ASX Appendix 4E & Annual Financial Report

For the year ended 30 June 2016

NEWCREST MINING LIMITED

ASX Appendix 4E and Annual Financial Report

Newcrest Mining Limited and Controlled Entities

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Newcrest Mining Limited
Financial Year Ended 30 June 2016
ASX Code: NCM

	30 June 2016 US$ millions	30 June 2015 US$ millions	Percentage increase/ (decrease)
Sales Revenue	3,295	3,604	(9%)
Net profit attributable to members of the parent entity ('Statutory Profit')	332	376	(12%)

Dividend Information	Amount per share US cents	Amount franked per share US cents
Final dividend	7.5	nil
Record date for determining entitlement to final dividend		22 September 2016
Date final dividend payable		18 October 2016

The Directors have determined to pay an unfranked final dividend for the year ended 30 June 2016 of US 7.5 cents per share. The dividend will be paid from conduit foreign income and will be exempt from withholding tax.

The Dividend Reinvestment Plan ('DRP') remains in place and will be offered to shareholders at a price determined by the volume weighted average price of shares traded on the ASX over the period 26 to 30 September 2016. No discount applies to the DRP. Shareholders have until 5pm AEST on 23 September 2016 to change their DRP election for the final dividend.

Net Tangible Assets	30 June 2016 US$	30 June 2015 US$
Net tangible assets per share	9.23	9.00

Review of Results

Refer to the Operating and Financial Review.

Audit Report

The Financial Statements and Remuneration Report have been subject to audit.

Reporting Currency

As reported to the market on 17 December 2015, Newcrest has changed its reporting (presentation) currency from Australian dollars to US dollars in the current financial year.

Comparative information included in this financial report, previously reported in Australian dollars, has been restated into US dollars using the procedures outlined in Note 3(a) to the Financial Statements.

The Directors present their report together with the consolidated financial report of the Newcrest Mining Limited Group, comprising Newcrest Mining Limited ('the Company') and its controlled entities ('Newcrest' or 'the Group'), for the year ended 30 June 2016.

Directors

The Directors of the Company during the year ended 30 June 2016, and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

Peter Hay	Non-Executive Director and Non-Executive Chairman
Sandeep Biswas	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer
Philip Aiken AM	Non-Executive Director
Vince Gauci	Non-Executive Director (retired from the Board on 29 October 2015)
Roger Higgins	Non-Executive Director (appointed to the Board on 1 October 2015)
Winifred Kamit	Non-Executive Director
Richard Knight	Non-Executive Director
Rick Lee AM	Non-Executive Director
Xiaoling Liu	Non-Executive Director (appointed to the Board on 1 September 2015)
Tim Poole	Non-Executive Director (resigned from the Board on 30 July 2015)
John Spark	Non-Executive Director

Subsequent to year end the following changes to the composition of the Board of Directors have been announced:

- appointment of Vickki McFadden as a Non-Executive Director, effective from 1 October 2016; and
- resignation of Richard Knight as a Non-Executive Director, effective from 16 August 2016.

Principal Activities

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate. There were no significant changes in those activities during the year.

Consolidated Result

The profit after tax attributable to Newcrest shareholders ('Statutory Profit') for the year ended 30 June 2016 was US$332 million (2015: profit of US$376 million).

Refer to the Operating and Financial Review for further details. The Operating and Financial Review forms part of this Directors' Report. The financial information in the Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS financial information to the financial statements are included in Section 6 of the Operating and Financial Review.

Dividends

The Directors have determined to pay an unfranked final dividend for the year ended 30 June 2016 of US 7.5 cents per share to be paid on 18 October 2016.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group.

Future Developments

Refer to the Operating and Financial Review for information on likely developments and future prospects of the Group.

Subsequent Events

Subsequent to year-end, the Directors have determined to pay an unfranked final dividend for the year ended 30 June 2016 of US 7.5 cents per share to be paid on 18 October 2016. The total amount of the dividend is US$57 million. This dividend has not been provided for in the 30 June 2016 financial statements.

There have been no matters or events that have occurred subsequent to 30 June 2016 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.

Options

The Company does not have any unissued shares or unissued interests under option as at the date of this report, nor has it granted, or issued shares or interests under, any options during or since the end of the year.

Non-Audit Services

During the year, Ernst & Young (auditor to the Company), has provided other services in addition to the statutory audit, as disclosed in Note 34 to the financial statements.

The Directors are satisfied that the provision of non-audit services provided by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these non-audit services do not compromise the auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they did not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Auditor Independence

A copy of the Auditor's Independence Declaration, as required by the *Corporations Act 2001,* is included after this report.

Currency

All references to dollars in the Directors' Report and the Financial Report are a reference to US dollars ($ or US$) unless otherwise specified.

Rounding of Amounts

Newcrest Mining Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report are rounded to the nearest million dollars except where otherwise indicated.

Environmental Regulation and Performance

The Managing Director reports to the Board on all significant safety, health and environmental incidents. The Board also has a Safety and Sustainability Committee which has oversight of the safety, health and environmental performance of the Group and meets at least four times per year. The Directors are not aware of any environmental incidents occurring during the 2016 financial year which would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted, including Australia, Indonesia, Papua New Guinea, Cote d'Ivoire and Fiji. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate environmental policies and standards.

The environmental laws and regulations that cover each of our sites, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land disturbance, waste and tailings management, and the potential impact upon flora and fauna. The Group releases an annual Sustainability Report in accordance with the Global Reporting Initiative that details our activities in relation to management of key environmental aspects.

The Group has a uniform internal reporting system across all sites. All environmental incidents, including breaches of any regulation or law, are assessed according to their actual or potential environmental consequence. Five levels of environmental incidents are tracked based on factors such as spill volume, incident location (onsite or offsite) and potential or actual environmental impacts. These levels include: I (insignificant), II (minor), III (moderate), IV (major) and V (catastrophic). Data on Category I incidents are only collected at a site level and are not reported in aggregate for the Group.

The number of incidents reported in each category during the year is shown in the following table. In all cases, environmental authorities were notified of those events where required and remedial action undertaken.

Category	II	III	IV	V
2016 - Number of incidents	24	3	0	0
2015 - Number of incidents	16	4	0	0

Indemnification and Insurance of Directors and Officers

Newcrest maintains a Directors' and Officers' insurance policy which, subject to some exceptions, provides insurance cover to past, present or future Directors, Secretaries and Executive Officers of the Group and its subsidiaries. The Company has paid an insurance premium for the policy.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Remuneration Report

The Remuneration Report is set out in Section D and forms part of this Directors' Report.

Information on Directors

Details of the Directors' qualifications, experience and special responsibilities are detailed below.

Peter Hay
Independent Non-Executive Chairman
LLB, FAICD, 66

Mr Hay was appointed as Non-Executive Chairman of the Board in January 2014, after being appointed as a Non-Executive Director in August 2013. Mr Hay is also the Chairman of the Nominations Committee.

Mr Hay has a strong background and breadth of experience in business, corporate law, finance and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises. Mr Hay was a partner of the legal firm Freehills until 2005, where he served as Chief Executive Officer from 2000.

Current Listed Directorships
Chairman of Vicinity Centres (from 2015)

Other Current Directorships/appointments
Director of Australian Institute of Company Directors (AICD)
Member of AICD Corporate Governance Committee
Member of the Australian Government Takeovers Panel

Former Listed Directorships (last 3 years)
Director of GUD Holdings Limited (2009–2015)
Director of Novion Limited (2014-2015)
Director of Alumina Limited (2002-2013)
Director of Australia and New Zealand Banking Group Limited (2008-2014)
Director of Myer Holdings Limited (2010-2014)

Sandeep Biswas
Managing Director and Chief Executive Officer
BEng (Chem) (Hons), 54

Mr Biswas was appointed Managing Director and Chief Executive Officer effective 4 July 2014.
He joined Newcrest in January 2014, as an Executive Director and Chief Operating Officer.

Skills, experience and expertise
Mr Biswas was previously Chief Executive Officer of Pacific Aluminium, a wholly owned subsidiary within the Rio Tinto group, which incorporated the bauxite, alumina, refining and smelting operations in Australia and New Zealand. He began his career with Mount Isa Mines, working in both Australia and Europe. Mr Biswas has also worked for Western Mining Corporation in Australia and Rio Tinto in Canada and Australia. He has experience in research, operations, business development and projects, across commodities including aluminium, copper, lead, zinc and nickel.

Other Current Directorships/Appointments
Director of the Minerals Council of Australia

Information on Directors (continued)

Gerard Bond

Finance Director and Chief Financial Officer

BComm, Graduate Diploma Applied Finance and Investment, Chartered Accountant, F Fin, 48

Mr Bond was appointed to the Board as an Executive Director in February 2012, after joining Newcrest as Finance Director and Chief Financial Officer in January 2012.

Skills, experience and expertise

Mr Bond has experience in the global financial and resources industry 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 in Europe and Australia including in Mergers and Acquisitions, Treasury, as Deputy CFO of the Aluminium business, CFO and then Acting President of the Nickel business, and as BHP Billiton's Head of Group Human Resources.

Philip Aiken AM

Independent Non-Executive Director

BEng (Chemical), Advanced Management Program (HBS), 67

Mr Aiken was appointed to the Board in April 2013. He is Chairman of the Safety and Sustainability Committee and a member of the Human Resources and Remuneration Committee and the Nominations Committee.

Skills, experience and expertise

Mr Aiken has extensive Australian and international business experience, principally in the engineering and resources sectors. He was Group President Energy BHP Billiton, President BHP Petroleum, Managing Director BOC/CIG, Chief Executive of BTR Nylex and Senior Advisor Macquarie Capital (Europe).

Current Listed Directorships

Chairman of Aveva Group plc (from 2012)
Chairman of Balfour Beatty plc (from 2015)

Former Listed Directorships (last 3 years)

Senior Independent Director of Kazakhmys plc (2008-2013)
Senior Independent Director of Essar Energy plc (2010-2014)
Director of Essar Oil Limited (a listed subsidiary of Essar Energy plc) (2010-2014)
Director of National Grid plc (2008-2015)

Information on Directors (continued)

Roger Higgins
Independent Non-Executive Director
BE (Civil Engineering) (Hons), MSc (Hydraulics), PhD (Water Resources), Stanford Executive Program, FIEAust, FAusIMM, 65

Dr Higgins was appointed to the Board in October 2015. He is a member of the Safety and Sustainability Committee.

Skills, experience and expertise
Dr Higgins brings extensive experience leading mining companies and operations, and has deep working knowledge of Papua New Guinea as a current Non-Executive Director and a former Managing Director of Ok Tedi Mining Limited in Papua New Guinea. In his most recent executive position, Dr Higgins served as Senior Vice President, Copper at Canadian metals and mining company, Teck Resources Limited. Prior to this role he was Vice President and Chief Operating Officer with BHP Billiton Base Metals Customer Sector Group working in Australia and also held senior positions with BHP Billiton in Chile. He also holds the position of Adjunct Professor with the Sustainable Minerals Institute, University of Queensland.

Current Listed Directorships
Director of Minotaur Exploration Limited (from 2016)
Director of Metminco Limited (from 2013)

Other Current Directorships/appointments
Director of Ok Tedi Mining Limited (Non-Executive Director from 2014, Managing Director from 1997-2002)
Chairman of the International River Foundation (from 2014)

Former Listed Directorships (last 3 years)
Blackthorn Resources Limited (2014)

Lady Winifred Kamit
Independent Non-Executive Director
BA, LLB, 63

Lady Kamit was appointed to the Board in February 2011. She is a member of the Human Resources and Remuneration Committee and the Safety and Sustainability Committee.

Skills, experience and expertise
Lady Kamit has extensive business experience and broad community knowledge of Papua New Guinea. She is currently a consultant at Gadens Lawyers in Port Moresby and was formerly a senior partner at that firm. Lady Kamit was a Director of Lihir Gold Limited from 2004 until 2010.

Current Listed Directorships
Director of Steamships Trading Company Limited (from 2005)

Other Current Directorships/appointments
Director of ANZ Banking Group (PNG) Limited
Director of Post Courier Limited
Director of South Pacific Post Limited

Information on Directors (continued)

Richard Knight
Independent Non-Executive Director
BSc (Mining Engineering), MSc (Mine Production Management), Chartered Engineer, FAICD, 75

Mr Knight was appointed to the Board in February 2008. He is a member of the Safety and Sustainability Committee.

Skills, experience and expertise
Mr Knight has over 40 years of varied experience across all phases of the mining industry and in a wide spread of jurisdictions around the world. He is a former Executive Director of North Limited, former President and Chief Executive Officer of Iron Ore Company of Canada and former Chief Executive Officer of Energy Resources Australia Limited. He is a former Director of OZ Minerals Limited, Zinifex Limited, St. Barbara Limited, Portman Limited, Northern Orion Resources Inc. and Asia Pacific Resources Ltd.

Rick Lee AM
Independent Non-Executive Director
BEng (Chemical) (Hons), MA (Econ) (Oxon), FAICD, 66

Mr Lee was appointed to the Board in August 2007. He is Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee.

Skills, experience and expertise
Mr Lee has extensive resources, banking, finance and international commercial experience. His previous senior executive roles include 16 years with CSR Limited and nine years as Chief Executive Officer of NM Rothschild Australia Limited. He is a former Chairman of the Australian Institute of Company Directors and C. Czarnikow Limited and is a former Non-Executive Director of CSR Limited.

Current Listed Directorships
Chairman of Oil Search Limited (Director from 2012, Chairman from 2013)

Former Listed Directorships (last 3 years)
Chairman of Salmat Limited (2002-2013) (Chairman from 2002, Lead Independent Director from 2013)
Deputy Chairman of Ridley Corporation Limited (2001-2013) (Director from 2001, Deputy Chairman from 2006)

Xiaoling Liu
Independent Non-Executive Director
BEng (Extractive Metallurgy), PhD (Extractive Metallurgy), GAICD, FAusIMM, 59

Dr Liu was appointed to the Board in September 2015. She is a member of the Human Resources and Remuneration Committee, the Safety and Sustainability Committee and the Audit and Risk Committee.

Skills, experience and expertise
Dr Liu has extensive executive experience in leading global mining and processing businesses. Her last executive role was as President and Chief Executive Officer of Rio Tinto Minerals based in Denver, where she ran integrated mining, processing and supply chain operations in the United States, Europe and Asia. Prior to her last executive role, Dr Liu held senior management and operational roles at Rio Tinto throughout her career including President – Primary Metal Pacific, Managing Director – Global Technical Services and General Manager Bell Bay Smelter.

Current Listed Directorships
Director of Iluka Resources Limited (from 2016)

Other Current Directorships/appointments
Director of Melbourne Business School (from 2016)

Information on Directors (continued)

John Spark
Independent Non-Executive Director
BComm, FCA, MAICD, 67

Mr Spark was appointed to the Board in September 2007. He is Chairman of the Audit and Risk Committee and a member of the Nominations Committee.

Skills, experience and expertise
Mr Spark has an extensive background in company reconstruction, accounting, profit improvement and financial analysis. He is a registered company auditor and former Managing Partner of Ferrier Hodgson, Melbourne. He is a former Director of ANL Limited, Baxter Group Limited and Macarthur Coal Limited and former Chairman of Ridley Corporation Limited.

Former Listed Directorships (last 3 years)
Chairman of Ridley Corporation Limited (Director from 2008, Chairman from 2010-2015)

Information on Former Directors

Vince Gauci
Independent Non-Executive Director
BEng (Mining), 74

Mr Gauci was appointed to the Board in December 2008. He was a member of the Safety and Sustainability Committee and the Human Resources and Remuneration Committee. Mr Gauci retired from the Board on 29 October 2015.

Skills, experience and expertise [(1)]
Mr Gauci has more than 40 years' experience in the global mining industry, culminating in his role as Managing Director of MIM Ltd. He is a former Chairman of Runge Limited and was a Non-Executive Director of Liontown Resources Limited and of Coates Hire Limited.

Other Directorships/appointments [(1)]
Chairman of the Broken Hill Community Foundation

Tim Poole
Independent Non-Executive Director
BComm, CA, 47

Mr Poole was appointed to the Board in August 2007. He was a member of the Audit and Risk Committee, the Human Resources and Remuneration Committee and the Nominations Committee. Mr Poole resigned from the Board on 30 July 2015.

Skills, experience and expertise [(1)]
Mr Poole has more than 15 years' experience as a director and chairman of ASX listed and unlisted companies across the financial services, infrastructure, aged care and resources industries. He was formerly Managing Director of Hastings Funds Management Limited, and Chairman of Asciano Limited.

Listed Directorships [(1)]
Chairman of Lifestyle Communities Limited (from 2007)
Director of McMillan Shakespeare Limited (from 2013)
Director of Japara Healthcare Limited (from 2014)
Director of Aurizon Holdings Limited (from 2015)

Other Directorships/appointments [(1)]
Chairman of Westbourne Credit Management Limited
Director of AustralianSuper Pty Ltd and Chairman of its investment committee

[(1)] The information provided is as at the date of cessation as a Director of the Company.

Information on Company Secretary and Deputy Company Secretary

Francesca Lee
General Counsel and Company Secretary
BComm, LLB (Hons), LLM, Grad. Dip. CSP, AGIA, 60

Ms Lee joined Newcrest as General Counsel and Company Secretary in March 2014. She was General Counsel and Company Secretary of OZ Minerals Limited from 2008 until 2014, and its antecedent companies from 2003. Ms Lee has more than 30 years' experience working across various senior legal and commercial roles within the mining industry including BHP Billiton, Rio Tinto Limited and Comalco Limited, including as General Manager Internal Audit and Risk at Rio Tinto Limited. She also spent several years as Vice President Structured Finance with Citibank Limited.

Ms Lee was a member of the Australian Government Takeovers Panel from 2009 until March 2015.

Claire Hannon
Deputy Company Secretary
BSc, LLB (Hons), Grad. Dip. App Fin, MAICD, 42

Ms Hannon joined Newcrest in January 2013 as Corporate Counsel in the legal team. She was appointed as an additional Company Secretary in August 2015. Prior to joining Newcrest, Ms Hannon worked as a lawyer in the Melbourne office of Ashurst and the London office of Clifford Chance, specialising in mergers and acquisitions and corporate law.

Directors' Interests

As at the date of this report, the interest of each Director in the shares and rights of Newcrest Mining Limited were:

Director	Number of Ordinary Shares	Nature of Interest	Number of Rights Over Ordinary Shares	Nature of Interest
Peter Hay	52,000	Direct and Indirect	-	
Sandeep Biswas	200,752	Direct and Indirect	843,123(1)	Direct
Gerard Bond	40,808	Direct	297,290(2)	Direct
Philip Aiken AM	17,769	Indirect	-	-
Roger Higgins	12,294	Indirect	-	-
Winifred Kamit	326	Indirect	-	-
Richard Knight	40,000	Indirect	-	-
Rick Lee AM	28,447	Indirect	-	-
Xiaoling Liu	10,000	Indirect	-	-
John Spark	32,105	Direct and Indirect	-	-

(1) Represents Sandeep Biswas' unvested performance rights granted pursuant to the Company's 2014, 2015 and 2016 financial year Long Term Incentive plan.

(2) Represents Gerard Bond's unvested performance rights granted pursuant to the Company's 2014, 2015 and 2016 financial year Long Term Incentive plan.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings		Committees of the Board: Audit & Risk		Human Resources & Remuneration		Safety & Sustainability		Nominations		Special Board Committees[1]	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Peter Hay	8	8	1	1	-	-	-	-	4	4	10	10
Sandeep Biswas	8	8	-	-	-	-	-	-	-	-	10	10
Gerard Bond	8	8	-	-	-	-	-	-	-	-	2	n/a
Philip Aiken AM	8	8	-	-	7	7	4	4	4	4	-	-
Vince Gauci	4	4	-	-	3	3	1	1	-	-	1	1
Roger Higgins	6	6	-	-	-	-	4	4	-	-	-	-
Winifred Kamit	7	8	-	-	6	7	4	4	-	-	-	-
Richard Knight	8	8	-	-	-	-	4	4	-	-	1	1
Rick Lee AM	8	8	6	6	7	7	-	-	-	-	2	n/a
Xiaoling Liu	6	6	4	4	5	5	4	4	-	-	1	1
Tim Poole	1	1	1	1	1	1	-	-	1	1	-	-
John Spark	8	8	6	6	-	-	-	-	3	3	2	n/a

Column A *- Indicates the number of meetings attended whilst a Director/Committee member.*
Column B *- Indicates the number of meetings held whilst a Director/Committee member.*

(1) These are out of session Committee meetings and include meetings of the Board Executive Committee and other Committees established from time to time to deal with ad-hoc matters delegated to the relevant Committee by the Board. The membership of such special Committees may vary.

Details of the functions and memberships of the Committees of the Board are presented in Newcrest's Corporate Governance Statement.

This report is signed in accordance with a resolution of the Directors.

Peter Hay
Chairman

Sandeep Biswas
Managing Director and
Chief Executive Officer

15 August 2016
Melbourne

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Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

As lead auditor for the audit of Newcrest Mining Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Newcrest Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Tim Wallace
Partner

Melbourne
15 August 2016

To assist readers to better understand the financial performance of the underlying operating businesses of Newcrest, the financial information in this Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS information to the financial statements are set out in section six.

As reported to the market on 17 December 2015, Newcrest has changed its reporting (presentation) currency from Australian dollars to US dollars (US$) in the current financial year. All financial data presented in this Operating and Financial Review is quoted in US$ unless otherwise stated[1].

