	–
Other	**41**	25
Total non-current assets	**15,510**	4,499

35. SEGMENT INFORMATION (continued)

(c) Major Customer Information

Major customers to which the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		% of external revenue	
	2011 $M	2010 $M	2011 %	2010 %
Customer A[1]	**1,945**	102	**47.4**	3.6
Customer B	**695**	556	**16.9**	19.9
Customer C	**398**	425	**9.7**	15.2
Customer D[1]	**293**	325	**7.1**	11.6
Customer E[1]	**–**	453	**–**	16.2

[1] Represents sales of bullion.

36. KEY MANAGEMENT PERSONNEL

(a) Details of Directors and Key Management Personnel

Key Management Personnel as defined in AASB 124 Related Party Disclosures, comprise the Company Directors (including Executive Directors) and Executives. The Managing Director, Director Finance and the Executives are members of the Group's Executive Committee (Exco). The members of the Executive Committee exercise the greatest control over the management and strategic direction of the Group and are also the highest paid individuals in the Group.

Name	Position
Directors	
Ian Smith[1]	Managing Director and Chief Executive Officer
Greg Robinson[1]	Director Finance
Don Mercer	Non-Executive Chairman
John Spark	Non-Executive Director
Rick Lee	Non-Executive Director
Tim Poole	Non-Executive Director
Richard Knight	Non-Executive Director
Vince Gauci	Non-Executive Director
Winifred Kamit	Non-Executive Director
Executives	
Ron Douglas	Executive General Manager – Projects
Colin Moorhead	Executive General Manager – Minerals
Debra Stirling	Executive General Manager – People & Communications
Stephen Creese	Executive General Manager – Corporate Affairs
Greg Jackson	Chief Operating Officer (formerly Chief Operating Officer – Australian Operations)
Peter Smith	Executive General Manager – Australia and West Africa Operations (commenced 30 August 2010)
Brett Fletcher	Executive General Manager – PNG and Indonesian Operations (commenced 28 March 2011)
Geoff Day	Executive General Manager – PNG and Indonesian Operations (resigned 4 February 2011)

[1] Ian Smith stepped down as Managing Director and Chief Executive Officer on 30 June 2011 and Greg Robinson was appointed Managing Director and Chief Executive Officer with effect from 1 July 2011.

(b) Remuneration of Directors and Key Management Personnel

	2011 $'000	2010 $'000
Short-term	**16,602**	14,144
Post employment	**219**	183
Termination	**2,250**	–
Share-based payments	**2,476**	3,783
	21,547	18,110

(c) Loans to Directors and Key Management Personnel

There are no loans made to Directors and Key Management Personnel, or their related entities, by the Group.

(d) Shareholdings of Directors and Key Management Personnel

Shares held in Newcrest Mining Limited:

Directors and Key Management Personnel	Balance at 1 July 2010	Acquired on Exercise of Rights	Net Other Changes	Balance at 30 June 2011
Directors				
I. Smith	4,235	165,000	(165,000)	4,235
G. Robinson	4,235	–	–	4,235
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	20,000	–	2,447	22,447
T. Poole	4,235	–	–	4,235
R. Knight	20,000	–	–	20,000
V. Gauci	3,400	–	–	3,400
W. Kamit	–	–	326	326
Executives				
C. Moorhead	32,317	–	–	32,317
R. Douglas	–	8,725	–	8,725
D. Stirling	5,603	–	–	5,603
S. Creese	–	–	–	–
G. Jackson	–	–	–	–
P. Smith	–	–	20,694	20,964
B. Fletcher	–	–	–	–
G. Day	–	–	–	–

Directors and Key Management Personnel	Balance at 1 July 2009	Acquired on Exercise of Rights	Net Other Changes	Balance at 30 June 2010
Directors				
I. Smith	4,235	–	–	4,235
G. Robinson	4,235	–	–	4,235
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	16,185	–	3,815	20,000
T. Poole	4,235	–	–	4,235
R. Knight	10,185	–	9,815	20,000
V. Gauci	–	–	3,400	3,400
Executives				
C. Moorhead	32,317	–	–	32,317
R. Douglas	–	–	–	–
D. Stirling	5,603	–	–	5,603
G. Day	–	–	–	–
G. Jackson	–	–	–	–
S. Creese	–	–	–	–
B. Lavery	10,185	–	–	10,185

36. KEY MANAGEMENT PERSONNEL (continued)

(e) Rights held by Key Management Personnel

All conditional entitlements refer to rights over ordinary shares of Newcrest, which are exercisable on a one-for-one basis under the Executive Performance Plan. The movements in the year in the number of rights over ordinary share in Newcrest, held directly, indirectly or beneficially, by each Key Management Personnel, including their personally related entities is shown in the following table.