1. SUMMARY OF RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2016[2]

Key points

- Statutory profit[3] of US$332 million and Underlying profit[4] of US$323 million
- All-In Sustaining Cost[4] reduced by 2% to US$762 per ounce
- EBITDA margin[4] improved by 2% to 39.2%
- All-In Sustaining Cost margin of US$404 per ounce
- Free cash flow[4] of US$814 million
- Gold production[5] of 2.439 million ounces, an increase of 1%
- Copper production[5] of 83.1 thousand tonnes, a reduction of 14%
- Net debt of US$2.1 billion, reduced by US$782 million (or 27%) since 30 June 2015
- Net debt to EBITDA[4] ratio improved to 1.6 times
- Gearing reduced to 22.8% at 30 June 2016, down from 29.3% at 30 June 2015
- Final dividend of US 7.5 cents per share

			For the 12 months ended 30 June			
Highlights			**2016**	**2015**	**Change**	**Change %**
Revenue		US$m	3,295	3,604	(309)	(9%)
Statutory profit	3	US$m	332	376	(44)	(12%)
Underlying profit	4	US$m	323	424	(101)	(24%)
EBITDA	4	US$m	1,292	1,385	(93)	(7%)
Cash flow from operating activities		US$m	1,241	1,280	(39)	(3%)
Free cash flow	4	US$m	814	854	(40)	(5%)
Total equity		US$m	7,120	6,957	163	2%
Net debt		US$m	2,107	2,889	(782)	(27%)
Gearing		%	22.8	29.3	(6.5)	(22%)
Net debt to EBITDA	4	times	1.6	2.1	(0.5)	(24%)
EBITDA margin	4	%	39.2	38.4	0.8	2%
EBIT margin	4	%	18.0	22.5	(4.5)	(20%)
ROCE	4	%	6.2	7.8	(1.6)	(21%)
Interest coverage ratio	4	times	11.3	10.4	0.9	9%
Group production - gold		oz	2,438,994	2,422,568	16,426	1%
- copper		t	83,070	96,816	(13,746)	(14%)
All-In Sustaining Cost	4	US$/oz	762	780	(18)	(2%)
All-In Sustaining Margin	4	US$/oz	404	441	(37)	(8%)
Realised gold price		US$/oz	1,166	1,221	(55)	(5%)
Realised copper price		US$/lb	2.21	2.89	(0.68)	(24%)
Average exchange rate		AUD:USD	0.7285	0.8388	(0.1103)	(13%)
Average exchange rate		PGK:USD	0.3358	0.3885	(0.0527)	(14%)
Closing exchange rate		AUD:USD	0.7426	0.7680	(0.0254)	(3%)

Full year results

Newcrest has continued to realise operational improvement across the business through the Group-wide program known as Edge, with a focus on safe production and processes, cash generation and profitable growth. The results of this program are most evident in the improved operational performance at Lihir during the year, and cost reductions and efficiency gains across the Group.

These operational improvements have reduced the adverse impacts of lower commodity prices and higher depreciation charges in the current period. Statutory profit of US$332 million was US$44 million lower than the prior period. The current period Statutory profit included significant items with a net benefit of US$9 million, comprising a US$18 million profit on sale of a financial asset partially offset by a US$9 million net expense associated with the settlement and costs of a shareholder class action.

Underlying profit in the current period of US$323 million was US$101 million lower than the prior period primarily reflecting lower realised US dollar gold and copper prices, the suspension of operations at Gosowong following a geotechnical event in February 2016, higher depreciation and lower copper volumes from Cadia and Telfer. This was partially offset by improved financial and operational performance at Lihir, positive impact on costs from the weakening of all key operating currencies against the US dollar, lower energy prices, and lower income tax expense compared to the prior period.

The average realised gold price in the current year of US$1,166 per ounce was 5% lower than the prior period, while the average realised copper price of US$2.21 per pound was 24% lower.

Gold production of 2.439 million ounces was 1% higher than the prior period and within the market guidance range of 2.4–2.6 million ounces. Record gold production volumes were achieved at Lihir due to higher milling rates and higher ore feed grades, and gold production at Bonikro also increased year on year. Gold production volume in the current period was adversely impacted by the suspension of operations at Gosowong from mid-February 2016 and lower ore feed grades at Telfer.

Copper production of 83.1 thousand tonnes was 14% lower than the prior period due to lower production at Cadia and Telfer.

Newcrest's All-In Sustaining Cost of US$762 per ounce in the current period was US$18 per ounce or 2% lower than the prior period, reflecting lower unit operating costs (particularly from Lihir) as a result of cost and efficiency improvements partially offset by lower copper by-product credits and higher sustaining capital.

Free cash flow of US$814 million was US$40 million lower than the prior period. All operations were free cash flow positive before tax with improved free cash flow generation from Lihir driven by record production and lower unit operating costs.

The free cash flow performance of the Group enabled a US$782 million reduction in net debt during the period, delivering an improvement in Newcrest's key target financial ratios. At 30 June 2016, Newcrest had a gearing ratio of 22.8% and a net debt to EBITDA ratio of 1.6 times, which compares favourably with gearing of 29.3% and a net debt to EBITDA ratio of 2.1 times as at 30 June 2015.

Capital structure

Newcrest's net debt as at 30 June 2016 was US$2,107 million. Newcrest also had US$53 million of cash and US$2,405 million[6] in committed undrawn bank facilities (a total of US$2,458 million). Of those committed undrawn bank facilities, US$2,375 million (facility limit of US$2,400 million) were refinanced in May 2016 and have tenors expiring between May 2019 and June 2021. The remaining US$30 million committed undrawn bank facility (facility limit of US$50 million provided to PT Nusa Halmahera Minerals, a subsidiary entity) expires in January 2017 unless extended prior to expiry.

During the current period, Newcrest repaid net US$950 million of senior unsecured bilateral bank debt as the Company prioritised the application of free cash flow to the reduction of debt, consistent with the achievement of its financial objectives.

Newcrest's financial objectives are to meet all financial obligations, maintain a strong balance sheet to withstand cash flow volatility, be able to invest capital in value-creating opportunities, and be able to return excess cash generated to shareholders. Newcrest looks to maintain a conservative level of balance sheet leverage.

From a financial policy perspective, Newcrest looks to:

- Target an investment grade credit rating throughout the cycle;
- Maintain a leverage ratio (Net Debt to EBITDA) of less than 2.0 times;
- Maintain a gearing ratio of below 25%; and
- Maintain diverse funding sources, sizeable committed undrawn bank facilities and US dollar debt with an appropriate tenor having regard to the life of the Group's assets.

At 30 June the Group's position in relation to these metrics was:

Metric	Policy 'looks to'	2016	2015
Credit rating (S&P/Moody's)	Investment grade	BBB-/Baa3	BBB-/Baa3
Leverage ratio (Net debt to EBITDA) (times)	Less than 2.0 times	1.6	2.1
Gearing ratio	Below 25%	22.8%	29.3%
Cash and committed facilities	More than US$1bn	US$2.45bn	US$2.42bn

Dividend

Newcrest's dividend policy continues to balance financial performance and capital commitments with a prudent leverage and gearing level for the Company. Newcrest looks to pay ordinary dividends that are sustainable over time having regard to its financial policy, profitability, balance sheet strength and reinvestment options in the business.

The Newcrest Board has determined that, having regard to the Company's financial performance in the 2016 financial year and target financial metrics at year end, a final unfranked dividend of US 7.5 cents per share will be paid on 18 October 2016. The record date for entitlement is 22 September 2016. The financial impact of the dividend amounting to US$57 million has not been recognised in the Consolidated Financial Statements for the year. The dividend will be paid from conduit foreign income and will be exempt from withholding tax. The Dividend Reinvestment Plan remains in place.

Guidance[7, 8]

Subject to market and operating conditions, Newcrest provides the following guidance for FY17[7]:

Production guidance for the 12 months ended 30 June 2017[7]

Cadia	- gold	koz	730 - 820
	- copper	kt	~65
Telfer	- gold	koz	400 - 450
	- copper	kt	~20
Lihir	- gold	koz	880 - 980
Gosowong	- gold	koz	220 - 270
Bonikro	- gold	koz	120 - 145
Hidden Valley (50%)	- gold	koz	50 - 60
Group production	**- gold**	**moz**	**2.40 – 2.65**
	- copper	**kt**	**80 - 90**

Cost and Capital guidance for the 12 months ended 30 June 2017[7, 8]

US$m	Cadia	Telfer	Lihir	Goso-wong	Bonikro	Hidden Valley	Other	Group
All-In Sustaining Cost *	230-270	450-480	765-850	200-230	130-150	70-90	75-85	1,950-2,150
Capital expenditure								
- Production stripping	-	15-20	60-75	-	10-15	-	-	85-110
- Sustaining capital	70-80	55-65	105-125	30-45	10-15	~5	~15	300-340
- Major projects (non-sustaining)	85-105	20-30	30-35	-	-	-	20-30	165-200
Total Capital expenditure	**155-185**	**90-115**	**195-235**	**30-45**	**20-30**	**~5**	**35-45**	**550-650**
Exploration expenditure								60-80
Depreciation and amortisation (including production stripping)								680-740

*Production stripping and sustaining capital shown above are included in All-In Sustaining Cost

Gold hedging

On 5 May 2016, Newcrest announced that it had completed additional hedging of a portion of Telfer's expected FY18 and FY19 gold sales. The total volume and prices hedged are as follows:

Financial Year Ending	Gold Ounces Hedged	Average Price A$/oz
30 June 2016	64,714	1,707
30 June 2017	300,694	1,730
30 June 2018	294,697	1,765
30 June 2019	70,644	1,778
Total	**730,749**	**1,747**

Review of Operations[9]

For the 12 months ended 30 June 2016

		Cadia[5]	Telfer	Lihir	Gosowong	Bonikro	Hidden Valley	Other	Group
Operating									
Production									
Gold	koz	669	462	900	197	138	73	-	**2,439**
Copper	kt	64	19	-	-	-	-	-	**83**
Silver	koz	399	200	24	291	18	1,331	-	**2,264**
Sales									
Gold	koz	668	464	884	223	139	75	-	**2,454**
Copper	kt	64	19	-	-	-	-	-	**83**
Silver	koz	401	200	24	310	18	1,330	-	**2,283**
Financial									
Revenue	US$m	1,099	634	1,035	257	162	108	-	**3,295**
EBITDA	US$m	651	173	397	87	63	3	(82)	**1,292**
EBIT	US$m	424	42	199	10	28	(9)	(100)	**594**
Net assets	US$m	2,701	561	4,783	290	154	(16)	(1,353)	**7,120**
Free cash flow*[4]	US$m	482	126	307	48	44	10	(203)	**814**
Capital expenditure	US$m	164	76	119	48	32	5	27	**471**
AISC[4]	US$m	183	448	734	208	131	94	69	**1,867**
	US$/oz	274	967	830	935	941	1,255		**762**
AISC Margin	US$/oz	892	199	336	231	225	(89)		**404**

* Free cash flow for 'Other' comprises net interest paid of US$137 million, income tax paid of US$28 million, corporate and other costs of US$70 million and capital and exploration expenditure of US$56 million, partially offset by proceeds from sale of the remaining Evolution Mining Limited shares of US$88 million.

For the 12 months ended 30 June 2015

		Cadia[5]	Telfer	Lihir	Gosowong	Bonikro	Hidden Valley	Other	Group
Operating									
Production									
Gold	koz	667	520	689	332	120	95	-	**2,423**
Copper	kt	74	23	-	-	-	-	-	**97**
Silver	koz	521	321	17	411	19	893	-	**2,181**
Sales									
Gold	koz	679	518	692	332	114	98	-	**2,433**
Copper	kt	75	24	-	-	-	-	-	**99**
Silver	koz	538	321	17	427	19	920	-	**2,241**
Financial									
Revenue	US$m	1,278	794	844	414	138	136	-	**3,604**
EBITDA	US$m	733	278	135	214	62	13	(50)	**1,385**
EBIT	US$m	542	234	(25)	116	33	(14)	(75)	**811**
Net assets	US$m	2,914	697	4,951	411	162	19	(2,197)	**6,957**
Free cash flow*[4]	US$m	488	225	126	187	42	(11)	(203)	**854**
Capital expenditure	US$m	233	43	87	34	15	31	28	**471**
AISC[4]	US$m	134	410	799	239	84	140	75	**1,881**
	US$/oz	203	791	1,156	719	738	1,424		**780**
AISC Margin	US$/oz	1,018	430	65	502	483	(203)		**441**

* Free cash flow for 'Other' comprises net interest paid of US$143 million, income tax paid of US$23 million, corporate and other costs of US$66 million and capital and exploration expenditure of US$53 million, partially offset by proceeds from the partial sale of Evolution Mining Limited shares of US$82 million.

1. All prior period figures have been translated to US dollars using the following approach:
   - Income statements and Cash flows have been translated to US dollars using average exchange rates for the relevant period;
   - Assets and Liabilities have been translated to US dollars using the exchange rate as at the relevant balance dates;
   - Equity has been translated to US dollars using historical exchange rates.

   Further detail was provided in the Company's 17 December 2015 Market Release entitled "Change in Reporting Currency".
2. All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Group') for the 12 months ended 30 June 2016 ('current period') compared with the 12 months ended 30 June 2015 ('prior period'), except where otherwise stated. All references to 'the Company' are to Newcrest Mining Limited.
3. Statutory profit/(loss) is profit after tax attributable to owners of the Company.
4. Newcrest's results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information, including the following:
   - 'Underlying profit (loss)' is profit or loss after tax before significant items attributable to owners of the Company.
   - 'EBITDA is 'Earnings before interest, tax, depreciation and amortisation, and significant items'. EBIT is 'Earnings before interest, tax and significant items'.
   - 'EBITDA Margin' is EBITDA expressed as a percentage of revenue. 'EBIT Margin' is EBIT expressed as a percentage of revenue.
   - ROCE is 'Return on capital employed' and is calculated as EBIT expressed as a percentage of average total capital employed (net debt and total equity).
   - Interest coverage ratio is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).
   - 'AISC' is All-In Sustaining Cost and 'AIC' is All-In Cost as per World Gold Council Guidance Note on Non-GAAP Metrics released June 2013. AISC Margin reflects the average realised gold price less the AISC per ounce sold.
   - Net debt to EBITDA is calculated as net debt divided by EBITDA.
   - 'Free Cash Flow' is calculated as cash flow from operating activities less cash flow related to investing activities. Free Cash Flow for each operating site is calculated as Free Cash Flow before interest and tax.
   - Underlying profit, EBIT, EBITDA, EBITDA Margin, EBIT Margin, Free cash flow, All-In Sustaining Cost, All-In Sustaining Cost Margin, All-In Cost, Sustaining capital and Major projects (non-sustaining) capital, ROCE and interest coverage ratio are non-IFRS financial measures which Newcrest employs in managing the business. They are used by Management to assess the performance of the business and make decisions on the allocation of resources and have been included in this report to provide greater understanding of the underlying financial performance of Newcrest's operations. When reviewing business performance this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS.

   These measures have not been subject to audit or review by Newcrest's external auditor. These measures do not have any standard definition under IFRS and may be calculated differently by other companies. Refer to section six for a reconciliation of non-IFRS measures to the most appropriate IFRS measure.
5. For the 12 months ended 30 June 2016 production and sales volumes include 1,800 gold ounces and 206 tonnes of copper related to the pre-commissioning and development of the Cadia East project. For the 12 months ended 30 June 2015, the comparable volumes were 21,060 gold ounces and 2,102 tonnes of copper. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.
6. Comprises undrawn bilateral bank debt facilities of US$2,375 million and an additional undrawn US$30 million bank loan facility.
7. These materials include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook" and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. The Company continues to distinguish between outlook and guidance in forward looking statements. Guidance statements are a risk-weighted assessment constituting Newcrest's current expectation as to the range in which, for example, its gold production (or other relevant metric), will ultimately fall in the current financial year. Outlook statements are a risk-weighted assessment constituting Newcrest's current view regarding the possible range of, for example, gold production (or other relevant metric) in years subsequent to the current financial year.

   Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

   Forward looking statements are based on the Company and its Management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or Management or beyond the Company's control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.
8. The guidance stated assumes weighted average copper price of US$2.10 per pound, silver price of US$16.50 per ounce and AUD:USD exchange rate of 0.73 for FY17.
9. All data relating to operations is shown as 100%, apart from Hidden Valley which is shown at Newcrest's ownership percentage of 50%. Newcrest owns 75% of Gosowong through its holding in PT Nusa Halmahera Minerals, an incorporated joint venture. Bonikro includes mining and exploration interests in Côte d'Ivoire which are held by the following entities: LGL Mines CI SA (of which Newcrest owns 89.89%) and Newcrest Hire CI SA (of which Newcrest owns 89.89%).

2. DISCUSSION AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT

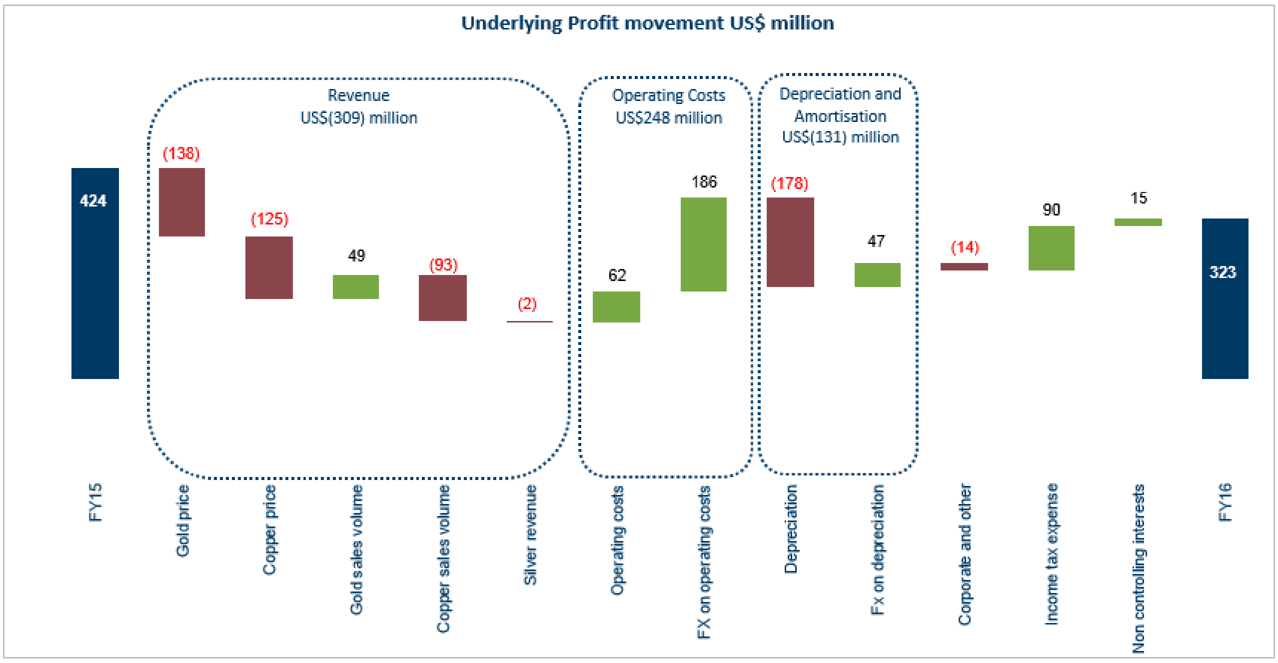
2.1. Profit overview

Statutory profit was US$332 million and Underlying profit was US$323 million in the current period.

The Statutory profit in the current period includes significant items (after tax and non-controlling interests) with a net benefit of US$9 million, comprising a US$18 million profit on sale of a financial asset partially offset by a US$9 million net expense associated with the settlement and costs of a shareholder class action.

Underlying profit was US$101 million lower than the prior period primarily driven by lower realised gold and copper prices, the suspension of operations at Gosowong in February 2016, higher depreciation expense and lower copper sales volumes. This was partially offset by improved financial and operational performance at Lihir, positive impact on costs from the weakening of all key operating currencies against the US dollar, lower energy prices, and lower income tax expense compared to the prior period.

	For the 12 months ended 30 June			
US$m	2016	2015	Change	Change%
Gold revenue	2,857	2,946	(89)	(3%)
Copper revenue	403	621	(218)	(35%)
Silver revenue	35	37	(2)	(5%)
Total revenue	**3,295**	**3,604**	**(309)**	**(9%)**
Operating costs	(1,921)	(2,169)	248	11%
Depreciation and amortisation	(680)	(549)	(131)	(24%)
Total cost of sales	**(2,601)**	**(2,718)**	**117**	**4%**
Corporate administration expenses	(79)	(96)	17	18%
Exploration	(32)	(30)	(2)	(7%)
Other income/(expense)	11	36	(25)	(69%)
Net finance costs	(147)	(158)	11	7%
Share of profit of associates	-	15	(15)	(100%)
Income tax expense	(121)	(211)	90	43%
Non-controlling interests	(3)	(18)	15	83%
Underlying profit	**323**	**424**	**(101)**	**(24%)**



2.2. Revenue

Total sales revenue for the twelve months ended 30 June 2016 of US$3,295 million was US$309 million or 9% lower than the prior period. Newcrest's sales revenue continues to be predominantly attributable to gold, being 87% of total sales revenue in the current period (82% in the prior period).

US$m		
Total sales revenue for 12 months ended 30 June 2015		**3,604**
Changes in revenues from volume:		
Gold	49	
Copper	(93)	
Silver	1	
Total volume impact		**(43)**
Change in revenue from price:		
Gold	(138)	
Copper	(125)	
Silver	(3)	
Total price impact		**(266)**
Total sales revenue for 12 months ended 30 June 2016		**3,295**

Gold revenue of US$2,857 million was 3% lower than the prior period, due to a 5% reduction in the realised gold price (US$1,166 per ounce in the current period compared to US$1,221 per ounce in the prior period).

The gold price impact was partly offset by a 1% increase in gold sales volumes, primarily due to higher ore feed grades and milling rates at Lihir and higher throughput at Bonikro. Production and associated sales volumes in the current period were adversely impacted by the suspension of operations at Gosowong and lower ore volume and mill grades at Telfer.

Copper revenue of US$403 million was 35% lower than the prior period, driven by a 24% reduction in the average realised copper price (US$2.21 per pound in the current period compared to US$2.89 per pound in the prior period) and a 16% decrease in copper sales volumes.

During the current year, Newcrest announced that it had hedged a portion of Telfer's sales across FY16 to FY19. The current period included 64,714 ounces of gold sales hedged at an average price of A$1,707 per ounce.

2.3. Cost of sales

	For the 12 months ended 30 June			
US$m	**2016**	**2015**	**Change**	**Change %**
Site production costs	1,667	1,877	(210)	(11%)
Inventory movements	38	18	20	111%
Royalties	85	102	(17)	(17%)
Treatment and realisation	131	172	(41)	(24%)
Operating costs	**1,921**	**2,169**	**(248)**	**(11%)**
Depreciation and amortisation	680	549	131	24%
Cost of sales	**2,601**	**2,718**	**(117)**	**(4%)**

Operating costs of US$1,921 million were US$248 million or 11% lower than the prior period.

The decrease in operating costs includes a foreign exchange benefit of approximately US$186 million as a result of the weakening of the Company's key operating currencies against the US dollar.

Lower site production costs also related to lower energy prices and continuing cost reductions from the Edge improvement program in the form of lower input prices and increased operational efficiency. Unit operating costs were adversely impacted at Gosowong following the geotechnical event at Kencana on 8 February 2016 that resulted in the suspension of mining activities at both Kencana and Toguraci mines. Mining recommenced at Toguraci on 12 April 2016 and at Kencana on 10 June 2016.

Lower treatment and realisation costs were largely due to lower copper concentrate production at Cadia and Telfer and the lower realised US dollar copper price reducing copper metal deduction payments.

The increase in depreciation expense compared with the prior period primarily reflects the higher depreciable asset base of Telfer following the partial reversal of the Telfer asset impairment at 30 June 2015, higher levels of depreciation at Ridgeway leading up to cessation of mining in March 2016 and increased production volumes at Lihir and Bonikro. The weaker Australian dollar against the US dollar partially offset the increase in depreciation at Telfer and Ridgeway, where it is an Australian dollar denominated expense.

As the Company is a US dollar reporting entity, its operating costs will vary in accordance with the movements in its operating currencies where those costs are not denominated in US dollars. The table below shows indicative currency exposures in FY16 on operating costs by site:

	USD	AUD	PGK	IDR	CFA
Cadia	15%	85%	-	-	-
Telfer	15%	85%	-	-	-
Lihir	40%	25%	35%	-	-
Gosowong	60%	5%	-	35%	-
Bonikro	60%	5%	-	-	35%
Hidden Valley	35%	25%	40%	-	-
Group	**30%**	**50%**	**15%**	**3%**	**2%**

2.4. Other items

Corporate administration expenses of US$79 million were 18% lower than the prior period. This included Corporate costs of US$53 million, which benefited from a weaker Australian dollar against the US dollar.

Exploration expenditure of US$44 million was 16% higher than the prior period. Of this exploration expenditure, US$32 million was expensed resulting in a capitalisation rate of 27%.

Other income of US$11 million is described in the table below. The foreign exchange gain in the current period primarily relates to the restatement of US dollar denominated concentrate receivables in the Group's Australian dollar functional currency operations (Cadia and Telfer).

The net fair value gain on gold and copper derivatives and fair value movements on concentrate receivables in the current period primarily related to the movement in spot prices and fair value arising from the quotational period adjustments on sales. Newcrest seeks to lock in the gold and copper price for the quotational period for concentrate shipments at the time of sale using forward sales contracts to minimise this impact.

	For the 12 months ended 30 June	
US$m	2016	2015
Net foreign exchange gain	2	51
Net fair value gain/(loss) on gold and copper derivatives and fair value movements on concentrate receivables	8	(5)
Legacy community contractual settlements and negotiation costs	-	(4)
Other	1	(6)
Other income/(expense)	**11**	**36**

Lower net finance costs were due to the reduction in net debt in the current period.

Share of profit of associates is nil in the current period as Newcrest ceased equity accounting for its investment in Evolution Mining Limited in the second half of FY15 following the partial divestment of the shareholding in February 2015.

2.5. Income tax

Income tax expense on Underlying profit was US$121 million, resulting in an effective tax rate of 27%, which is lower than the Australian company tax rate of 30%. This difference in effective and company tax rate in the current year is primarily due to the de-recognition of deferred tax liabilities in relation to Newcrest's foreign operations. In the prior period, income tax expense on Underlying profit was US$211 million with an effective tax rate of 32%. The difference in effective and company tax rates in the prior period was due to an adjustment to income tax expense following the review of Australian research and development allowances claimed in prior periods.

Income tax expense on Statutory profit in the current period was US$118 million, resulting in an effective tax rate of 26%. This is a reduction from the Underlying effective tax rate of 27% as there was no income tax expense recognised on the gain on disposal of the shareholding in Evolution Mining Limited.

2.6. Significant items

Significant items totalling a net benefit of US$9 million (after tax and non-controlling interests) were recognised for the twelve months ended 30 June 2016 comprising:

- US$18 million gain recognised following the sale of Newcrest's remaining shareholding in Evolution Mining Limited.
- US$9 million net expense recognised in respect of the settlement and costs of a shareholder class action.

	For the 12 months ended 30 June 2016		
US$m	**Gross**	**Tax**	**Net**
Class action settlement net expense	(12)	3	(9)
Gain on disposal of investment	18	-	18
Total	**6**	**3**	**9**
Attributable to:			
Non-controlling interests			-
Owners of the parent			**9**

In the prior period ended 30 June 2015, significant items totalling a net expense of US$48 million (after tax and non-controlling interests) were recognised, comprising:

	For the 12 months ended 30 June 2015		
US$m	**Gross**	**Tax**	**Net**
Net impairment reversal	160	(124)	36
Write-down of inventory	(34)	-	(34)
Loss on disposal of associate	(57)	-	(57)
Total	**69**	**(124)**	**(55)**
Attributable to:			
Non-controlling interests			(7)
Owners of the parent			**(48)**

3. DISCUSSION AND ANALYSIS OF CASH FLOW

Free cash flow for the current period of US$814 million was US$40 million lower than the prior period. The decrease reflects lower cash flows from operating activities primarily due to lower average realised gold and copper prices, and the suspension of operations at Gosowong, partially offset by lower operating costs and improved financial and operational performance at Lihir.

All operations were free cash flow positive before tax in the current period.

	For the 12 months ended 30 June			
US$m	2016	2015	Change	Change %
Cash flow from operating activities	1,241	1,280	(39)	(3%)
Cash flow related to investing activities	(427)	(426)	(1)	(0%)
Free cash flow	**814**	**854**	**(40)**	**(5%)**
Cash flow related to financing activities	(959)	(789)	(170)	(22%)
Net movement in cash	**(145)**	**65**	**(210)**	**-**
Cash at the beginning of the period	198	133	65	49%
Cash at the end of the period	**53**	**198**	**(145)**	**(73%)**

3.1 Cash flow from operating activities

	For the 12 months ended 30 June			
US$m	2016	2015	Change	Change %
Receipts from customers	3,332	3,509	(177)	(5%)
Payments to suppliers and employees	(1,927)	(2,067)	140	7%
Net interest paid	(137)	(143)	6	4%
Income taxes paid	(28)	(23)	(5)	(22%)
Dividends received	1	4	(3)	(75%)
Net cash inflow from operating activities	**1,241**	**1,280**	**(39)**	**(3%)**

Cash inflow from operating activities of US$1,241 million was US$39 million lower than the prior period as a result of lower average realised gold and copper prices and lower copper volumes. This was partially offset by favourable currency movements on costs, lower energy prices and delivery of cost and operating efficiencies across the operations.

3.2 Cash flow from investing activities

US$m	For the 12 months ended 30 June 2016	2015	Change	Change %
Production stripping				
Telfer	15	1	14	1,400%
Lihir	23	41	(18)	(44%)
Bonikro	16	-	16	
Hidden Valley	-	21	(21)	(100%)
Total production stripping	**54**	**63**	**(9)**	**(14%)**
Sustaining capital expenditure				
Cadia	49	58	(9)	(16%)
Telfer	57	42	15	36%
Lihir	69	45	24	53%
Gosowong	48	34	14	41%
Bonikro	15	7	8	114%
Hidden Valley	5	10	(5)	(50%)
Corporate	8	5	3	60%
Total sustaining capital	**251**	**201**	**50**	**25%**
Major projects (non-sustaining)				
Cadia	115	175	(60)	(34%)
Telfer	4	-	4	
Lihir	27	1	26	2,600%
Bonikro	1	8	(7)	(88%)
Wafi-Golpu	19	21	(2)	(10%)
Corporate	-	2	(2)	(100%)
Total major projects (non-sustaining) capital	**166**	**207**	**(41)**	**(20%)**
Total capital expenditure	**471**	**471**	**-**	**-**
Exploration and evaluation expenditure	44	38	6	16%
Interest capitalised to development projects	1	5	(4)	(80%)
Proceeds from sale of plant and equipment	(1)	(1)	-	-
Proceeds from sale of investments	(88)	-	(88)	
Proceeds from sell down of investment in associate	-	(82)	82	100%
Proceeds from non-participation in rights issue	-	(5)	5	100%
Net cash outflow from investing activities	**427**	**426**	**1**	**0%**

Cash outflow from investing activities of US$427 million was US$1 million higher than the prior period, with increased sustaining capital expenditure primarily at Lihir, Telfer and Gosowong partially offset by lower expenditure on major projects and production stripping. Investing cash flows includes US$88 million received from the sale of Newcrest's remaining interest in Evolution Mining Limited (US$82 million in the prior period).

Capital expenditure of US$471 million in the twelve months ended 30 June 2016 comprised:

- Production stripping of US$54 million reflecting production stripping at Phase 14 at Lihir and the commencement of production stripping at Telfer (Main Dome Stage 6/7 and West Dome Interim Stage 2) and Bonikro (Hiré pit). Production stripping at Phase 9 at Lihir was concluded in the prior period.

- Sustaining capital expenditure of US$251 million with higher expenditure at Gosowong due to the commencement of works to extend the tailing storage facility in the current period and the replacement of mobile fleet. Higher expenditure at Telfer was driven by an increase in underground development, whilst the increased expenditure at Lihir was primarily due to the planned component replacement of the existing fleet. Lower expenditure at Cadia was a result of completion of projects in the prior period.
- Major project, or non-sustaining, capital expenditure of US$166 million primarily related to:
  - Cadia East development: the current period focussed on the installation of upgraded ground support and restart of undercut firing and production drilling after the seismic event in February 2015, as well as continued roadway development in Panel Cave 2. Construction continued on the expanded concentrate dewatering facility at Blayney. Total expenditure was, however, US$60 million lower than the prior period.
  - Lihir major projects: Major project spend focussed on increasing processing plant throughput and additional mining fleet capacity to drive a substantial increase in total material movement.
  - Wafi-Golpu: an update on the Stage One Feasibility Study and Stage Two Prefeasibility Study was released to the market in February 2016. The update on the feasibility study for Stage One confirmed that access declines are required to undertake more drilling of the orebody at depth to inform the next stage of the feasibility study. The Joint Venture parties are progressing permitting and the application for a Special Mining Lease, while concurrently continuing discussions on a suitable fiscal and stability framework and supporting arrangements with the Papua New Guinea government. Changes to the level and manner of local equity participation in new projects are being considered as part of the Papua New Guinea government's continuing review of the mining act.

Exploration activity was characterised by an increase in greenfield exploration spend.

	For the 12 months ended 30 June			
US$m	**2016**	**2015**	**Change**	**Change %**
Expenditure by nature				
Greenfield	26	16	10	63%
Brownfield	8	12	(4)	(33%)
Resource definition	10	10	-	-
	44	**38**	**6**	**16%**
Expenditure by region				
Australia	17	12	5	42%
Indonesia	8	11	(3)	(27%)
Papua New Guinea	6	6	-	-
West Africa	7	4	3	75%
Fiji	2	4	(2)	(50%)
North America	1	1	-	-
Latin America	1	-	1	
New Zealand	2	-	2	
	44	**38**	**6**	**16%**

The growth pipeline increased with a number of new exploration projects in Australia, Papua New Guinea, New Zealand, West Africa and Nicaragua commencing during the financial year.

Exploration on these projects commenced with target generation undertaken on all new projects including drilling at Mungana (Queensland), Wamum (Papua New Guinea) and projects within New Zealand and West Africa. This work has been successful in identifying new targets and new zones of mineralisation.

Exploration continued at all brownfield sites with drilling ongoing at Gosowong, Cadia and Telfer. At Gosowong exploration focussed on incremental resource growth around the existing operations and new discoveries within the region. At Telfer, the exploration was focussed on resource growth around the underground operation at Main Dome. Resource definition and target generation exploration was also undertaken at Cadia.

3.3 Cash flow from financing activities

	For the 12 months ended 30 June			
US$m	**2016**	**2015**	**Change**	**Change %**
Net proceeds / (repayments) of borrowings				
Subsidiary bank loan	20	-	20	
Bilateral bank debt	(950)	(655)	(295)	(45%)
Private placement notes	-	(105)	105	100%
Net repayment of borrowings	**(930)**	**(760)**	**(170)**	**(22%)**
Payment for treasury shares	(6)	(7)	1	14%
Contingent consideration received	9	-	9	
Dividend paid to non-controlling interests	(32)	(22)	(10)	(45%)
Net cash outflow from financing activities	**(959)**	**(789)**	**(170)**	**(22%)**

Cash outflow from financing activities was US$959 million reflecting Newcrest's continued focus on applying free cash flow to the repayment of debt.

A dividend of US$32 million was paid to PT ANTAM (Persero) Tbk, which holds a 25% non-controlling interest in PT Nusa Halmahera Minerals, the entity that owns Gosowong.

An amount of US$9 million was received from PT ANTAM (Persero) Tbk relating to contingent consideration from the sale of 7.5% of PT Nusa Halmahera Minerals to PT ANTAM (Persero) Tbk in December 2012.

4. REVIEW OF OPERATIONS

4.1. Cadia

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	23,327	23,576	(249)	(1%)
Total material mined	tonnes '000	23,327	23,576	(249)	(1%)
Total material milled	tonnes '000	22,021	23,142	(1,121)	(5%)
Gold head grade	grams/tonne	1.14	1.09	0.05	5%
Gold recovery	%	82.9	82.0	0.9	1%
Gold produced	ounces	668,773	667,418	1,355	0%
Copper produced	tonnes	64,130	73,697	(9,567)	(13%)
Silver produced	ounces	399,117	521,085	(121,968)	(23%)
Gold sales	ounces	668,234	679,077	(10,843)	(2%)
Copper sales	tonnes	64,178	75,212	(11,034)	(15%)
Silver sales	ounces	401,038	537,849	(136,811)	(25%)
Financial					
Revenue	US$m	1,099	1,278	(179)	(14%)
Cost of Sales (including depreciation)	US$m	675	736	(61)	(8%)
Depreciation	US$m	227	191	36	19%
EBITDA	US$m	651	733	(82)	(11%)
EBIT	US$m	424	542	(118)	(22%)
Free cash flow	US$m	482	488	(6)	(1%)
All-In Sustaining Cost	US$m	183	134	49	37%
All-In Sustaining Cost	US$/oz	274	203	71	35%

Marginally higher gold production for the current period was primarily the result of higher head grade due to Cadia East ore replacing Ridgeway ore (with Ridgeway placed on care and maintenance in March 2016). Improved recovery rates were also partially offset by a 5% reduction in ore milled year-on-year, largely attributed to the Concentrator 1 SAG outage in October 2015.

Panel Cave 2 ore production continued to ramp up whilst development focussed on the completion of the extraction level and cave propagation.

The lower EBIT in the current period was driven by a 5% decrease in the realised gold price and 24% decrease in the realised copper price. Lower cost of sales were primarily due to the 13% decline in the Australian dollar relative to the US dollar. Higher depreciation charges were due to increased depreciation at Ridgeway related to the cessation of mining in March 2016 and the ramp up of Cadia East volumes.

A higher All-In Sustaining Cost per ounce was the result of the lower realised copper price and lower copper production impacting by-product credits, partially offset by reduced cost of sales and lower sustaining capital expenditure.

Free cash flow was only 1% lower year on year, with the impact of lower realised gold and copper prices offset by lower costs benefitting from the weaker Australian dollar, favourable working capital movements (driven by concentrate sales matching production volumes) and reduced development expenditure at Cadia East.

4.2. Telfer

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	17,547	17,262	285	2%
Total material mined	tonnes '000	30,204	27,676	2,528	9%
Total material milled	tonnes '000	21,502	22,079	(577)	(3%)
Gold head grade	grams/tonne	0.80	0.88	(0.08)	(9%)
Gold recovery	%	82.9	81.5	1.4	2%
Gold produced	ounces	462,461	520,309	(57,848)	(11%)
Copper produced	tonnes	18,940	23,119	(4,179)	(18%)
Silver produced	ounces	200,261	321,076	(120,815)	(38%)
Gold sales	ounces	463,723	518,163	(54,440)	(11%)
Copper sales	tonnes	18,831	24,269	(5,438)	(22%)
Silver sales	ounces	200,261	321,076	(120,815)	(38%)
Financial					
Revenue	US$m	634	794	(160)	(20%)
Cost of Sales (including depreciation)	US$m	592	560	32	6%
Depreciation	US$m	131	44	87	198%
EBITDA	US$m	173	278	(105)	(38%)
EBIT	US$m	42	234	(192)	(82%)
Free cash flow	US$m	126	225	(99)	(44%)
All-In Sustaining Cost	US$m	448	410	38	9%
All-In Sustaining Cost	US$/oz	967	791	176	22%

Lower gold and copper production for the current period was primarily the result of lower head grade, driven by lower underground ore production and lower grade open pit material mined, with mill feed volumes supplemented by low grade stockpile material. Lower production from underground operations resulted from equipment interaction issues related to infrastructure development to access the lower sub-level cave levels and the Western Flanks. The adverse impact of lower grade was partially offset by higher gold recovery rates from the processing plant.

Lower revenue reflected the related reduction in sales volumes, a 5% decrease in the realised US dollar gold price and 24% decrease in the realised US dollar copper price.

During the current year, Newcrest announced that it had hedged a portion of sales at Telfer across FY16 to FY19. The current period included 64,714 ounces of gold sales hedged at an average price of A$1,707 per ounce.

The increase in cost of sales in the period was due to the increase in depreciation charges as a result of the partial reversal of the asset impairment at 30 June 2015.

Lower operating costs reflected the lower production volumes and benefits from the weaker Australian dollar and the Edge improvement program.

The increase in All-In Sustaining Cost per ounce and a decline in free cash flow were largely due to the lower volumes and lower realised gold and copper prices, as well as increases in both sustaining capital expenditure and production stripping expenditure. The increase in capital expenditure is associated with the ramp up of underground development activities whilst production stripping activity increased as a result of commencing waste stripping in Main Dome Stage 6/7 and West Dome Interim Stage 2.

The All-In Sustaining Cost per ounce was also impacted by redundancies associated with the transition of open pit operations to contract mining in February 2016. The current period has been normalised (i.e. reduced) by US$17 per ounce for this redundancy cost. At a Group level, this normalisation adjustment reduced the Group All-In Sustaining Cost by US$3 per ounce.

4.3. Lihir

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	11,311	6,622	4,689	71%
Total material mined	tonnes '000	20,213	13,096	7,117	54%
Total material milled	tonnes '000	12,093	10,768	1,325	12%
Gold head grade	grams/tonne	3.06	2.47	0.59	24%
Gold recovery	%	75.6	80.6	(5.0)	(6%)
Gold produced	ounces	900,034	688,714	211,320	31%
Silver produced	ounces	24,321	16,581	7,740	47%
Gold sales	ounces	884,226	691,660	192,566	28%
Silver sales	ounces	24,321	16,581	7,740	47%
Financial					
Revenue	US$m	1,035	844	191	23%
Cost of Sales (including depreciation)	US$m	836	869	(33)	(4%)
Depreciation	US$m	198	160	38	24%
EBITDA	US$m	397	135	262	194%
EBIT	US$m	199	(25)	224	-
Free cash flow	US$m	307	126	181	144%
All-In Sustaining Cost	US$m	734	799	(65)	(8%)
All-In Sustaining Cost	US$/oz	830	1,156	(326)	(28%)

Lihir's operating performance and financial results for the current period demonstrate the sustained improvement achieved as a result of Edge business improvement initiatives that are debottlenecking the plant, reducing costs and improving efficiencies.