Key Management Personnel			Movements During 2011					As at 30 June 2011	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/10	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/11	Vested and Exercisable	Non-Vested
I. Smith									
14 Jul 06	LTI	$19.52	165,000	–	(165,000)	–	**–**	–	–
3 Nov 06	MTI	$24.10	8,845	–	–	–	**8,845**	8,845	–
3 Nov 06	LTI	$24.10	42,881	–	–	–	**42,881**	42,881	–
9 Nov 07	MTI	$35.85	7,373	–	–	–	**7,373**	7,373	–
9 Nov 07	LTI	$35.85	35,446	–	–	(1,418)	**34,028**	34,028	–
11 Nov 08	LTI	$22.13	100,048	–	–	–	**100,048**	–	100,048
10 Nov 09	LTI	$35.15	63,977	–	–	–	**63,977**	–	63,977
10 Nov 10	LTI	$42.29	–	58,824	–	–	**58,824**	–	58,824
			423,570	**58,824**	**(165,000)**	**(1,418)**	**315,976**	**93,127**	**222,849**
G. Robinson									
3 Nov 06	MTI	$24.10	4,245	–	–	–	**4,245**	4,245	–
3 Nov 06	LTI	$24.10	12,007	–	–	–	**12,007**	12,007	–
9 Nov 07	MTI	$35.85	4,915	–	–	–	**4,915**	4,915	–
9 Nov 07	LTI	$35.85	8,862	–	–	(354)	**8,508**	8,508	–
11 Nov 08	LTI	$22.13	50,024	–	–	–	**50,024**	–	50,024
10 Nov 09	LTI	$35.15	31,988	–	–	–	**31,988**	–	31,988
10 Nov 10	LTI	$42.29	–	33,793	–	–	**33,793**	–	33,793
			112,041	**33,793**	**–**	**(354)**	**145,480**	**29,675**	**115,805**
C. Moorhead									
3 Nov 06	MTI	$24.10	1,932	–	–	–	**1,932**	1,932	–
3 Nov 06	LTI	$24.10	1,005	–	–	–	**1,005**	1,005	–
9 Nov 07	MTI	$35.85	3,768	–	–	–	**3,768**	3,768	–
9 Nov 07	LTI	$35.85	1,941	–	–	(78)	**1,863**	1,863	–
11 Nov 08	LTI	$22.13	18,554	–	–	–	**18,554**	–	18,554
10 Nov 09	LTI	$35.15	11,864	–	–	–	**11,864**	–	11,864
10 Nov 10	LTI	$42.29	–	10,814	–	–	**10,814**	–	10,814
			39,064	**10,814**	**–**	**(78)**	**49,800**	**8,568**	**41,232**
R. Douglas									
9 Nov 07	MTI	$35.85	3,195	–	(3,195)	–	**–**	–	–
9 Nov 07	LTI	$35.85	5,760	–	(5,530)	(230)	**–**	–	–
11 Nov 08	LTI	$22.13	18,554	–	–	–	**18,554**	–	18,554
10 Nov 09	LTI	$35.15	11,864	–	–	–	**11,864**	–	11,864
10 Nov 10	LTI	$42.29	–	10,964	–	–	**10,964**	–	10,964
			39,373	**10,964**	**(8,725)**	**(230)**	**41,382**	**–**	**41,382**
D. Stirling									
9 Nov 07	MTI	$35.85	3,097	–	–	–	**3,097**	3,097	–
9 Nov 07	LTI	$35.85	5,583	–	–	(223)	**5,360**	5,360	–
11 Nov 08	LTI	$22.13	17,190	–	–	–	**17,190**	–	17,190
10 Nov 09	LTI	$35.15	10,992	–	–	–	**10,992**	–	10,992
10 Nov 10	LTI	$42.29	–	10,513	–	–	**10,513**	–	10,513
			36,862	**10,513**	**–**	**(223)**	**47,152**	**8,457**	**38,695**
S. Creese									
10 Nov 09	LTI	$35.15	11,864	–	–	–	**11,864**	–	11,864
10 Nov 10	LTI	$42.29	–	10,814	–	–	**10,814**	–	10,814
			11,864	10,814	–	–	**22,678**	–	22,678
G. Jackson									
10 Nov 09	LTI	$35.15	11,864	–	–	–	**11,864**	–	11,864
10 Nov 10	LTI	$42.29	–	12,766	–	–	**12,766**	–	12,766
			11,864	**12,766**	**–**	**–**	**24,630**		**24,630**

(e) Rights held by Key Management Personnel (continued)

Key Management Personnel			Movements During 2011					As at 30 June 2011	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/10	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/11	Vested and Exercisable	Non-Vested
P. Smith									
10 Nov 10	LTI	$42.29	–	10,964	–	–	**10,964**	–	10,964
			–	**10,964**	**–**	**–**	**10,964**	**–**	**10,964**
B. Fletcher									
10 Nov 10	LTI	$42.29	–	9,845	–	–	**9,845**	–	9,845
			–	**9,845**	**–**	**–**	**9,845**	**–**	**9,845**
Former KMP									
G. Day									
11 Nov 08	LTI	$22.13	18,554	–	–	(18,554)	**–**	–	–
10 Nov 09	LTI	$35.15	11,864	–	–	(11,864)	**–**	–	–
10 Nov 10	LTI	$42.29	–	10,964	–	(10,964)	**–**	–	–
			30,418	**10,964**	**–**	**(41,382)**	**–**	**–**	**–**

Key Management Personnel			Movements During 2010					As at 30 June 2010	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/09	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/10	Vested and Exercisable	Non-Vested
I. Smith									
14 Jul 06	LTI	$19.52	165,000	–	–	–	**165,000**	165,000	–
3 Nov 06	MTI	$24.10	8,845	–	–	–	**8,845**	8,845	–
3 Nov 06	LTI	$24.10	42,881	–	–	–	**42,881**	42,881	–
9 Nov 07	MTI	$35.85	7,373	–	–	–	**7,373**	–	7,373
9 Nov 07	LTI	$35.85	35,446	–	–	–	**35,446**	–	35,446
11 Nov 08	LTI	$22.13	100,048	–	–	–	**100,048**	–	100,048
10 Nov 09	LTI	$35.15	–	63,977	–	–	**63,977**	–	63,977
			359,593	**63,977**	**–**	**–**	**423,570**	**216,726**	**206,844**
G. Robinson									
3 Nov 06	MTI	$24.10	4,245	–	–	–	**4,245**	4,245	–
3 Nov 06	LTI	$24.10	12,007	–	–	–	**12,007**	12,007	–
9 Nov 07	MTI	$35.85	4,915	–	–	–	**4,915**	–	4,915
9 Nov 07	LTI	$35.85	8,862	–	–	–	**8,862**	–	8,862
11 Nov 08	LTI	$22.13	50,024	–	–	–	**50,024**	–	50,024
10 Nov 09	LTI	$35.15	–	31,988	–	–	**31,988**	–	31,988
			80,053	**31,988**	**–**	**–**	**112,041**	**16,252**	**95,789**
C. Moorhead									
3 Nov 06	MTI	$24.10	1,932	–	–	–	**1,932**	1,932	–
3 Nov 06	LTI	$24.10	1,005	–	–	–	**1,005**	1,005	–
9 Nov 07	MTI	$35.85	3,768	–	–	–	**3,768**	–	3,768
9 Nov 07	LTI	$35.85	1,941	–	–	–	**1,941**	–	1,941
11 Nov 08	LTI	$22.13	18,554	–	–	–	**18,554**	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	**11,864**	–	11,864
			27,200	**11,864**	**–**	**–**	**39,064**	**2,937**	**36,127**
R. Douglas									
9 Nov 07	MTI	$35.85	3,195	–	–	–	**3,195**	–	3,195
9 Nov 07	LTI	$35.85	5,760	–	–	–	**5,760**	–	5,760
11 Nov 08	LTI	$22.13	18,554	–	–	–	**18,554**	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	**11,864**	–	11,864
			27,509	**11,864**	**–**	**–**	**39,373**	**–**	**39,373**
D. Stirling									
9 Nov 07	MTI	$35.85	3,097	–	–	–	**3,097**	–	3,097
9 Nov 07	LTI	$35.85	5,583	–	–	–	**5,583**	–	5,583
11 Nov 08	LTI	$22.13	17,190	–	–	–	**17,190**	–	17,190
10 Nov 09	LTI	$35.15	–	10,992	–	–	**10,992**	–	10,992
			25,870	**10,992**	**–**	**–**	**36,862**	**–**	**36,862**