Record annual grinding throughput of 12.1mt and record annual gold production of 900,034 ounces were achieved in the current year. The increase in production volume was driven by a 24% increase in head grade, improved plant stability due to blended ore providing a more consistent feed, and improved plant reliability resulting in a 12% increase in milled tonnes. There was a 6% decrease in recovery rates, primarily due to the higher flotation rates and lower oxidation through the autoclaves (with partial oxidation the operating strategy applied in FY16).

EBIT was significantly higher due to the record production, lower energy prices, lower labour costs and mining efficiencies. This was partially offset by a 5% decrease in the average realised gold price, higher mobile fleet maintenance charges and the cost of planned fixed plant shut downs during the period. Costs benefitted from a 13% decline in the Australian dollar relative to the US dollar, and a 14% decline in the Papua New Guinea Kina relative to the US dollar. Higher depreciation expense accompanied the increased level of production.

A lower All-In Sustaining Cost per ounce reflects the higher grade and lower operating costs, partially offset by an increase in sustaining capital expenditure. Production stripping activity commenced in Phase 14 during the period.

Free cash flow of US$307 million was significantly higher in the current period, driven by improved operating performance partially offset by increased capital expenditure on projects delivering efficiencies in both the mine and the plant. Non-sustaining capital expenditure related to increasing processing plant throughput and additional mining fleet capacity to drive a substantial increase in total material movement.

4.4. Gosowong[9]

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	416	716	(300)	(42%)
Total material mined	tonnes '000	484	878	(394)	(45%)
Total material milled	tonnes '000	479	738	(259)	(35%)
Gold head grade	grams/tonne	13.19	14.49	(1.30)	(9%)
Gold recovery	%	96.5	96.3	0.2	0%
Gold produced	ounces	197,463	331,555	(134,092)	(40%)
Silver produced	ounces	290,530	410,970	(120,440)	(29%)
Gold sales	ounces	222,637	332,007	(109,370)	(33%)
Silver sales	ounces	309,563	426,827	(117,264)	(27%)
Financial					
Revenue	US$m	257	414	(157)	(38%)
Cost of Sales (including depreciation)	US$m	247	298	(51)	(17%)
Depreciation	US$m	77	98	(21)	(21%)
EBITDA	US$m	87	214	(127)	(59%)
EBIT	US$m	10	116	(106)	(91%)
Free cash flow	US$m	48	187	(139)	(74%)
All-In Sustaining Cost	US$m	208	239	(31)	(13%)
All-In Sustaining Cost	US$/oz	935	719	216	30%

The operating and financial performance for the current period was significantly impacted by the geotechnical event at Kencana on 8 February 2016 which resulted in the suspension of mining activities at both Kencana and Toguraci mines. Mining recommenced at Toguraci on 12 April 2016 and at Kencana on 10 June 2016.

The All-In Sustaining Cost per ounce was also impacted by increased sustaining capital expenditure due to work commencing on an extension of the Tailings Storage Facility. The current period has been normalised (i.e. reduced) by US$94 per ounce for the suspension of operations at Toguraci and Kencana. At a Group level, this normalisation adjustment reduced the Group All-In Sustaining Cost by US$9 per ounce.

The impact of this geotechnical event has resulted in a revised mining sequence and a move to cut and fill as the sole mining method to be employed at Kencana. With the change in mining method, the ore production capacity in terms of ore mined from Gosowong is expected to be approximately three quarters of the production levels previously achieved prior to the geotechnical event. It is expected that Gosowong will ramp up production to this level during the first quarter of FY17.

4.5. Bonikro[9]

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	1,519	4,990	(3,471)	(70%)
Total material mined	tonnes '000	12,923	10,631	2,292	22%
Total material milled	tonnes '000	2,510	1,976	534	27%
Gold head grade	grams/tonne	1.82	1.99	(0.17)	(9%)
Gold recovery	%	93.9	95.1	(1.2)	(1%)
Gold produced	ounces	137,696	119,970	17,726	15%
Silver produced	ounces	18,298	18,870	(572)	(3%)
Gold sales	ounces	139,489	114,051	25,438	22%
Silver sales	ounces	17,631	19,013	(1,382)	(7%)
Financial					
Revenue	US$m	162	138	24	17%
Cost of Sales (including depreciation)	US$m	134	105	29	28%
Depreciation	US$m	35	29	6	21%
EBITDA	US$m	63	62	1	2%
EBIT	US$m	28	33	(5)	(15%)
Free cash flow	US$m	44	42	2	5%
All-In Sustaining Cost	US$m	131	84	47	56%
All-In Sustaining Cost	US$/oz	941	738	203	28%

Increased gold production for the current period was primarily the result of increased throughput due to a higher portion of ore from the Hiré pit. The Hiré ore has a higher percentage of oxide material, resulting in lower overall ore hardness and increased mill rates. Mining in the Bonikro pit ceased in October 2015 and the Bonikro pit was placed on care and maintenance. The lower head grade was the result of blending low-grade stockpiled Bonikro ore with higher grade Hiré ore.

The lower EBIT was due to the processing of low-grade stockpiled Bonikro ore and a 5% decrease in the average realised gold price, partially offset by higher sales volumes.

A higher All-In Sustaining Cost per ounce reflects increased sustaining capital expenditure and increased production stripping activity in the Hiré pit.

Free cash flow was in line with the prior year with the benefit of an increase in gold sales volumes largely offset by increased capital expenditure.

4.6. Hidden Valley[9]

Measure		For the 12 months ended 30 June 2016	2015	Change	Change %
Operating					
Total ore mined	tonnes '000	1,531	2,277	(746)	(33%)
Total material mined	tonnes '000	4,477	8,783	(4,306)	(49%)
Total material milled	tonnes '000	1,728	1,824	(96)	(5%)
Gold head grade	grams/tonne	1.51	1.84	(0.33)	(18%)
Gold recovery	%	86.5	86.6	(0.1)	(0%)
Gold produced	ounces	72,566	94,601	(22,035)	(23%)
Silver produced	ounces	1,331,310	892,838	438,472	49%
Gold sales	ounces	75,221	98,103	(22,882)	(23%)
Silver sales	ounces	1,329,959	919,995	409,964	45%
Financial					
Revenue	US$m	108	136	(28)	(21%)
Cost of Sales (including depreciation)	US$m	117	150	(33)	(22%)
Depreciation	US$m	12	27	(15)	(56%)
EBITDA	US$m	3	13	(10)	(77%)
EBIT	US$m	(9)	(14)	5	36%
Free cash flow	US$m	10	(11)	21	-
All-In Sustaining Cost	US$m	94	140	(46)	(33%)
All-In Sustaining Cost	US$/oz	1,255	1,424	(169)	(12%)

Lower gold production for the current period reflected a combination of lower gold head grade and lower material milled. Lower gold head grade was driven by both lower grade ore mined and the supplementing of ore mined with lower grade stockpiled ore during the period. Lower material milled reflected unplanned suspensions of the operation during the period.

Improved EBIT was primarily driven by lower depreciation, partially offset by a 5% decrease in the average realised gold price. Lower depreciation expense reflected the impairment to the carrying value of the Hidden Valley assets at 30 June 2015.

A lower All-In Sustaining Cost per ounce was due to lower costs, along with a reduction in sustaining capital expenditure and no production stripping expenditure in the period.

Positive free cash flow of US$10 million was achieved as a result of lower capital expenditure, with capital expenditure for the period largely limited to the Tailings Storage Facility.

The Hidden Valley Joint Venture partners continue to review all strategic options in relation to the future of Hidden Valley. Pre-stripping for Stage 5 area of the Kaveroi pit, which has a lead time to first ore of approximately 18 months, remains on hold with the focus of the operation moving to processing stockpiles and reduced level of mining in the Hamata pit. It is expected that processing of the existing low grade stockpiles can potentially continue for approximately 12 months.

5. DISCUSSION AND ANALYSIS OF THE BALANCE SHEET

5.1. Net assets and total equity

Newcrest had net assets and total equity of US$7,120 million as at 30 June 2016.

	As at 30 June			
US$m	2016	2015	Change	Change %
Assets				
Cash and cash equivalents	53	198	(145)	(73%)
Trade and other receivables	134	158	(24)	(15%)
Inventories	1,715	1,734	(19)	(1%)
Other financial assets	-	110	(110)	(100%)
Current tax asset	2	14	(12)	(86%)
Property, plant and equipment	8,891	9,227	(336)	(4%)
Other intangible assets	44	61	(17)	(28%)
Deferred tax assets	105	140	(35)	(25%)
Other assets	247	161	86	53%
Total assets	**11,191**	**11,803**	**(612)**	**(5%)**
Liabilities				
Trade and other payables	(369)	(327)	(42)	(13%)
Current tax liability	(13)	(3)	(10)	(333%)
Borrowings	(2,160)	(3,087)	927	30%
Other financial liabilities	(38)	(11)	(27)	(245%)
Provisions	(543)	(521)	(22)	(4%)
Deferred tax liabilities	(948)	(897)	(51)	(6%)
Total liabilities	**(4,071)**	**(4,846)**	**775**	**16%**
Net assets	**7,120**	**6,957**	**163**	**2%**
Equity				
Equity attributable to owners of the parent	7,041	6,849	192	3%
Non-controlling interests	79	108	(29)	(27%)
Total equity	**7,120**	**6,957**	**163**	**2%**

5.2. Net debt, gearing and leverage

Net debt (comprising total borrowings less cash and cash equivalents) of US$2,107 million at 30 June 2016 was US$782 million lower than the prior period. All of Newcrest's debt is US dollar denominated.

Components of the movement in net debt are outlined in the table below.

	US$m
Net debt at 30 June 2015	**2,889**
Net repayment of bilateral bank debt	(950)
Net drawdown of subsidiary bank loan	20
Net decrease in cash balances	145
Other items	3
Net debt at 30 June 2016	**2,107**
Movement $	**(782)**
Movement %	**(27%)**

The gearing ratio (net debt to net debt and total equity) as at 30 June 2016 was 22.8%. This is a reduction from 29.3% as at 30 June 2015, reflecting the application of free cash flow generated during the current period to the repayment of debt.

	As at 30 June			
US$m	2016	2015	Change	Change %
Total borrowings	2,160	3,087	(927)	(30%)
Less cash and cash equivalents	(53)	(198)	145	73%
Net debt	**2,107**	**2,889**	**(782)**	**(27%)**
Total equity	7,120	6,957	163	2%
Net debt and total equity	**9,227**	**9,846**	**(619)**	**(6%)**
Gearing (net debt / net debt and total equity)	**22.8%**	**29.3%**	**(6.5)**	**(22%)**

5.2.1. Net debt

	As at 30 June			
US$m	2016	2015	Change	Change %
Bilateral bank debt – unsecured	25	975	(950)	(97%)
Corporate bonds – unsecured	2,000	2,000	-	-
Private placement notes – unsecured	125	125	-	-
Subsidiary bank loan – unsecured	20	-	20	
Capitalised transaction costs on facilities	(10)	(13)	3	23%
Less cash and cash equivalents	(53)	(198)	145	73%
Net debt	**2,107**	**2,889**	**(782)**	**(27%)**

	As at 30 June 2016		
US$m	Facility utilised	Facility unutilised	Total Facility limit
Bilateral bank debt facilities	25	2,375	2,400
Corporate bonds	2,000	-	2,000
Private placement notes	125	-	125
Subsidiary bank loan	20	30	50
	2,170	**2,405**	**4,575**

	As at 30 June 2015		
US$m	Facility Utilised	Facility unutilised	Facility limit
Bilateral bank debt facilities	975	2,175	3,150
Corporate bonds	2,000	-	2,000
Private placement notes	125	-	125
Subsidiary bank loan	-	50	50
	3,100	**2,225**	**5,325**

6. NON-IFRS FINANCIAL INFORMATION

Newcrest results are reported under Australian Accounting Standards ('AAS'). Compliance with AAS also results in compliance with International Financial Reporting Standards ('IFRS'). This report also includes certain non-IFRS financial information, including EBIT (earnings before interest, tax and significant items), EBITDA (earnings before interest, tax, depreciation and amortisation and significant items), Underlying profit (profit after tax before significant items attributable to owners of the Company), All-In Sustaining Cost and All-In Cost (both determined in accordance with the World Gold Council Guidance Note on Non-GAAP Metrics released June 2013), Free cash flow (cash flow from operating activities less cash flow related to investing activities), Sustaining capital and Major projects (non-sustaining) capital, ROCE and interest coverage ratio.

These measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources, and are included in this report to provide greater understanding of the underlying financial performance of the Group's operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. The non-IFRS information has not been subject to audit or review by Newcrest's external auditor.

The non-IFRS measures do not have any standard definition under IFRS and may be calculated differently by other companies. The tables below reconcile these non-IFRS measures to the most appropriate IFRS measure, noting that:

- Sustaining and Major project (non-sustaining) capital are reconciled to investing cash flow in section 3.2;
- Free cash flow is reconciled to the cash flow statement in section 3.

6.1. Reconciliation of Statutory profit to Underlying profit

Underlying profit, EBIT and EBITDA is reported by Newcrest to provide greater understanding of the underlying business performance of its operations and the Group. These measures exclude significant items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature. Examples include gains/losses and other costs incurred for acquisitions and disposals of mining interests and asset impairment and write-down charges. Statutory profit and Underlying profit both represent profit after tax amounts attributable to Newcrest shareholders.

	For the 12 months ended 30 June 2016			
Profit after tax attributable to Newcrest shareholders US$m	**Before Tax and Non-controlling interest**	**Tax**	**Non-controlling interest**	**After tax and Non-controlling interest**
Statutory profit	**453**	**(118)**	**(3)**	**332**
Gain on disposal of investment	(18)	-	-	(18)
Net costs of class action settlement	12	(3)	-	9
Total significant items	**(6)**	**(3)**	**-**	**(9)**
Underlying profit	**447**	**(121)**	**(3)**	**323**

	For the 12 months ended 30 June 2015			
Profit after tax attributable to Newcrest shareholders US$m	**Before Tax and Non-controlling interest**	**Tax**	**Non-controlling interest**	**After tax and Non-controlling interest**
Statutory profit	**722**	**(335)**	**(11)**	**376**
Net impairment reversal	(160)	124	(6)	(42)
Inventory write-down	34	-	(1)	33
Loss on disposal of associate	57	-	-	57
Total significant items	**(69)**	**124**	**(7)**	**48**
Underlying profit	**653**	**(211)**	**(18)**	**424**

6.2. Reconciliation of Underlying profit to EBITDA

US$m	For the 12 months ended 30 June 2016	2015
Underlying profit	**323**	**424**
Non-controlling interests	3	18
Income tax expense	121	211
Net finance costs	147	158
EBIT	**594**	**811**
Depreciation and Amortisation	698	574
EBITDA	**1,292**	**1,385**

6.3. Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales

"All-In Sustaining Cost" and "All-In Cost" are non-IFRS measures which Newcrest has adopted since the guidance was released by the World Gold Council in June 2013.

		For the 12 months ended 30 June			
		2016		2015	
	Reference	US$m	US$/oz	US$m	US$/oz
Gold sales (koz)[10]		**2,452**		**2,433**	
Cost of sales	6.3.1	**2,572**	**1,049**	**2,718**	**1,127**
Depreciation and amortisation	6.3.2	(680)	(277)	(549)	(228)
By-product revenue	6.3.3	(438)	(179)	(658)	(273)
Corporate costs	6.3.4	61	24	71	29
Sustaining exploration		13	5	17	7
Production stripping and underground mine development	6.3.5	60	25	66	27
Sustaining capital expenditure	6.3.6	251	102	201	84
Rehabilitation accretion and amortisation		28	13	15	7
All-In Sustaining Costs		**1,867**	**762**	**1,881**	**780**
Non-sustaining capital expenditure	6.3.6	166	68	207	86
Non-sustaining exploration		31	12	18	7
All-In Cost		**2,064**	**842**	**2,106**	**873**

10. For the 12 months ended 30 June 2016 production and sales volumes include 1,800 gold ounces and 206 tonnes of copper related to the pre-commissioning and development of the Cadia East project. For the 12 months ended 30 June 2015, the comparable volumes were 21,060 gold ounces and 2,102 tonnes of copper. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.

6.3.1 Cost of sales

US$m	For the 12 months ended 30 June 2016	2015
Cost of sales as per the consolidated income statement	2,601	2,752
Less: Significant items – Inventory write-downs	-	(34)
Less: Cost normalisation adjustment[11]	(29)	-
Total Cost of Sales	**2,572**	**2,718**

11. Includes cost normalisation adjustments relating to the impact of Gosowong's geotechnical event which caused production interruptions in the second half of the financial year (US$9/oz) and redundancy costs at Telfer associated with the transition of open pit mining to a contractor (US$3/oz).

6.3.2 Depreciation and amortisation

US$m	For the 12 months ended 30 June 2016	2015
Depreciation and amortisation per Note 5(b) of the consolidated financial statements	**680**	**549**

6.3.3 By-product revenue

US$m	For the 12 months ended 30 June 2016	2015
Copper sales revenue per Note 5(a) of the consolidated financial statements	403	621
Silver sales revenue per Note 5(a) of the consolidated financial statements	35	37
Total By-product revenue	**438**	**658**

6.3.4 Corporate costs

US$m	For the 12 months ended 30 June 2016	2015
Corporate administration expenses per Note 5(c) of the consolidated financial statements	79	96
Less: Corporate depreciation	(18)	(25)
Total Corporate costs	**61**	**71**

6.3.5 Production stripping and underground mine development

US$m	For the 12 months ended 30 June 2016	2015
Underground mine development	6	3
Production stripping per 3.2 of the Operating and Financial Review	54	63
Total production stripping and underground mine development	**60**	**66**

6.3.6 Capital expenditure

US$m	For the 12 months ended 30 June 2016	2015
Sustaining capital expenditure per 3.2 of the Operating and Financial Review	**251**	**201**
Non-sustaining capital expenditure per 3.2 of the Operating and Financial Review	**166**	**207**

6.4. Reconciliation of Return on Capital Employed (ROCE)

ROCE is “Return on Capital Employed” and is reported by Newcrest to provide greater understanding of the underlying business performance of its operations and the Group. ROCE is calculated as EBIT before significant items expressed as a percentage of average total capital employed (net debt and total equity).

	For the 12 months ended 30 June	
US$m	2016	2015
EBIT	**594**	**811**
Total capital (net debt and total equity) – as at 30 June 2014		10,966
Total capital (net debt and total equity) – as at 30 June 2015	9,846	9,846
Total capital (net debt and total equity) – as at 30 June 2016	9,227	
Average total capital employed	**9,537**	**10,406**
Return on Capital Employed	**6.2%**	**7.8%**

6.5. Reconciliation of Interest Coverage Ratio

Interest Coverage Ratio is reported by Newcrest to provide greater understanding of the underlying business performance of its operations and the Group. Interest Coverage Ratio is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (i.e. interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).

	For the 12 months ended 30 June	
US$m	2016	2015
EBITDA	**1,292**	**1,385**
Less facility fees and other costs	(26)	(23)
Less discount unwind on provisions	(11)	(10)
Adjusted EBITDA	**1,255**	**1,352**
Net interest expense	147	158
Less facility fees and other costs	(26)	(23)
Less discount unwind on provisions	(11)	(10)
Add interest capitalised	1	5
Net interest payable	**111**	**130**
Interest Coverage Ratio	**11.3**	**10.4**

7. RISKS

Newcrest's business, operating and financial results and performance are subject to various risks and uncertainties, many of which are beyond Newcrest's reasonable control. Set out below are matters which Newcrest has assessed as having the potential to have a material adverse effect on the business, operating and/or financial results and performance of the Group. These matters may arise individually, simultaneously or in combination.

The matters identified below are not necessarily listed in order of importance and are not intended as an exhaustive list of all of the risks and uncertainties associated with Newcrest's business. Additional risks and uncertainties not presently known to Management, or that Management currently believes to be immaterial or manageable, may adversely affect Newcrest's business.

Market price of gold, copper and silver

Fluctuations in metal prices can occur due to numerous factors beyond Newcrest's control, including macroeconomic and geopolitical factors (such as financial and banking stability, global and regional political events, inflationary expectations, changes in interest rates, global economic growth expectations and the relative strength of the US dollar), speculative positions taken by investors or traders, actual or expected gold purchases and/or sales by central banks, changes in supply or demand for gold, gold hedging and de-hedging by producers, and drivers that impact operating costs in major gold producing regions.

Examples of the potential impact of changes in the metal prices on Newcrest's total revenue from operations in the 2017 financial year include (but are not limited to):

- a US$10 per ounce change in the average realised gold price is estimated to have an impact of approximately US$23 million.
- a US$0.05 per pound change in the average realised copper price is estimated to have an impact of approximately US$10 million.

Material changes in metal prices may change the economic viability of mining operations, particularly higher cost mining operations, which may result in decisions to alter production plans or the suspension or closure of mining operations.

Lower metal prices may also reduce the market value of Newcrest's gold, copper or silver inventory and furthermore may result in Newcrest curtailing or suspending its exploration activities, with the result that depleted Ore Reserves may not be replaced and/or unmined ore reserves or resources not be mined.

In addition, historical and current metal price variability may impact upon Newcrest's assumptions regarding future metal prices which, in turn, may affect Newcrest's current and future operating activities and financial results. Examples of the potential impacts of changes to assumptions regarding future metal prices, alone or in combination with other factors such as foreign exchange rates, include (but are not limited to):

- changes to proposed project developments or the acceleration, deferral or abandonment of current or future project development;
- changes to Newcrest's estimates of Mineral Resources and Ore Reserves; and
- changes in the estimation of recoverable amount of Newcrest's assets when assessing potential accounting impairment of those assets.