36. KEY MANAGEMENT PERSONNEL (continued)

(e) Rights held by Key Management Personnel (continued)

Key Management Personnel			Movements During 2010					As at 30 June 2010	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/09	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/10	Vested and Exercisable	Non-Vested
G. Day									
11 Nov 08	LTI	$22.13	18,554	–	–	–	**18,554**	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	**11,864**	–	11,864
			18,554	**11,864**	**–**	**–**	**30,418**	**–**	**30,418**
G. Jackson									
10 Nov 09	LTI	$35.15	–	11,864	–	–	**11,864**	–	11,864
			–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**
S. Creese									
10 Nov 09	LTI	$35.15	–	11,864	–	–	**11,864**	–	11,864
			–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**
Former KMP									
B. Lavery									
8 Nov 05	MTI	$18.98	4,251	–	–	–	**4,251**	4,251	–
3 Nov 06	MTI	$24.10	3,489	–	–	–	**3,489**	3,489	–
3 Nov 06	LTI	$24.10	6,340	–	–	–	**6,340**	6,340	–
9 Nov 07	MTI	$35.85	2,777	–	–	–	**2,777**	–	2,777
9 Nov 07	LTI	$35.85	5,007	–	–	–	**5,007**	–	5,007
11 Nov 08	LTI	$22.13	16,508	–	–	–	**16,508**	–	16,508
10 Nov 09	LTI	$35.15	–	10,556	–	–	**10,556**	–	10,556
			38,372	**10,556**	**–**	**–**	**48,928**	**14,080**	**34,848**

(f) Other transactions of Directors and Key Management Personnel

Transactions are conducted by entities within the Group with Directors and KMP that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with an unrelated person.

37. PROPOSED SALE OF CRACOW AND MT RAWDON MINES

On 15 June 2011, Newcrest entered into a conditional agreement to sell its 70% interest in the Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine (the Assets). The Assets will be sold to a company formed through the merger of Catalpa Resources Ltd (Catalpa) and Conquest Mining Ltd (Conquest), collectively the 'Merged Entity'.

Newcrest will receive shares in the Merged Entity as consideration for the Assets, resulting in a 38%[1] interest in the Merged Entity. This interest will dilute to approximately 33% following a planned equity raising by condition of the Merged Entity.

The sale of the assets in exchange for equity in the Merged Entity is subject to a number of conditions including:

- Approval by the shareholders of Conquest of the proposed merger with Catalpa by way of Scheme of Arrangement;
- Approval by the shareholders of Catalpa of the share consideration to be provided to Newcrest for the Assets;
- Government, regulatory and court approvals; and
- Signing by Catalpa of an underwriting agreement for the Merged Entity to raise approximately $150 million through a pro-rata renounceable entitlement offer shortly after the implementation of the merger and the acquisition of Cracow and Mt Rawdon.

Due to the conditions noted above, all of the criteria for classifying the Assets as held for sale had not been met at the reporting date.

In event that the transaction does not proceed for specified reasons, Newcrest will be entitled to a break fee of $1.6 million.

[1] Represents equity valuation of outstanding shares and options. Final ownership will vary depending on exercise of options.

38. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors of Newcrest Mining Limited determined that:

- A final unfranked dividend of 20 cents per ordinary share be paid in respect of the 2011 financial year. The total amount of the dividend is $153 million; and
- A special unfranked dividend of 20 cents per ordinary share be paid in respect of the 2011 financial year. The total amount of the dividend is $153 million.

These dividends have not been provided for in the 30 June 2011 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2011 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In accordance with a resolution of the Directors of Newcrest Mining Limited, we state that:

1. In the opinion of the Directors:
   (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Group is in accordance with the *Corporations Act 2001*, including:
      (i) Giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
      (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Don Mercer
Chairman

Greg Robinson
Managing Director and
Chief Executive Officer

12 August 2011
Melbourne, Victoria

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Independent auditor's report to the members of Newcrest Mining Limited

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

a. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

RCPiltz

Rodney Piltz
Partner
Melbourne
12 August 2011

NEWCREST
MINING LIMITED