Foreign exchange rates

The majority of Newcrest's revenue is realised in, or linked to, the US dollar on the basis that metals are traded globally based on prices quoted in US dollars. Newcrest's operating costs are reported in US dollars but are exposed to multiple currencies, including a portion of costs at each operation being denominated in the local currency. The relative movement of these currencies (particularly the Australian dollar) against the US dollar will impact upon Newcrest's costs and financial results. An example of the potential impact of foreign exchange rate changes on Newcrest's EBIT in the 2017 financial year is (but not limited to):

- an A$0.01 decrease in the AUD:USD exchange rate is estimated to have a favourable impact on EBIT of approximately US$20 million.

As with assumptions regarding future metal prices, assumptions regarding future foreign exchange rates, alone or in combination with other factors, may impact upon continuing operations, project development decisions, exploration investment decisions, Mineral Resource and Ore Reserves estimates and the assessment of the recoverable amount of Newcrest's assets.

Increased costs and commodity inputs

Operating costs are frequently subject to variations from one year to the next due to a number of factors, some of which are specific to a particular mine site, including changing ore grade, characteristics and metallurgy, changes in the ratio of ore to waste as the mine plan follows the sequence of extracting the ore body, surface and underground haulage distances, underground geotechnical conditions and decisions made in respect of the level of sustaining capital invested to maintain operations.

In addition operating costs and capital expenditure are, to a significant extent, driven by external economic conditions impacting on the cost of commodity inputs consumed in extracting and processing ore (including fuel, chemical reagents, explosives, tyres, electricity and steel), and labour costs associated with those activities.

Increases in costs may impact upon the profitability of existing mining operations and future developments, Newcrest's inability to lower its cost profile and meet projected operating cost targets at its existing mines and new mining projects, could make certain mines or projects uneconomic, and could impact the assessment of the recoverable amount of Newcrest's assets.

Operating risks and hazards

Newcrest's mining operations are subject to operating risks and hazards including (without limitation) unanticipated ground conditions, industrial incidents, infrastructure and equipment under-performance or failure, shortage of principal supplies, transportation and logistics issues in relation to the Group's workforce and equipment, environmental incidents, health and safety related incidents, interruptions and delays due to community issues, and natural events such as seismic activity and severe weather events (including floods and drought).

A key operational risk for Newcrest is the availability of power and water to support mining and mineral processing activities, particularly at Newcrest's remotely located assets. Even a temporary interruption of power or water supply could adversely affect an operation.

Newcrest's operations in Indonesia and Papua New Guinea are in areas known to be seismically active and are subject to the risks of earthquakes and related risks of tidal surges and tsunamis, which are difficult to predict. Some of Newcrest's operations may also experience other specific operating challenges relating to ground conditions and rock temperature, such as at Gosowong and Lihir.

Newcrest faces particular geotechnical, geothermal and hydrological challenges, in particular due to the trend toward more complex deposits, deeper and larger pits, and the use of deep, bulk underground mining techniques. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical and hydrological impacts.

There are a number of risks and uncertainties associated with the block cave mining methods being applied by Newcrest at its Cadia operations. Risks include that a cave may not propagate as anticipated, excessive air pockets may form during the cave propagation, the caving spans needed for successful cave propagation give rise to a risk of unplanned ground movement due to changes in stresses released in the surrounding rock and rain, disturbance and the presence of fine materials may also give rise to unplanned release of material of varying properties and/or water through drawbells.

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. At Lihir, for example, 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 safety, economics or feasibility of the impacted operations.

Future operating and capital cost requirements

Newcrest’s business, operating and financial performance and results may be impacted by the extent to which Newcrest's revenues are able to fund its operating and capital expenditure requirements. To the extent that these are insufficient, Newcrest may need to draw on available debt facilities or seek additional funds through asset divestitures, equity raisings, or debt issue, or additional debt (or some combination of these), or may need to defer operating or capital expenditure.

Newcrest's ability to service current debt arrangements and to raise and service any additional debt or to meet conditions applicable to current or future debt arrangements, will be a function of a number of factors, including (without limitation) macroeconomic conditions, future gold and copper prices, Newcrest's credit rating, operational cash flow and production performance. If Newcrest is unable to obtain any required additional funding on acceptable terms then its business, operating and financial performance and results may be impacted.

Exploration, project evaluation and project development

Newcrest’s current and future business, operating and financial performance and results are impacted by the discovery of new mineral prospects and actual performance of developing and operating mines, which may differ significantly from estimates determined at the time the relevant project was approved for development. Newcrest’s current or future development activities may not result in expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than anticipated or may not be profitable at all.

Newcrest's ability to sustain or increase its current level of production in the future 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 operations. In the last decade the time from discovery to production has increased significantly as a result of a variety of factors, including increases in capital requirements, environmental considerations, economic conditions and the complexity and depth of ore bodies.

In the absence of exploration success, or additions to Newcrest’s mineral inventory to support future operations through development activities, expansions or acquisitions, Newcrest will be unable to replace Ore Reserves and Mineral Resources depleted by operations.

Exploration activities are speculative in nature and often require substantial expenditure on exploration drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material.

Once mineralisation is discovered it may take several years to determine whether adequate Ore Reserves and/or Mineral Resources exist to support a development decision and to obtain necessary ore body knowledge to assess the technical and economic viability of mining projects. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including commodity prices, currency exchange rates, the required return on capital and future cost of development and mining operations.

Maintaining title

Newcrest's production, development and exploration activities are subject to obtaining and maintaining the necessary titles, authorisations, permits and licences, and associated land access arrangements with the local community, which authorise those activities under the relevant law (Authorisations). There can be no guarantee that Newcrest will be able to successfully obtain and maintain relevant Authorisations, or obtain and maintain relevant Authorisations on terms acceptable to Newcrest, to support its activities, or that renewal of existing Authorisations will be granted in a timely manner or on terms acceptable to Newcrest.

Authorisations held by or granted to Newcrest may also be subject to challenge by third parties which, if successful, could impact on Newcrest’s exploration, development and/or mining activities.

Law and regulation

Newcrest's current and future mining operations, development projects and exploration activities are subject to various national and local laws, policies and regulations governing the prospecting, development and mining of mineral deposits, taxation and royalties, import and export duties and restrictions, exchange controls, foreign investment approvals, employee and community relations, health and safety, environmental management and other matters, and the manner in which these laws are applied or interpreted. Changes in these laws, policies and/or regulations may have the potential to materially alter the value of a particular operation and/or the Group as a whole. A failure to comply with legal requirements may result in enforcement action being taken against Newcrest with potentially material consequences, including financial penalties, suspension of operations and forfeiture.

In a number of jurisdictions where Newcrest has existing interests, the legal framework is increasingly complex, subject to change and becoming more onerous. Changes in laws may result in material additional expenditure, taxes or costs or interruption to Newcrest's activities in order to comply with changing requirements. There can also be disputes in relation to the application or interpretation of laws, policies or regulations in the countries where Newcrest operates which could have an adverse impact on our operations, financial performance and/or value.

Political, economic, social and security risks

Newcrest has exploration, development and production activities that are subject to political, economic, social, security and other risks and uncertainties.

These risks and uncertainties are unpredictable, vary from country to country and include but are not limited to law and order issues (including varying government capacity to respond), political instability, expropriation and/or nationalisation, changes in government ownership levels in projects, fraud, bribery and corruption, restrictions on repatriation of earnings or capital, land ownership disputes and tenement access issues. These risks have become more prevalent in recent years, and in particular there has been an increasing social and political focus on:

- the revenue derived by governments and other stakeholders from mining activities, which has resulted in announced reviews of the fiscal regimes applicable to mining in a number of the jurisdictions in which Newcrest has interests (including Papua New Guinea and Indonesia); and
- national control of and benefit from natural resources, with proposed reforms regarding government or landowner participation in mining activities, limits on foreign ownership of mining or exploration interests and/or forced divestiture (with or without adequate compensation), and broad reform agenda in relation to mining legislation, environmental stewardship and local business opportunities and employment.

Recent examples of reviews announced in jurisdictions in which Newcrest has mining and/or exploration interests include (without limitation):

- In Indonesia (where Newcrest’s 75% owned Gosowong operations are located), in the context of the review of the Gosowong Contract of Work, the Government may seek to reduce the size of the tenement holding, impose requirements for additional local equity participation, and make changes to the fiscal regime that applies to the project.
- In Papua New Guinea, the Government has undertaken a broad review of mining laws and its taxation regime. In addition to the risk of an increased tax cost to the Group’s operations, potential reforms from these reviews may include changes to the level and manner of local equity participation in projects and the introduction of additional retrospective reporting and compliance requirements which may increase operating costs. There is also the risk of changes to exchange controls and/or laws or regulations pertaining to the remittance of profits and capital.

There can be no certainty as to what changes, if any, will be made to relevant laws in the jurisdictions where the Group has current interests, or other jurisdictions where the Group may have interests in the future, or the impact that relevant changes may have on Newcrest’s ability to own and operate its mining and related interests and to otherwise conduct its business in those jurisdictions.

Community relations

Newcrest’s relationship with the communities in which it operates is an essential part of ensuring success of its existing operations and the development of its projects. A failure to manage relationships with the communities in which Newcrest operates may lead to local dissatisfaction, which, in turn, may lead to interruptions to Newcrest's production, development and exploration activities. Particular challenges in community relations include increasing expectations regarding the level of benefits that communities receive and the level of transparency regarding the payment of compensation and the provision of other benefits to affected landowners and the wider community.

Typically, where Newcrest has exploration activities, development projects or operations, it enters into agreements with local landowners. These agreements include compensation and other benefits and may be subject to periodic review. The negotiation and/or review of community agreements, including compensation and other benefits, involves complicated and sensitive issues, associated expectations and often competing interests, which Newcrest seeks to manage respectfully. The nature and subject matter of these negotiations may result in community unrest which, in some instances, results in interruptions to Newcrest’s activities.

For example, the community agreements in place with customary landowners in relation to Newcrest's Lihir operation in Papua New Guinea are the subject of a regular review process. The duration of the review process is a result of the important and complex issues covered by the agreements and the competing interests of different landowner groups. During the ongoing review process, and in the context of the previous review (FY2000-FY2007), the Lihir operations have experienced periodic disruptions as a result of community unrest regarding the progress of the review negotiations and intra-community issues. Although community issues are generally resolved within a short period, there can be no assurance that further disputes with the customary landowners will not arise from time to time which, if prolonged, could lead to disruptions to Newcrest’s projects and operations.

In addition, there is a level of community concern relating to the perceived effect of mining activities on the environment and on the communities located near such activities. Certain non-government-organisations are vocal critics of the mining industry and its practices, including in relation to the use of hazardous substances in processing activities and the use of deep sea tailings placement. Adverse publicity generated by non-government-organisations or others relating to extractive industries generally, or Newcrest specifically, could have an adverse impact on Newcrest's reputation or financial condition and may impact on Newcrest's relationships with the communities in which it operates. No assurance can be given that incidents will not arise that generate community concerns associated with Newcrest's operations and potentially cause disruptions until resolved.

Health

There are numerous occupational health risks associated with mining and metallurgical processes. These include musculoskeletal disorders, fatigue, mental health illnesses and exposure to noise, diesel particulate matter, silica and acid mist. Unforeseen or past workplace exposures may lead to long-term health issues and potential compensation liabilities.

The global nature of our operations also means that our employees may be affected by mosquito borne diseases such as malaria, dengue fever or zika virus. Other potential health impacts include tuberculosis, and pandemic influenza outbreaks such as swine or avian flu.

Environment and Closure

Mining operations and development activities have inherent risks and liabilities associated with potential harm to the environment and the management of waste products. Newcrest's operations are therefore subject to extensive environmental law and regulation in the various jurisdictions in which it operates. Compliance with these laws require significant expenditure and non-compliance may potentially result in fines or requests for improvement actions from the regulator or could result in reputational harm.

Newcrest's operations may create a risk of exposure to hazardous materials. Newcrest uses hazardous material (for example, cyanide) and generates waste products that must be disposed of. Appropriate management of waste is a key consideration in Newcrest's operations. Mining operations can also impact flows and water quality in surface and ground water bodies and remedial measures may be required to prevent or minimise such impacts.

Newcrest is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable environmental laws and regulations. A closure plan and estimate of closure and rehabilitation liabilities are prepared for each of Newcrest's operations. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions, however actual costs at the time of closure and rehabilitation may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward mine closure and associated closure and rehabilitation costs.

Resources and reserves

Mineral Resources and Ore Reserves estimates are necessarily imprecise and involve subjective judgements regarding a number of factors including (but not limited to) grade distribution and/or mineralisation, the ability to economically extract and process mineralisation, and future commodity prices, exchange rates and operating costs. Such estimates relate to matters outside Newcrest's reasonable control and involve statistical analysis which may subsequently prove to be unreliable or flawed.

Newcrest's annual Mineral Resources and Ore Reserves statement is based upon a number of factors, including (without limitation) exploration drilling and production results, geological interpretations, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. These factors may result in reductions in Newcrest's Mineral Resources and Ore Reserves estimates, which could adversely affect the life-of-mine plans and may impact upon the value attributable to Newcrest's mineral inventory and/or the assessment of realisable value of one or more of Newcrest's assets and/or depreciation expense.

Reliance on contractors

Some aspects of Newcrest's production, development and exploration activities are conducted by contract mining operators. As a result, Newcrest's business, operating and financial performance and results may be negatively impacted upon by the availability and performance of these contractors and their financial strength. The material risks associated with contract mining operators at Newcrest's sites includes the risk of the contractor or its sub-contractors being involved in a safety or environmental incident and the potential for interruption to Newcrest's operations due to a Contractor becoming insolvent.

Marketing

Newcrest produces mineral concentrates which are exported by ocean vessels to smelters, located predominantly in Asia, with associated risks including (without limitation) fluctuating smelter charges, marine transportation charges and inland freight charges. Transportation of the concentrate is also subject to numerous risks including (without limitation) delays in delivery of shipments, terrorism, loss of or reduced access to export ports, weather conditions and environmental liabilities in the event of an accident or spill. Sales of concentrate may also be adversely impacted by disruption at the operations of one or more of the receiving smelters and consequent declarations of force majeure at such smelters. Additionally, the quality of mineral concentrates, including the presence of impurities and deleterious substances, is subject to restrictions on import which vary across jurisdictions and may impact upon the saleability or price realised for the mineral concentrate.

Human resources and industrial relations

Newcrest competes with mining and other companies to attract and retain key employees and third party contractors with appropriate technical skills and managerial experience necessary to continue to operate its business. There can be no assurance that Newcrest will be able to attract and retain skilled and experienced personnel and, should Newcrest lose any of its key personnel or fail to attract personnel, its business may be harmed and its operations and financial condition could be adversely affected.

Newcrest may be impacted by industrial relations issues in connection with its employees and the employees of Newcrest's contractors and suppliers. Any such activity could cause production delays, increased labour costs and adversely impact Newcrest's ability to meet its production forecasts.

In a number of jurisdictions where Newcrest has mining and related interests, there are also local requirements or expectations regarding the extent to which local and national persons are directly engaged in the mining and related activities which may result in disruptions to Newcrest’s activities where relevant requirements and/or expectations are not met. There can be no assurance that disruptions will not occur in the future which may have an adverse effect on Newcrest’s business. Similarly, there can be no assurance that Newcrest will be able to attract and retain suitably qualified and experienced local or national personnel, or that unskilled persons trained by Newcrest will be retained, in the future.

Competition for projects to replace Ore Reserves

Significant gold deposits are becoming more difficult to find, are deeper and often in remote and challenging jurisdictions. The declining rate of discovery of new gold deposits has, in recent years, increased the challenge of replacing the mining depletion of existing resources and reserves throughout the global gold sector. Newcrest faces intense competition for acquisition of attractive exploration and mining properties to replace reserves depleted by mining. As a result of this competition, exploration and acquisitions may not result in Newcrest being able to maintain or increase its Ore Reserves which could negatively impact its future business, operating and financial performance and results.

Newcrest evaluates potential acquisition and development opportunities for mineral deposits, exploration or development properties and operating mines. Newcrest's decision to acquire or develop these properties is based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent and quality of mineralisation, resources and reserves, assessment of the potential for further discoveries or growth in resources and reserves, development and capital costs, cash and other operating costs, expected future commodity prices, projected economic returns and evaluations of existing or potential liabilities associated with the relevant assets and how these factors may change in future. Other than historical operating results (if applicable), these factors are uncertain and could have an impact on revenue, cash and other operating results, as well as the process used to estimate Mineral Resources and Ore Reserves.

Joint venture arrangements

Newcrest has joint venture interests, including its interests in the Hidden Valley mine and Wafi Golpu Project in Papua New Guinea, the Gosowong mine in Indonesia and the Namosi project in Fiji. These operations are subject to the risks normally associated with the conduct of Joint Ventures which include (but are not limited to) disagreement with joint venture partners on how to develop and operate the mines or projects efficiently, inability of joint venture partners to meet their financial and other joint venture commitments and particular risks associated with entities 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 share of project costs. The existence or occurrence of one or more of these circumstances or events may have a negative impact on Newcrest’s future business, operating and financial performance and results, and/or value of the underlying asset.

New acquisitions

Newcrest's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any such acquisitions could have an adverse effect on its business, operating results and financial condition. Business combinations and acquisitions entail a number of risks including the effective integration of acquisitions to realise synergies, unanticipated costs and liabilities and issues impacting production. Newcrest may also be liable for the acts or omissions of predecessors or otherwise exposed to liabilities that were unforeseen or greater than anticipated. These and other factors may result in reductions in the Mineral Resources and Ore Reserves estimates for the acquired business, and/or impact upon the value attributable to the acquired business.

Macro-economic conditions

Newcrest's operating and financial performance is influenced by a variety of macro-economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, change or deterioration in the rate of economic growth including changes to interest rates or decrease in consumer and business demand, could be expected to ultimately have an impact on Newcrest's business, results of operations or financial condition and performance.

Information Technology

Newcrest’s operations are supported by information technology (IT) systems, consisting of infrastructure, networks, applications, and service providers. Newcrest could be subject to network and systems interference or disruptions from a number of sources, including (without limitation) security breaches, cyber-attacks, natural disasters and system defects. The impact of IT systems interference or disruption could include production downtime, operational delays, destruction or corruption of data and disclosure of commercially sensitive information any of which could have a material impact on Newcrest's business, operations or financial condition and performance.

Uninsured risks

In addition to maintaining insurances required by law, Newcrest maintains a range of insurance policies to assist in mitigating the impact of events which could have a significant adverse effect on its operations and profitability. 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. Further, Newcrest's 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, and are subject to policy terms and conditions (including exclusions) which may impact on the extent to which a relevant policy responds to the circumstances of a claim. The occurrence of events for which Newcrest is not insured, or in respect of which relevant insurances do not respond fully, may adversely affect Newcrest's financial condition and performance.

Liquidity and Indebtedness

In addition to cash flows from operating activities, Newcrest has a range of debt facilities with external financiers – including unsecured bilateral bank loan facilities, corporate unsecured senior notes (or 'bonds') and private placement unsecured notes. Newcrest has sought to structure these debt facilities to have varying maturities so that its refinancing obligations are staggered. Although Newcrest currently generates sufficient funds to service its debt requirements, no assurance can be given that Newcrest will be able to meet its financial covenants, its debt repayment obligations, or be able to refinance the debt prior to its expiry on acceptable terms to Newcrest. If Newcrest is unable to meet its financial covenants or debt repayment obligations when required or refinance its external debt on acceptable terms, its financial condition and ability to continue operating may be adversely affected.

Litigation

Litigation has the potential to negatively impact upon Newcrest's business, operating and financial performance and results. Regardless of the ultimate outcome of litigation (which may be subject to appeal), and whether involving regulatory action or civil claims, litigation may have a material impact on Newcrest as a result of the costs associated with litigation (some of which may not be recoverable) and the management time associated with defending litigation.

The notes to Newcrest's Financial Statements provide details regarding certain current and potential litigation involving Newcrest.

Forward looking statements

Newcrest provides guidance on aspects of its business including production, cost and capital expenditure which relate to matters in the future (forward looking statements). Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance and achievements to differ materially from those indicated in the forward looking statements.

Forward looking statements are based on Newcrest and its Management's assessment of the financial, market, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. There can be no assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Group's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by Newcrest or management or beyond the Group's control.

Although Newcrest attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Group.

15 August 2016

Dear Shareholder,

On behalf of the Board, we are pleased to provide Newcrest's Remuneration Report for the year ended 30 June 2016, for which we seek your support at our Annual General Meeting (**AGM**) in November 2016.

Year in review

The 2016 financial year was another strong year of free cashflow generation, notwithstanding lower average realised prices for gold and copper and the adverse impact of unplanned interruptions to production at some operations, most notably at Gosowong. The continuation of the improved production and financial performance of Lihir and ramp up of Cadia East was very pleasing. The free cashflow was applied to the reduction of debt, which had the effect of bringing the Company's leverage and gearing ratios inside the target range we communicated at the start of the financial year. This strengthening financial position and outlook has provided the basis for the Directors determining to pay a final dividend, whilst also preserving the capacity to fund future growth.

As foreshadowed in the 2015 Remuneration Report, during the past financial year Tim Poole and Vince Gauci retired and Xiaoling Liu and Roger Higgins joined the Board. Richard Knight will retire from the Board, with effect from 16 August 2016 and Vickki McFadden will join the Board as an independent Non-Executive Director (**NED**) with effect from 1 October 2016.

Two Executive General Managers left the Company during the past financial year, and we underwent an extensive search for suitable Executives to assist us in achieving our strategic objectives. Michael Nossal joined as Chief Development Officer, Ian Kemish joined as Executive General Manager Public Affairs and Social Performance and Philip Stephenson was promoted to Executive General Manager Gosowong and Telfer. In September 2016, Jane Thomas, Executive General Manager People, will leave the Company following her resignation and the process to fill her role is underway. We believe that we have a very strong Executive team in place to manage the Company going forward.

Our good financial and operational performance was overshadowed by two tragic fatalities in the 2016 financial year – one at the Hidden Valley Joint Venture (in which the Company has a 50% interest) in July 2015 and one at Cadia in September 2015. An intensive review of all aspects of our safety processes and initiatives was undertaken and the Company is now implementing a comprehensive plan aimed at improving safety culture and performance. The Board and Management remain focussed on safety and will relentlessly seek to eliminate fatalities and life-altering injuries from the Company's operations.

Remuneration outcomes and changes

The remuneration outcomes for our Key Management Personnel (**KMP**) reflect the performance outlined above. Short term incentive outcomes for our Executives range from 54% to 67% of their potential maximum. 19.1% of the 2012 Long Term Incentive (**LTI**) Plan vested during the 2016 financial year, reflecting the difficult challenges facing the Company for the three year period to 30 June 2015.

The Board takes great care to ensure that Newcrest's remuneration frameworks are aligned to the Company's strategy and performance and result in appropriate remuneration outcomes for Executives. On this basis, the Board has made further improvements to some aspects of the framework following consultation with a number of shareholders and proxy advisers. The key changes implemented during the 2016 financial year (as foreshadowed in the 2015 Remuneration Report) are set out in the Report and include:

- implementation of Short Term Incentive (**STI**) deferral, which covers all Executives;
- modification of the LTI measure for Reserves and Resources so that calculation is on a 'per share' basis;
- introduction of an overarching clawback policy that applies to LTI and STI awards; and
- introduction of a minimum shareholding requirement which covers all KMP.

The key change that is planned for the 2017 financial year (described in more detail in the Report) is the introduction of relative total shareholder return (**Relative TSR**) as a performance condition for one-third of the LTI grant in place of the previous "strategic performance" measure.

Newcrest remains committed to ensuring that the Company's Executive remuneration framework and outcomes attract, reward and retain high calibre people and drive strong individual and Group performance in the interests of both the Company and its shareholders. We will continue to monitor and improve the framework as required during the 2017 financial year. We thank you for your feedback and continued support.

Peter Hay
Chairman, Board of Directors

Rick Lee AM
Chairman, Human Resources and Remuneration Committee

This Report details the remuneration arrangements in place for the KMP, being those executives who have authority for planning, directing and controlling the activities of the Company. KMP comprises all NEDs and Executives. In this Report, **Executives** refers to members of the Executive Committee (including the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) of Newcrest, who are also Directors of the Company).

This Report has been audited under section 308(3C) of the *Corporations Act 2001*.

Contents

We have structured the Report into the following sections:

1. REMUNERATION SNAPSHOT

1.1. Key remuneration outcomes

Key remuneration outcomes for the 2016 financial year are summarised in the table below.

STI Outcomes	The average STI outcome for Executives was 60.3% of the maximum opportunity based on the assessment of business and personal measures. This reflects the Company's strong financial performance, but disappointing safety performance, during the year.
LTI Outcomes	19.1% of the 2012 LTI Plan vested during the 2016 financial year, reflecting the difficult challenges facing the Company during the three year period to 30 June 2015. This equates to 9% of the value of the original award, taking into account share price movements over the life of the award. The portion that vested recognises Management's efforts in cost management and reduction relative to their peers whilst achieving production guidance during a particularly challenging period. The 2013 LTI Plan (under which grants of LTIs were made in the 2014 financial year) is expected to vest on or around 16 September 2016 and it is anticipated that the vesting levels will be in the range of 25% to 33.3%.
Executive Remuneration	Executives received no increase in fixed remuneration during the 2016 financial year where they remained in their existing roles.
NED Remuneration	NEDs received no fee increases during the 2016 financial year.

1.2. What changed in relation to the remuneration framework during the 2016 financial year?

The table below summarises the key changes to the Executive remuneration framework implemented during the 2016 financial year (all of which were foreshadowed in the 2015 Remuneration Report).

STI Deferral introduced for Executives	STI deferral was introduced for all Executives, with 50% of any STI award for an Executive being deferred into shares. 50% of the deferred shares are released after 12 months, with the remainder released after two years. Refer to section 4.4 for further details.
Changes in LTI Measures	For the 2015 LTI Plan, the reserves replacement and resources replacement measures were stated and calculated on a "per share" basis and the diversity targets were updated. Refer to section 4.5.2 for further details.
Clawback	An overarching General Clawback Policy was introduced. It allows the Board to recover an amount from any unpaid, unvested, restricted or future LTI and/or STI award for a period of two years from vesting or the award date, if it is determined that an inappropriate benefit has been conferred on an employee. Refer to sections 4.4.1 and 4.5.1 for further details.
Minimum Shareholding Requirements	Minimum shareholding requirements were introduced for all KMP with effect from 1 July 2015. Refer to section 8.1 for further details.

1.3. What changes occurred to reporting during the 2016 financial year?

As reported to the market on 17 December 2015, Newcrest changed its reporting (presentation) currency from Australian dollars to US dollars in the 2016 financial year. In line with this change, Newcrest has also changed the currency which is used in this Report to US dollars.

Comparative financial information included in this Report, previously reported in Australian dollars has been restated into US dollars. Executive remuneration, which is paid in Australian dollars, has also been translated into US dollars. The Total Fixed Remuneration for Executives in Australian dollars is shown in section 4.3 to enable comparisons to be made in future years without the impact of changes in exchange rates. The NED fees in Australian dollars are shown in section 7.3.

1.4. What changes are planned for the 2017 financial year?

In addition to the above, the Board plans to make the changes to the Company's Executive remuneration framework set out below, to be implemented during the course of the 2017 financial year to more closely align the interests of Executives with the interests of shareholders.

Change in LTI measures	Relative TSR will be a new measure in the 2016 LTI Plan which will apply for one-third of the LTI grant and replace the Strategic Performance measure in the 2015 LTI Plan. The four elements of the Strategic Performance measure - Resources and Reserves, Organisational Health, Diversity and Growth - continue to be considered important by the Board, but will be embedded into each Executive's short-term objectives, underpinned by the STI Plan. The vesting schedule for the Comparative Cost Position measure in the 2016 LTI Plan will be amended, with: • maximum vesting to occur if Comparative Costs are below the 25th percentile (previously it was the lowest decile); and • minimum vesting to occur if Comparative Costs are below the 50th percentile, but the vesting level at this minimum vesting trigger will be reduced from 50% to 40%. These changes are aimed at ensuring that the performance required for maximum vesting is challenging but achievable, in light of the tendency for the lowest cost peers to be small, single-mine producers who are not comparable to companies with Newcrest's scale and breadth of operations. The level of vesting to occur for achieving the minimum threshold level of performance has been decreased to offset the easing of the target for maximum vesting. Refer to section 4.5.3 for further details. In relation to the third performance measure, Return on Capital Employed (**ROCE**), the Board is currently undertaking a review. See section 4.5.3 for further details.

The remuneration policy of the Company is to attract and retain talented people and reward them appropriately for performance. During the course of the 2017 financial year the Board will review whether the total reward offering (inclusive of fixed remuneration, short term incentive and long term incentive) appropriately delivers on these policy objectives.

1.5. Actual Remuneration Table

The table below details the cash and value of other benefits actually received by the current Executives in the 2016 financial year. This is a voluntary disclosure. It includes non-IFRS financial information and some of the figures in this table have not been prepared in accordance with Australian Accounting Standards. An explanation of the relevant remuneration items included in the table is provided in the associated footnotes.

The Board believes that presenting information in this way provides shareholders with increased clarity and transparency.

See section 9.1 for the statutory remuneration table that has been prepared in accordance with Australian Accounting Standards.

Non-Statutory Current Executive Remuneration

Executive	TFR(1) US$'000	Short Term Incentive Paid(2) US$'000	Other Cash Benefits(3) US$'000	Other Benefits(4) US$'000	LTI Rights Vested(5) US$'000	Other Rights Vested(6) US$'000	Total US$'000
2016 financial year							
Sandeep Biswas	1,676	1,198	19	19	-	455	3,367
Gerard Bond	669	770	-	9	61	-	1,509
Craig Jones	561	608	103	130	29	-	1,431
Ian Kemish	64	-	-	-	-	-	64
Francesca Lee	510	425	-	6	-	-	941
Michael Nossal	700	-	114	7	-	-	821
Philip Stephenson	467	213	47	47	-	-	774
Jane Thomas	503	208	28	39	-	-	778
	5,150	**3,422**	**311**	**257**	**90**	**455**	**9,685**

Notes to Non-Statutory Current Executive Remuneration

(1) TFR (Total Fixed Remuneration) comprises base salary and superannuation contributions. For new Executives, TFR has been pro-rated for time served as an Executive.

(2) Represents amounts paid under the STI Plan during the year, relating to performance for the 2015 financial year. Philip Stephenson's STI relates to the period in which he was not an Executive.

(3) Other cash benefits comprise cash payments made in accordance with Executive Service Agreements and either relocation costs or travel costs paid in lieu of relocation entitlements.

(4) Other benefits represent non-monetary benefits such as parking, insurance and applicable fringe benefits tax paid on benefits.

(5) Represents rights that have vested under the 2012 LTI Plan during the 2016 financial year. The value of the rights has been measured based on the share price at the close of business on the vesting date.

(6) In November 2015, Sandeep Biswas received 54,990 fully paid ordinary shares (based on the January 2014 VWAP) on vesting of sign-on rights granted to him as compensation for amounts foregone in accepting a role with Newcrest. The value of the shares has been measured based on the share price at the close of business on the vesting date.

TFR and Other Benefits have been translated from Australian dollars to US dollars using an average exchange rate of 0.7285. Short Term Incentive Paid, Other Cash Benefits, Other Rights Vested and LTI Rights Vested have been translated at their applicable rate.

2. KEY MANAGEMENT PERSONNEL (KMP)

The following table details the Company's KMP during the 2016 financial year.

Name	Role	Term
Executive Directors		
Sandeep Biswas	Managing Director and Chief Executive Officer (**CEO**)	Full year
Gerard Bond	Finance Director and Chief Financial Officer (**CFO**)	Full year
Other Executives		
Craig Jones	Executive General Manager – Cadia and MMJV (**EGM – Cadia and MMJV**)	From 6 July 2015
	Executive General Manager – Australian Operations and Projects	From 1 – 5 July 2015
Ian Kemish	Executive General Manager – Public Affairs and Social Performance (**EGM – Public Affairs and Social Performance**)	From 16 May 2016
Francesca Lee	Executive General Manager – General Counsel and Company Secretary (**EGM – General Counsel and Company Secretary**)	Full year
Michael Nossal	Chief Development Officer (**CDO**)	From 6 July 2015
Philip Stephenson	Executive General Manager – Gosowong and Telfer (**EGM – Gosowong and Telfer**)	From 6 July 2015
Jane Thomas	Executive General Manager – People (**EGM – People**)	From 16 May 2016
	Executive General Manager – People & Community	1 July 2015 – 15 May 2016
Former Executives		
Colin Moorhead	Executive General Manager – Minerals	Ceased 31 August 2015
David Woodall	Executive General Manager – International Operations	Ceased 31 July 2015
Non-Executive Directors		
Peter Hay	Non-Executive Chairman	Full year
Philip Aiken AM	Non-Executive Director	Full year
Roger Higgins	Non-Executive Director	From 1 October 2015
Lady Winifred Kamit	Non-Executive Director	Full year
Richard Knight	Non-Executive Director	Full year
Rick Lee AM	Non-Executive Director	Full year
Xiaoling Liu	Non-Executive Director	From 1 September 2015
John Spark	Non-Executive Director	Full year
Former Non-Executive Directors		
Vince Gauci	Non-Executive Director	Ceased 29 October 2015
Tim Poole	Non-Executive Director	Ceased 30 July 2015

Jane Thomas, EGM People, has resigned and will cease employment with the Company on 9 September 2016. The process of securing a replacement is in progress.

3. REMUNERATION GOVERNANCE

3.1. Role of the Human Resources and Remuneration Committee (HRR Committee)

The Board takes an active role in the governance and oversight of Newcrest's remuneration policies and is responsible for ensuring that the Company's remuneration strategy aligns with Newcrest's short and long term business objectives.

The HRR Committee reviews, formulates and makes recommendations to the Board in relation to matters within its Charter, including the remuneration arrangements of the CEO, Executives and the NEDs, and oversees the major components of the Board's approved remuneration strategy.

The Charter for the HRR Committee is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

Current members of the HRR Committee are Rick Lee (Chairman), Philip Aiken, Xiaoling Liu and Winifred Kamit.

3.2. External Remuneration Consultants

During the 2016 financial year, the HRR Committee obtained advice from KPMG as part of the review of the Company's remuneration arrangements, including:

- benchmarking data for CEO, Executive and NED remuneration; and
- information and insights with respect to market practices and trends in remuneration within ASX listed and global gold companies, including use of TSR as an LTI metric.

KPMG did not provide a remuneration recommendation as defined by the *Corporations Act 2001*.

The engagement of KPMG was initiated by the HRR Committee, based on agreed protocols governing the engagement and processes set out in the Company's External Remuneration Consultants Policy.

4. OUR EXECUTIVE REMUNERATION FRAMEWORK

4.1. Remuneration Strategy

Our remuneration strategy is to provide market-competitive levels of remuneration, having regard to the size and complexity of the Company, the scope and work of each role, and the impact the Executive can have on Company performance.

Our policy is to offer a competitive total remuneration package for Executives, benchmarked against comparable roles in ASX 11 – 40 companies, including a subset of industrial, materials, energy and utilities companies, as well as the following global gold mining companies: Goldcorp Inc, Yamana Gold Inc, Freeport-McMoran Copper & Gold, Polyus Gold International Ltd, Agnico Eagle Mines Limited, AngloGold Ashanti Ltd, Barrick Gold Corporation, Gold Fields Ltd, Eldorado Gold Corp, Kinross Gold Corporation, IAMGOLD Corp and Newmont Mining Corporation. Total Fixed Remuneration (**TFR**) is targeted at the 50th percentile for comparable roles and experience/skills, while the total remuneration package for each Executive (inclusive of both fixed and variable remuneration) is targeted at up to the 75th percentile for comparable roles and experience/skills.

The key elements of the remuneration strategy in determining the remuneration mix are:

- market competitive levels of remuneration having regard to both the level of work and the impact employees can potentially have on Company performance;
- appropriate levels of “at risk” performance pay to encourage, recognise and reward high performance;
- group performance measures that align performance incentives with the long term interests of shareholders;
- attraction and retention of talented, high performing Executives (including the provision of sign-on grants where appropriate to attract key talent); and
- a remuneration structure that provides an appropriate balance of risk and reward sharing between each participant and the Company.

4.2. Executive Remuneration Framework

The diagram below outlines the remuneration components (other than any sign-on grants) for the 2016 financial year for all Executives. Further details regarding each of the remuneration components are provided in sections 4.3 to 4.5. An overview of the remuneration mix is provided in section 4.6.

Remuneration Type	Fixed Remuneration	Variable / At-Risk Remuneration		
Component	Total Fixed Remuneration (TFR)	Short Term Incentive (STI)		Long Term Incentive (LTI)
Delivery	Delivered in cash		Delivered in shares	
Composition	- Base salary plus superannuation	- 50% of STI outcomes paid in cash after financial year - Outcomes based on a combination of business performance and personal measures - Subject to clawback and overarching Board discretion	- 50% of STI outcomes deferred as shares - Outcomes based on a combination of business performance and personal measures - Half of deferred shares are restricted for one year and the other half for two years - Subject to clawback and overarching Board discretion	- Rights with a 3 year vesting period and one year holding lock - Outcomes based on ROCE, comparative cost position and strategic performance - Subject to clawback and overarching Board discretion
Link with strategic objectives	Set to attract, retain, motivate and reward high quality executive talent to deliver on the Company's strategy	Designed to: - align interests of shareholders and Executives through an appropriate level of "at risk" pay; - reward for increasing shareholder value by meeting or exceeding Company and individual objectives; and - support the financial and strategic direction of the business through performance measures. Large proportion subject to Group and business unit financial targets. Non-financial targets aligned to core values, including safety and key strategic and growth objectives.		Designed to encourage Executives to focus on the key performance drivers which underpin the Company's strategy to deliver long term growth in shareholder value.

The diagram below illustrates how the different components of remuneration are delivered over a three year cycle.

	FY2016	FY2017	FY2018	FY2019	FY2020
Salary	Salary Paid during the year				
STI	Performance Period (12 months)	50% Cash; 25% Deferred Shares (12 months)	25% Deferred Shares (24 months)		
LTI	Performance Period				
	Vesting Period post-grant (Performance Rights) (3 years)			Restricted Shares (12 months)	

4.3. Total Fixed Remuneration (TFR)

Feature	Description
Composition	TFR comprises base salary, superannuation contributions in line with statutory obligations, and any salary packaged amounts (for example, novated lease vehicles). TFR is paid in Australian dollars.
Relevant Considerations	TFR is determined on an individual basis, considering the scope of the role, the individual's skills and expertise, individual and group performance, market movements and competitiveness. For the 2016 financial year, the total remuneration packages for the majority of the Executives, including the CEO, were within the 50 – 75% target range of the benchmarked ASX comparator groups.
Review	TFR is reviewed annually, with any increases taking effect on 1 October each year. There were no increases to TFR for existing roles in the October 2015 salary review. The only increase to TFR for existing roles in the August 2016 salary review was for the CFO, who will receive an increase of 6.2% to A$975,000 with effect from 1 October 2016, following benchmarking that was undertaken and an expansion in his accountabilities.

Set out below is the TFR for the current Executives as at 30 June 2016, shown in Australian dollars. This information is provided to enable comparisons to be made in future years, without the impact of changes in exchange rates.

Name	TFR A$
Sandeep Biswas	2,300,000
Gerard Bond	918,494
Craig Jones	770,494
Ian Kemish	700,000
Francesca Lee	700,494
Michael Nossal	975,000
Philip Stephenson	650,000
Jane Thomas	690,000

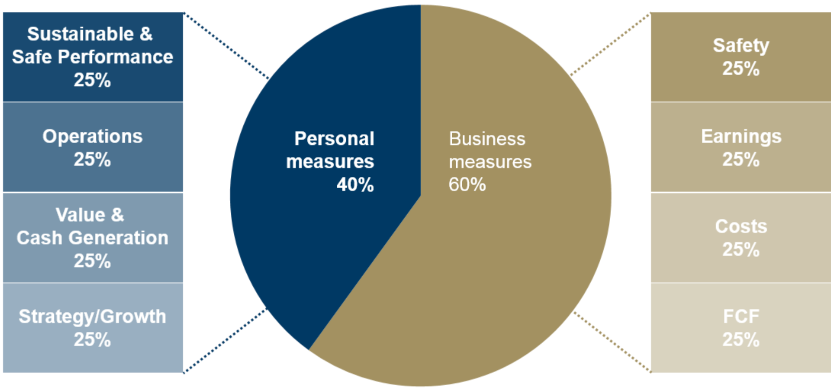
4.4. Short Term Incentive

4.4.1. Key features of the STI Plan for the 2016 financial year

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Participation</td><td>All Executives participate in the STI Plan. All employees from Supervisor level and above are also invited to participate in the STI Plan.</td></tr>
<tr><td>Opportunity</td><td>Target percentages awarded differ by level. For “at target” performance, the CEO has the opportunity to receive 100% of TFR; the CFO, CDO and EGM – Cadia and MMJV have the opportunity to receive 80% of TFR; and the other Executives have the opportunity to receive 60% of TFR. Each Executive has the opportunity to receive double the “at target” percentage for ‘maximum’ performance. Targets are set with a level of “stretch” built in, and as such, maximum STI targets are designed to only be achieved in respect of exceptional performance.</td></tr>
<tr><td>Performance Period</td><td>The assessment period is the financial year preceding the payment date of the STI (i.e. 1 July 2015 – 30 June 2016).</td></tr>
<tr><td>Performance Conditions</td><td>

Performance conditions are a mix of personal and business measures. Robust threshold, target and maximum targets are established for all measures to drive high levels of business and individual performance. The annual budget generally forms the basis for the “target” performance set by the Board.

The diagram below illustrates the weighting of the performance conditions, using the CEO’s personal conditions as an example.



Each of the CEO, CFO and other Executives have different personal measures, but the same business measures. For further details in relation to the personal and business measures, including their composition, and how they are set and assessed, refer to section 4.4.2.

</td></tr>
<tr><td>Calculation of STI Award</td><td>

STI Amount ($) = ((60% x business outcome) + (40% x personal outcome)) x “At Target” STI% x TFR

Business and personal outcomes are scored out of 200%, with 50% for threshold performance, 100% for target performance and 200% for maximum performance. Business or personal measures that fail to meet the threshold target score 0%. If the overall average of the four personal measures is below 50%, the CEO and/or Board has the discretion to not make an STI award to that participant.

</td></tr>
<tr><td>Payment, Delivery and Deferral</td><td>The STI is delivered 50% in cash and 50% in deferred shares in October 2016, following finalisation of the audited annual Company results and the approval of all personal outcomes. Of the deferred component, half is to be released after 12 months (in October 2017) and the remainder after two years (in October 2018). The Executives will be entitled to dividends and voting rights attaching to their deferred shares.</td></tr>
<tr><td>Cessation of Employment during Performance Period</td><td>

Except at the discretion of the Board:

- if a participant resigns or is dismissed, the STI is forfeited; and
- if a participant ceases employment for any other reason, the STI award will be reduced on a pro rata basis, but will remain payable and any deferred shares will remain on foot for the balance of the relevant restriction period and then be released.

</td></tr>
<tr><td>Clawback</td><td>In general, the Board has the discretion to reduce or forfeit an STI award, or to seek recovery from a participant, if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including fraud, dishonesty, gross misconduct or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or award date.</td></tr>
<tr><td>Overriding Board Discretion</td><td>The Board retains overriding discretion to adjust the final outcome to ensure any STI award is appropriate.</td></tr>
</table>

4.4.2. STI performance conditions in detail

Business measures for the 2016 financial year

Business Measure	Weighting	Reason the Performance Measure Was Adopted
Safety Total Recordable Injury Frequency Rate (TRIFR[1]) (50%) Major Hazard Audit and Significant Potential Incident (SPI)[2] Action Close Out on Time (50%)	25%	The Company is committed to reinforcing a strong safety culture and improving safety leadership. The combined measures maintain a focus on safety performance as measured by TRIFR and drive critical actions to prevent future potential fatalities and/or serious injuries.
Earnings Adjusted Net Profit/(Loss) After Tax and Before Significant Items	25%	The earnings target is a direct financial measurement of the Company's performance, providing a strong alignment to the interests of shareholders. The results are based on the statutory profit of the Group adjusted for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of management. It provides a strong reflection of production delivery, operational efficiency and cost management.
Costs AISC per ounce[3]	25%	This measure is a highly relevant short and long term measure which is consistent with the Company's strategy of focussing on sustainable cash generation and profitability. It is the primary unit cost measure in the gold industry, and is visible and readily understood. It is based on publicly disclosed and reconciled results and is therefore a reliable measure for use by the Company, adjusted for the effect of commodity prices and foreign exchange rates.
Free Cash Flow FCF	25%	FCF was adopted as the fourth business measure for the 2016 financial year as a highly relevant short and long term measure. It reflects cost and capital management and production efficiencies. FCF is necessary to fund growth opportunities, repay debt and ultimately pay dividends to shareholders. It is based on publicly disclosed and reconciled results and is adjusted for the same uncontrollable items as earnings.

(1) TRIFR is the total number of recordable injuries per million hours worked. It is a lagging indicator of safety performance.

(2) Major Hazard Audit action close out, and SPI close out, ensures a stronger focus on addressing hazards which may lead to serious potential incidents in the future, including the potential for a fatality. Actions are measured by reference to completion against their due date.

(3) All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP metric released 27 June 2013.

Personal measures for the 2016 financial year

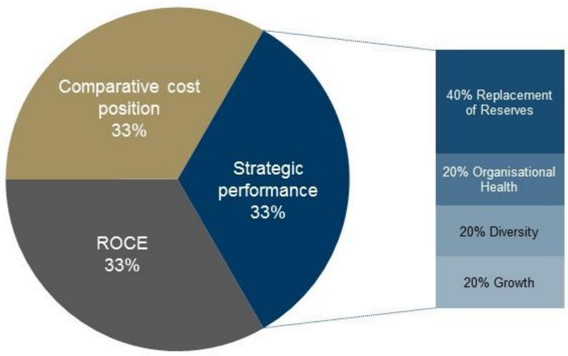
For the 2016 financial year, the key elements of the personal performance measures for Sandeep Biswas were set by the Board to align with the Company's strategic goals. The personal performance measures were selected to recognise the important role that the CEO plays in personally advancing the Company's strategic objectives of improving the safety and sustainability performance of the Company, its operational performance, value and cash generation and progressing its growth initiatives.

The personal performance measures for other Executives for the 2016 financial year focussed on their areas of responsibility which, in the case of the operational Executives, included safety, production, cost saving and operational efficiency. If there is a fatality within the area of accountability of an Executive, the Board may exercise discretion to adjust the assessment of the personal safety measure, including a zero award, where appropriate.

Further detail as to the personal measures for the CEO and CFO and outcomes with respect to such measures is set out in section 5.2.1.

4.5. Long Term Incentive

4.5.1. Key features of the 2015 LTI Plan (under which rights were issued during the 2016 financial year)

Feature	Description
Equity type	Allocations are in the form of rights to shares in the Company (**Rights**). Upon vesting, each Right is automatically exercised at a nil exercise price and vests as one fully paid ordinary share. As the Rights represent a participant's 'at risk' long term incentive component of their remuneration package, the Rights are granted at no cost to the participant.
Maximum LTI Opportunity	The CEO opportunity is 150% of TFR, the opportunity for the CFO, CDO and EGM – Cadia and MMJV is 100% of TFR, and the opportunity for the other Executives is 80% of TFR. Section 4.6 indicates the value of the grants expressed as a percentage of the total remuneration package.
Grant Date	The grant date was 5 November 2015 and Rights under the plan will vest, subject to the satisfaction of the performance conditions, on 5 November 2018. The total number of Rights held by each Executive is summarised in section 9.4.
LTI Value	For these purposes, the value of each Right is calculated based on the value of the underlying security, using the five day VWAP of Newcrest's share price immediately preceding the grant date.
Performance period	The assessment period is the three financial years commencing on 1 July in the year the grant is issued.
Performance Conditions	Rights issued under the 2015 LTI Plan are subject to the Performance Conditions shown below:  The Performance Conditions have been set to align with the long-term goals and performance of Newcrest and the generation of shareholder returns. Further details in regards to the Performance Conditions are detailed in section 4.5.2.
Vesting	Rights vest three years from the grant date subject to the Performance Conditions being met. Rights are automatically exercised on vesting.
Holding lock	For Executives, shares received on the vesting and automatic exercise of Rights are subject to a 12 month holding lock.
Dividends	No dividends are paid on unvested Rights. Dividends, when applicable, will be paid for vested shares held under the holding lock.
Clawback	In general, the Board has the discretion to reduce or forfeit an LTI award for a participant if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including fraud, dishonesty, gross misconduct or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or grant date.
Cessation of employment	Except at the discretion of the Board: - if a participant gives a notice of resignation or is dismissed, unvested Rights will lapse on cessation of employment; and - if a participant ceases employment for any other reason, pro-rata unvested Rights will remain on foot and vest subject to the application of the performance conditions and any holding lock in the terms of grant. For all leavers, any restricted shares will be released after expiration of the holding lock period (subject to the Board exercising a discretion under the clawback policy).

Feature	Description
Change of control	The Board may exercise its discretion to allow all or some unvested rights to vest if a change of control event occurs.
Retesting	There is no retesting. Rights that do not vest based on performance over the three year performance period will lapse on the third anniversary of the grant date.
Overriding Board discretion	The Board retains overriding discretion to adjust the final outcome to ensure any LTI award is appropriate.

4.5.2. 2015 LTI performance conditions in detail

2015 LTI Performance Conditions

Component	Assessment	Reason the Performance Measure Was Adopted
Comparative Cost Position The Company's measure for the Comparative Cost Position performance condition is the AISC, as determined and reported in accordance with the World Gold Council Guidance Note on Non-GAAP Metrics: All-in Sustaining Costs and All-in Costs, adopted by the Company in relation to costs reporting. The AISC incorporates costs related to sustaining production. The comparison is made by ranking the Company's performance over the performance period against other producers included in independently managed and sourced data.	The vesting scale for this measure is as follows: - 0% vests if Comparative Costs are at or above the 50th percentile; - 50% vests if Comparative Costs are less than the 50th percentile, but at or above the 25th percentile; - 80% vests if Comparative Costs are below the 25th percentile but at or above the 10th percentile; - 100% vests if Comparative Costs are below the 10th percentile. Straight line vesting occurs between each of these thresholds. The Comparative Costs measure will be assessed using peer data for the period from 1 July 2015 until 31 March 2018 (i.e. 2 years and 9 months).	This measure is closely aligned to Newcrest's strategic objective to be a low cost producer and aligned to our relative value proposition for gold equity investors. The AISC result is a sound basis for the Company to use in assessing comparative cost as it is based on publicly disclosed results.
ROCE ROCE is an absolute measure, defined as underlying earnings before interest and tax (**EBIT**), 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 Rights that may be exercised in relation to this performance measure. Average capital employed is calculated as a simple average of opening and closing balances. If material equity transactions (for example, significant equity issuances or asset impairments) occur such that the simple average is not representative of actual performance, the average capital employed for the year is adjusted for the effect of these transactions.	The vesting scale for this measure is as follows: - 0% vests if ROCE is less than 7%; - 20% vests if ROCE is 7%; - 50% vests if ROCE is 9%; - An additional 6.25% vests for each 1% increase in ROCE above 9% to 17%. Straight line vesting occurs between each of these thresholds.	ROCE aligns management action and company outcomes closely with long term shareholder value. ROCE provides a balance to the other LTI metrics as it serves as a counter to "buying" success. ROCE is also based on publicly disclosed and reconciled results and is therefore a sound basis for the Company to use in assessing value. Impairments are excluded from the capital base in the year in which they occur, such that the return is on a pre-impairment basis and LTI participants do not benefit from the impairment. However, the post impairment capital base is used in the calculation of returns in future years so as to not de-incentivise current or new management.
Strategic Performance This measure is based on a combination of the following four strategic performance elements over the 2015 LTI three year performance period.	Replacement of Reserves and Resources depletion accounts for 40% of the Strategic Performance measure score. The remaining three measures are equally weighted at 20% each and account for the balance of the 2015 LTI.	

Component	Assessment	Reason the Performance Measure Was Adopted
1. **Replacement of Reserves and Resources Depletion** (40%)	- Assessed over the period 1 July 2015 to 30 June 2018. - Reserves replacement and Resources replacement are each weighted 50% in assessing performance against this measure. - Vesting will be straight line pro-rating based on the proportion of replacement of depletion up to 100% when depletion is replaced in full. - Excess replacement of one can be applied to offset the shortfall of another, provided the total reward for one does not exceed 150%. - The Reserves and Resources measure is stated and calculated on a "per share basis" over the duration of the performance period. - Resources include Measured and Indicated, but not Inferred.	Newcrest has a substantial reserves base. However, replacing depletion is critical to the long-term future of the Company. Calculation of reserves and resources is undertaken in compliance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (JORC Code), which provides integrity to the calculations.
2. **Organisational Health** (20%)	- This component is assessed on the basis of improvement in the scores achieved in the Organisation Health Index Scores survey results. - Survey results from a survey in Q1 or Q2 in the 2017 calendar year compared against the Baseline (Q1, 2014 calendar year survey) - Threshold = 50th percentile - Target = 60th percentile - Maximum = 70th percentile - Percentile outcome in the 2017 calendar year to be a linear interpolation of the above scale.	Organisational Health is how an organisation aligns itself, executes with excellence, and renews itself to sustainably achieve performance aspirations. The Organisational Health Index is a validated survey instrument prepared by external providers and designed to measure organisational outcomes and the practices used to drive those outcomes. The initial focus was on improving the four priority practice areas of: Employee Involvement, Bottom Up Innovation, Personal Ownership and Operational Discipline. In the 2016 financial year, based on survey results and input from sites, three additional priority practices were added: Shared Vision, Inspirational Leaders and Talent Development.

3. **Diversity** (20%)	Achievement of two equally weighted Diversity measures to be assessed separately:
	- Increase the representation of women in management Levels 2 to 4 to at least 18% by 31 December 2017.
	  ○ 50% will vest if the representation is 16% at 31 December 2017,
	  ○ 100% will vest if the representation is 18% by 31 December 2017 with straight-line pro-rating between 16% and 18%.
	- 50% of women in Level 3 and 4 roles as at 31 December 2017 will have completed or be participating in a leadership development program to achieve 100% vesting.
		These measures are designed to increase the representation of women in leadership roles at Newcrest and to deliver a larger pool of women from which Newcrest can identify and develop future senior leaders.
		
		The intent of the measures is to improve gender diversity at Newcrest, the first focus in building a diverse and inclusive environment, where each person fully contributes to Newcrest's high-performance no-nonsense culture. Different backgrounds and perspectives help find better ways to solve problems, attract and retain the best people, explore, develop and produce more gold safely and profitably, and help make Newcrest a better place to work.
		
		Key priorities include establishing appropriate site-level gender diversity targets, as well as agreeing site-level and group-level actions to improve attraction, development and retention of women at Newcrest, including to shift mindsets and behaviours.

Component	Assessment	Reason the Performance Measure Was Adopted
4. Growth (20%)	Board assessment of progress made by Management in progressing and/or realising organic and new growth options, improving the growth profile of the business and improving the quality of the asset portfolio.	Introduced to ensure a broader focus on a number of other key strategic growth initiatives to drive long term business performance and sustainability.

4.5.3. Outlook for 2016 LTI Performance Conditions (2017 financial year)

The LTI Performance Conditions to be adopted for grants made during the 2017 financial year (the 2016 LTI Plan) will comprise of the following equally weighted measures:

- ROCE. The Board intends to review the vesting schedule and calculation of ROCE prior to the 2016 Annual General Meeting to ensure that it appropriately reflects prevailing expectations of rates of return on assets, and the effect of development capital on the calculation, to better align Management reward with the interests of shareholders. Any changes to this measure (including the vesting schedule) will be communicated in the Notice of Meeting for the 2016 Annual General Meeting;
- Comparative Cost Position, assessed using peer data for the period from 1 July 2016 until 30 June 2019 (i.e. 3 years), with a variation measure to the vesting schedule aimed at ensuring that the performance required for minimum and maximum vesting is challenging but achievable (set out below):

Performance level	Vesting level	Rationale for change
Comparative Cost position is at or above the 50th percentile.	0% vesting	No change.
Comparative Cost position is less than the 50th percentile. Straight line vesting occurs between 50th and 25th percentiles.	40% vesting	Vesting level for this level of performance has been reduced from 50% to 40% of maximum. This is intended to offset the easing of the maximum performance requirement described below.
Comparative Cost position is less than the 25th percentile.	100% vesting	The performance standard has been eased from the lowest cost decile (ie the lowest 10%) to the lowest quartile (ie the lowest 25%). This is to ensure the maximum vesting level is challenging but achievable, in light of the tendency for the lowest cost peers to be small, single-mine producers who are not comparable to companies with Newcrest's breadth of operations.

- A new Relative TSR measure which will replace the Strategic Performance measure, in order to provide greater alignment between the outcomes of the Plan and the returns experienced by shareholders, and in order to specifically encourage outperformance against other gold mining companies.

  After thorough analysis, it has been determined that the S&P TSX Global Gold Index will be the most appropriate comparison point for Newcrest to use for the Relative TSR measure. The key reasons for this are as follows:

  - As a gold mining company, Newcrest's share price performance is significantly impacted by fluctuations in the gold price. Accordingly, the Board's view is that it is appropriate to compare Newcrest's performance to that of other gold mining companies (to ensure that any outperformance or underperformance is not dictated by fluctuations in the gold price).
  - There are few ASX-listed gold mining companies which act as a directly relevant comparison to Newcrest given the differences in scale, and it is therefore considered that a comparison with international peers is more appropriate.
  - Rather than hand-pick a selection of peer gold mining companies from various stock exchanges globally, the Board considers that Newcrest's performance should be compared to the S&P TSX Global Gold Index as each of Newcrest's major peers are constituents in the S&P TSX Global Gold Index.

Newcrest's Relative TSR will be assessed by reference to the movement in Newcrest's Australian dollar share price and dividends, relative to movement in the S&P TSX Global Gold Index, over a performance period from 1 July 2016 to 30 June 2019. The vesting schedule will be as follows, with the Board having the discretion to adjust the final outcome to ensure any LTI award is appropriate.

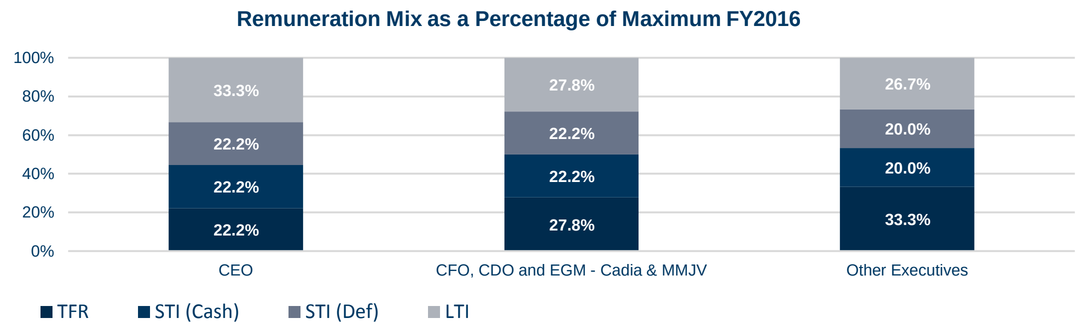
Newcrest is below the performance of the index	0% vests
Newcrest is equal to the performance of the index	50% vests
Newcrest exceeds the performance of the index by less than 18 percentage points	50 to 100% vests Straight-line pro-rating
Newcrest exceeds the performance of the index by 18 percentage points or more	100% vests

The Board commissioned an analysis of TSR performance of key international peers over several previous LTI performance periods. After considering the results of this analysis, performance equal to the index was considered an appropriate proxy for threshold performance, and outperformance of the index by 18 percentage points over a 3 year performance period (approximately 5.7 percentage points per annum) was identified as an appropriate level of stretch performance.

The strategic performance measures (replacement of reserves and resources depletion, organisational health, diversity and growth) continue to be considered important by the Board, but will, in future, be embedded into Executives' short-term objectives, underpinned by the STI.

4.6. Executive Remuneration Mix

Newcrest's mix of remuneration components, expressed as a percentage of "maximum" earning opportunity, for current Executives, for the 2016 financial year is illustrated in the following graphs. Although the components of TFR, STI and LTI are described separately, they should be viewed as part of an integrated package. Sign-on grants are not reflected in the graphs.



4.7. Sign-on grants

To support Newcrest's ability to attract suitable Executives and senior managers, it is sometimes necessary to offer sign-on payments. Such payments are consistent with market practice in the industry and facilitate movement of Executives to Newcrest by compensating them for a portion of entitlements that they would otherwise lose on leaving another company. In August 2015, an Executive Remuneration Policy was introduced that requires that any sign-on payments to new Executives take into account an independent assessment of any amounts expected to be foregone by an incoming Executive and that, where practicable, any such payments offered be made in equity and the timing of such payments not be accelerated. A new sign-on rights share plan was approved during the year to support this policy.

Consistent with the policy outlined above, the following sign-on arrangements were agreed during the year:

- On commencement, Michael Nossal received performance rights with a value of US$1,092,750, and a cash payment of US$113,805 in March 2016, to compensate for the value of incentives forfeited on cessation of employment with his previous employer, with the form of compensation intended to align with the incentives forfeited on cessation. Accordingly, the performance rights were granted at no cost and are not subject to any performance conditions (other than a service condition). The rights are due to be automatically exercised at a nil exercise price and vest as fully paid ordinary shares in two equal tranches in July 2016 and July 2017 (or as soon as possible afterwards in accordance with the Securities Dealing Policy). An additional cash payment of US$54,638 is due to be made in September 2016. The sign-on arrangements are subject to continuing employment (other than in limited circumstances).
- On commencement, Ian Kemish received performance rights with a value of US$284,115, to compensate for the value of incentives forfeited on cessation of employment with his previous employer, with the form of compensation intended to align with the incentives forfeited on cessation. Accordingly, the performance rights were granted at no cost. The rights are due to be automatically exercised at a nil exercise price and vest as fully paid ordinary shares in progressive tranches through to November 2018 (or as soon as possible afterwards in accordance with the Securities Dealing Policy). An additional cash payment of US$58,280 is due to be made in July 2017. The sign-on arrangements are subject to adequate performance and continuing employment (other than in limited circumstances).

These payments, together with sign-on payments made to Executives in recent years (including the issue of shares to Sandeep Biswas in November 2015, as foreshadowed in Newcrest's 2015 Remuneration Report), are detailed in the Remuneration Tables in section 9 of this report. The minimum value of sign-on payments that have not yet been made or are unvested is nil if the performance conditions are not met.

5. REMUNERATION OUTCOMES

5.1. Relationship between STI and LTI outcomes for the 2016 financial year and Newcrest's Financial Performance

Newcrest's key operational and financial outcomes for the 12 months ended 30 June 2016 are as follows:

- Statutory profit of US$332 million and Underlying profit of US$323 million.
- Gold production increased by 1% to 2.439 million ounces and within the market guidance range of 2.4 – 2.6 million ounces.
- All-In-Sustaining Cost reduced by 2% to US$762 per ounce.
- Free cashflow of US$814 million, with all operations free cash flow positive.
- Net debt of US$2.1 billion, reduced by US$782 million during the 2016 financial year.
- Gearing reduced to 22.8% and net debt to EBITDA improved to 1.6 times, with both metrics now inside Newcrest's financial policy objectives.
- Final unfranked dividend of US 7.5 cents per share for the 2016 financial year.

The following table provides a summary of the key financial results for Newcrest over the past five financial years.

Five Year Summary of Newcrest's Financial Performance

Year Ended 30 June	Measure	2016	2015	2014	2013	2012
Statutory profit/(loss)	US$ million	332	376	(2,105)	(5,319)	1,158
Underlying profit[1]	US$ million	323	424	393	459	1,112
Cash flows from operating activities	US$ million	1,241	1,280	965	1,148	1,781
Free cashflow[2]	US$ million	814	854	136	(1,484)	(1,062)
All-in sustaining cost[3]	US$/oz sold	762	780	897	1,318	n/a
Cash costs	US$/oz produced	594	632	650	770	622
EBITDA Margin	%	39.2	38.5	37.5	39.0	48.7
EBIT Margin	%	18.0	22.6	20.3	19.7	36.0
Gearing[4]	%	22.8	29.3	33.8	29.3	12.5
Net Debt to EBITDA[5]	times	1.6	2.1	2.7	2.6	1.0
ROCE	%	6.2	7.8	6.2	5.0	10.1
Share price at 30 June [6]	A$	23.00	13.02	10.52	9.87	22.61
Earnings/(loss) per share[7]						
Basic	US$ cents/share	43.3	49.1	(274.6)	(694.5)	151.4
Underlying	US$ cents/share	42.1	55.3	51.3	59.9	145.4
Dividends	US$ cents/share	7.5	-	-	12.5	36.3
Gold produced	000's ounces	2,439	2,423	2,396	2,110	2,286
Average realised gold price	US$/oz	1,166	1,236	1,292	1,585	1,655

This table includes non-IFRS financial information. Refer to section 6 of the Operating and Financial Review for an explanation and reconciliation of non-IFRS terms.

(1) Underlying profit is profit after tax before significant items attributable to owners of the parent.

(2) Free cashflow is calculated as cash flow from operating activities less cash flow related to investing activities.

(3) AISC metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released in June 2013. Newcrest's AISC will vary from period to period as a result of various factors including production performance, timing of sales, the level of sustaining capital and the relative contribution of each asset. Newcrest commenced reporting AISC from the 2013 financial year.

(4) Gearing ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.

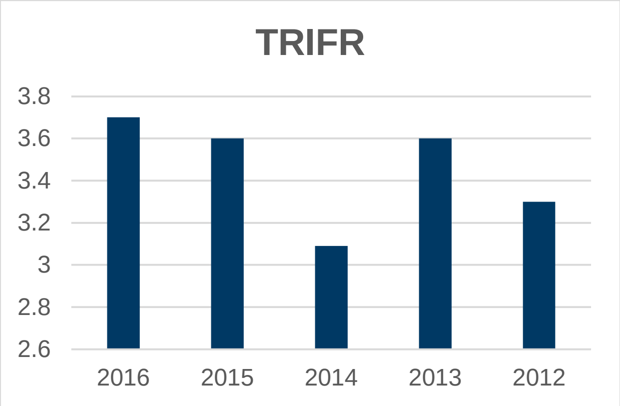
(5) Net debt to EBITDA is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA.

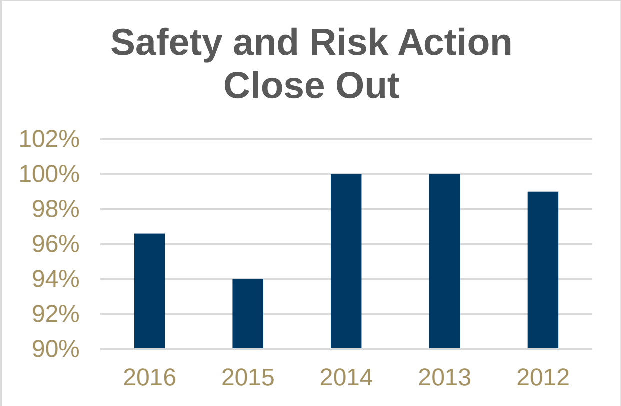
(6) Opening share price on 1 July 2011 was A$37.71.

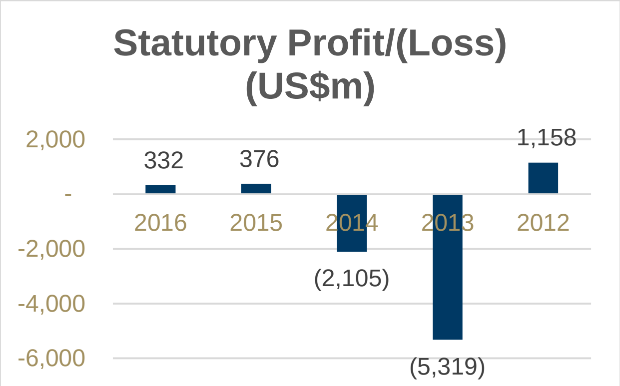
(7) Basic EPS is calculated as net profit after tax and non-controlling interests (statutory profit) divided by the weighted average number of ordinary shares. Underlying earnings per share is calculated as net profit after tax and non-controlling interests and before significant items (underlying profit) divided by the weighted average number of ordinary shares.

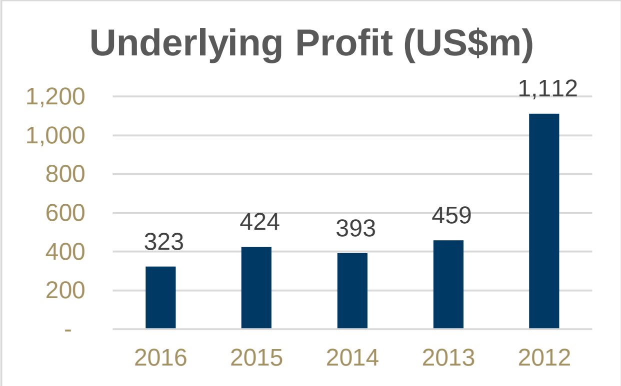
Five Year Summary of Newcrest's Financial Performance (continued)

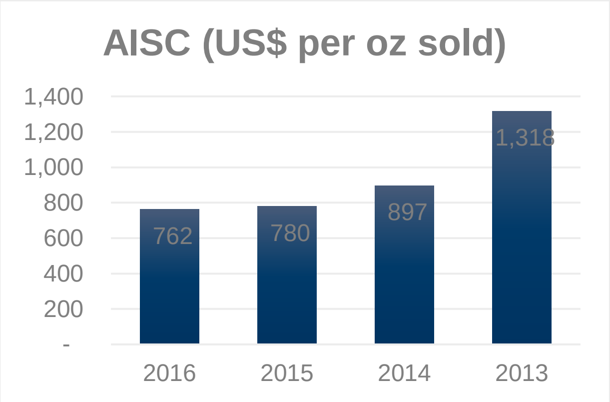
The graphs below show Newcrest's performance over the last four to five years for metrics used to determine the business component of any STI award, before any adjustments for fatalities as a result of the exercise of Board discretion (see section 5.2.1).

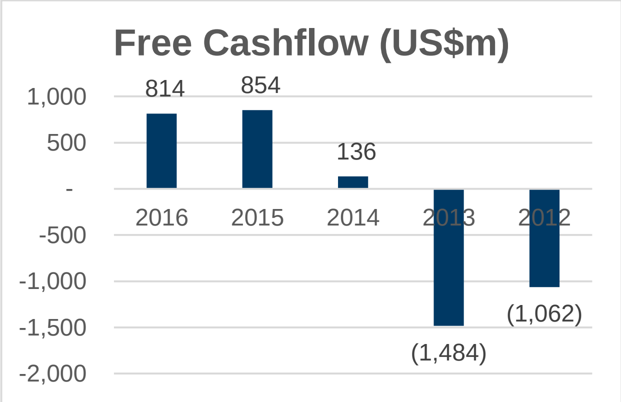












5.2. STI Outcomes for 2016 financial year

5.2.1. Performance against STI Objectives

The table below outlines performance achieved against STI objectives for the 2016 financial year.

Element	Weighting	Performance *Threshold* *Target* *Maximum*	Description
Business Measures	***60%***		
Safety (1) - TRIFR	7.5%		- TRIFR of 3.65 was above that required to meet threshold
Safety (2) - Major Hazard Audits (**MHA**) & SPI action close out on time	7.5%		- 97% completed on time
Earnings - NPAT before significant items (US$m)	15%		- $266m NPAT was slightly above target and includes $57m in adjustments* which reduced the outcome
Cost - AISC/oz (US$)	15%		- US$762 was slightly above target despite adjustments* which reduced the outcome
Cash flow: FCF (US$m)	15%		- US$738m cash flow was well above target despite adjustments* which reduced the outcome
Total Business Outcome			The total business outcome was 124%
***Personal Measures* (Sandeep Biswas – CEO)**	***40%***		
Sustainable and Safe Performance	10%		- 0% for safety due to fatality at Cadia - Significant improvement in Organisational Health Index score
Operational Performance	10%		- Significant improvement in Lihir and Cadia East operational performance
Value and cash generation	10%		- Excellent cash generation and delivery of efficiency initiatives
Strategy and Growth	10%		- Reflects success in capturing exploration project opportunities, and progress with other initiatives at Lihir and Golpu
***Personal Measures* (Gerard Bond – CFO)**	***40%***		
People Capability, Investor Relations and Capital & Risk Management	10%		- Capital management and other initiatives - Significant improvement in Organisational Health Index score
Major Finance Projects	10%		- Reflects successful transition to USD reporting and progress with Golpu projects and other initiatives
Simplification and IT improvements	10%		- Further simplification of key financial and commercial processes - Delivery of significant IT process improvements and productivity benefits
Cost Saving and Operational Efficiency	10%		- Excellent cash generation and delivery of procurement, working capital and corporate efficiency initiatives

Element	Weighting	Performance Threshold Target Maximum	Description
Personal Measures (other Executives) Individual measures based on initiatives and key project deliverables linked to company strategy and performance	***40%***		- Other Executives had a broad range of objectives, against which performance varied significantly (from below threshold to close to maximum) - In particular, the EGM – Cadia and MMJV was awarded 0% for safety performance due to the fatality at Cadia in September 2015

* Adjustments made to measures are in accordance with the detail provided in section 4.4.2. A reconciliation of the Earnings measure outcome to statutory profit is detailed below:

	2016 US$m	2015 US$m
Statutory profit	332	376
Add back: Significant items after tax(1)	(9)	48
Underlying profit	323	424
Adjust: Board agreed adjustments(2)	(57)	(118)
Earnings	**266**	**306**

(1) Refer to section 2.6 of the Operating and Financial Review for details of significant items.

(2) Represents adjustments for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of management.

The fatality at Hidden Valley in July 2015 was already considered and taken into account when determining the overall score for the 2015 financial year STI Business measures.

In determining the overall score for the 2016 financial year Business measures, the Board took into consideration the fatality at Cadia in September 2015. Whilst this event was extremely disappointing, the Board determined not to exercise discretion to amend the overall score in recognition of the significant steps that have been taken to improve the Company's safety processes and culture. However, as noted above, this fatality was taken into consideration when assessing the personal performance of Sandeep Biswas and Craig Jones, who received 0% for the safety component of their personal measures in their STI assessment.

5.2.2. STI Outcomes for all Executives for the 2016 financial year

The table below summarises performance against Personal Measures and final STI outcomes for all Executives for the 2016 financial year. The maximum value of the award for future years (i.e. October 2016) is the actual STI awarded. The minimum value of the award is nil if the performance conditions are not met.

Executive	Assessment against personal measures	% of STI Target Awarded	% of TFR awarded as STI[(1)]	Actual STI Awarded[(2)] US$'000	STI Amount Deferred[(2)] US$'000	% of Max STI Opportunity Awarded	% of Max STI Opportunity Foregone
Sandeep Biswas	130%	126.4%	126.4%	2,118	1,059	63.2%	36.8%
Gerard Bond	148%	133.6%	106.9%	715	357	66.8%	33.2%
Craig Jones	84%	108.0%	86.4%	485	242	54.0%	46.0%
Ian Kemish[(3)]	-	-	-	-	-	-	-
Francesca Lee	132%	127.2%	76.3%	389	194	63.6%	36.4%
Michael Nossal	110%	118.4%	94.7%	673	336	59.2%	40.8%
Philip Stephenson	101%	114.8%	68.9%	326	163	57.4%	42.6%
Jane Thomas[(4)]	120%	122.4%	73.4%	369	185	61.2%	38.8%
Colin Moorhead[(5)]	100%	114.4%	68.6%	68	-	57.2%	42.8%

(1) Calculated using the Total Fixed Remuneration values detailed at section 4.3 and the percentages for Target Performance disclosed in the table in section 4.4.1.

(2) Amounts have been translated from Australian dollars to US dollars using an average exchange rate of 0.7285

(3) Ian Kemish commenced on 16 May 2016. He was not eligible to receive a reward under the STI Plan for the 2016 financial year.

(4) The values in the table above do not reflect the fact that, in accordance with the STI Plan Rules, Jane Thomas will forfeit her entitlement to receive US$184,579 of deferred shares due to her resignation. The cash component of her 2016 financial year STI will be paid in October 2016.

(5) Colin Moorhead was eligible to receive a pro-rata reward under the STI Plan for the 2016 financial year for the proportion of the performance year worked prior to his cessation date. His personal performance was assessed as "at target'. He will receive his total pro-rated 2016 financial year STI award in cash, to be paid in October 2016.

Note: David Woodall was not eligible to receive a pro-rata reward under the STI Plan for the 2016 financial year for the proportion of the performance year worked prior to his cessation date.

5.3. Vesting Outcomes for 2012 LTI Plan

Following the completion of the performance period from 1 July 2012 to 30 June 2015, the 2012 LTI Plan vested on 17 September 2015 at 19.1% of maximum based on the assessment of performance against the applicable measures.

Element	Weighting	Performance Achieved	Percentage Vesting
Comparative Cost	33.3%	57.2%	19.1%
ROCE	33.3%	0.0%	0.0%
Reserves Growth	33.3%	0.0%	0.0%
TOTAL VESTING			**19.1%** (80.9% lapsed)

5.4. Estimated Vesting of LTI Rights in the 2017 financial year (2013 LTI Plan)

The 2013 LTI Plan is expected to vest on or about 16 September 2016. The vesting outcome is not yet known but it is anticipated that the vesting will be in the range of 25% to 33.3%. Relevant considerations in finalising the vesting outcome will include confirmation of the Comparative Cost outcomes, for which final data is pending.

Based on current estimates, the outcome for both ROCE and the Reserves Growth measures will be nil. The nil outcome for the Reserves Growth measures is primarily as a result of a strategic decision early in the performance period to significantly reduce spend on exploration over the performance period.

6. EXECUTIVE SERVICE AGREEMENTS AND TERMINATION ARRANGEMENTS

Remuneration and other terms of employment for the Executives are formalised in Executive Service Agreements (**ESA**). Each of the ESAs provides for the payment of fixed and performance based at risk remuneration, employer superannuation contributions, other benefits such as, death and disablement insurance cover via the Newcrest Superannuation Plan, and salary continuance cover. The ESAs do not have a fixed end date. The remuneration for each Executive during the 2016 financial year is detailed in sections 1.5 and 9.1, and positions held are detailed in section 2.

Each ESA provides that the Executive may terminate their employment by giving the Company three months' notice. The Company may terminate the Executive's employment by giving 12 months' notice and the Company may, at its discretion, elect to pay the Executive an amount in lieu of notice for any portion of the 12 months not worked.

The Company may terminate an Executive's employment without notice at any time for cause. No payment in lieu of notice, or any payment in respect of STI or LTI is payable under the ESA in this circumstance.

On cessation of employment, STI or LTI awards vest in accordance with the relevant Plan Rules. Refer to sections 4.4 and 4.5 for further details.

7. NON-EXECUTIVE DIRECTORS' REMUNERATION

7.1. Remuneration Policy

The Non-Executive Director (**NED**) fees and other terms are set by the Board. NEDs are paid by way of a fixed Director's fee and Committee fees commensurate with their respective time commitments and responsibilities. The level and structure of the fees is based upon the need for the Company to attract and retain NEDs of suitable calibre, the demands of the role and prevailing market conditions.

In order to maintain impartiality and independence, NEDs do not receive any performance-related remuneration and are not entitled to participate in the Company's short and long term incentive schemes. NEDs are not provided with any retirement benefits, other than statutory superannuation contributions.

7.2. Fee Pool

The maximum amount of fees (including superannuation contributions) that can be paid to NEDs is capped by a pool approved by shareholders. At the Annual General Meeting held on 28 October 2010, shareholders approved the current fee pool of A$2,700,000 per annum (US$1,967,000 using the average exchange rate of 0.7285 for the 2016 financial year).

In June 2016, the Board resolved that the aggregate maximum amount of NEDs' fees should remain at the level approved by shareholders in 2010.

7.3. Fee Structure

In reviewing the level of fees, the Board obtained independent market data from KPMG. The fees were compared to the ASX 11 - 40 comparator group. The benchmarking review showed that the current NED fees are competitively positioned, and as a result, the Board decided that there would be no change to existing fee levels.

The table below outlines the main Board and Committee fees as at 30 June 2016.

		Per Annum A$'000	Per Annum US$'000 [(1)]
Board Fees	Chairperson [(2)]	600	437
	Members	200	146
Committee Fees	**Audit & Risk Committee**		
	Chairperson	50	36
	Members	25	18
	Safety & Sustainability Committee		
	Chairperson	40	29
	Members	20	15
	HRR Committee		
	Chairperson	40	29
	Members	20	15

(1) Board and Committee fees have been translated from Australian dollars to US dollars using an average exchange rate of 0.7285 for the 2016 financial year.

(2) The Chairperson of the Board does not receive any additional payments for his/her role as Chair or Member of any Committee.

Under the Company's Constitution, NEDs may be reimbursed for reasonable travel, accommodation and other expenses incurred while engaged on the business of the Company. NEDs may also be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties. No fees for additional services were paid to NEDs for the current or prior financial year.

8. SHAREHOLDINGS

8.1. Minimum Shareholding Policy

All KMP are required to hold shares in the Company. The Company introduced a Minimum Shareholding Requirement Policy applicable to all KMP from 1 July 2015. The policy requires that:

- the CEO own a minimum of 100% of TFR in shares, to be acquired within five years;
- all Executives own a minimum of 50% of TFR in shares, to be acquired within five years; and
- all NEDs own a minimum of one year's total annual fees in shares, to be acquired within three years (or as agreed with the Chairman for newly appointed NEDs),

from the later of appointment or 1 July 2015.

8.2. Executive Shareholdings

A summary of current shareholdings of Executives, including their closely related entities, as at 30 June 2016 are set out below.

Executive	Opening balance at 1 July 2015	Granted as remuneration in FY2016[(2)]	Shares acquired on exercise of Performance Rights	Net other movements[(3)]	Closing balance at 30 June 2016[(4)]
Sandeep Biswas	57,502	54,990	-	88,260	200,752
Gerard Bond	33,838	-	6,970	-	40,808
Craig Jones [(1)]	3,793	-	3,317	-	7,110
Ian Kemish	-	-	-	-	-
Francesca Lee	-	-	-	-	-
Michael Nossal	-	-	-	-	-
Philip Stephenson	-	-	-	-	-
Jane Thomas	-	-	-	-	-
Former Executives					
Colin Moorhead	49,899	-	-	-	49,899
David Woodall	-	-	-	-	-

(1) The opening balance includes 2,263 Newcrest shares acquired by Craig Jones upon vesting of LTI rights which were inadvertently omitted from the summary of shareholdings included in the 2015 Remuneration Report.

(2) In November 2015, Sandeep Biswas received 54,990 fully paid ordinary shares (based on the January 2014 VWAP) on vesting of sign-on rights granted to him as compensation for amounts foregone in accepting a role with Newcrest. It followed the earlier issue of 54,990 fully paid ordinary shares (based on the January 2014 VWAP) which was awarded in November 2014.

(3) For Sandeep Biswas, net other movements comprise 115,260 shares allocated in respect of the deferral of 50% of his STI award on 20 October 2015 for the 2015 financial year less the disposal of 27,000 shares.

(4) For former Executives, the closing balance represents the balance at the date of their departure.

8.3. Non-Executive Directors' Shareholdings as at 30 June 2016

A summary of current shareholdings of NEDs, including their closely related entities, as at 30 June 2016 are set out below.

Non-Executive Directors	Opening balance at 1 July 2015	Net other Movements	Closing balance at 30 June 2016
Peter Hay	43,000	9,000	52,000
Philip Aiken	17,769	-	17,769
Roger Higgins	-	12,294	12,294
Winifred Kamit	326	-	326
Richard Knight	40,000	-	40,000
Rick Lee	28,447	-	28,447
Xiaoling Liu	-	10,000	10,000
John Spark	32,695	(590)	32,105

8.4. Securities Dealing Policy

The Company has a Securities Dealing Policy which prohibits the use by Directors, Executives and employees of hedging and derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Company's equity incentive schemes, whether or not they are vested. The Policy also prohibits entry into transactions in associated products that operate to limit the economic risk of their security or interest holdings in the Company. Employees are not permitted to enter into margin loans in relation to Newcrest securities at any time without prior approval from the Chairman or Company Secretary. The Securities Dealing Policy forms part of each employee's terms of employment.

The Securities Dealing Policy is available on the Company's website at: **www.newcrest.com.au/about-us/corporate-governance**

9. STATUTORY TABLES

9.1. Executive Remuneration

	Short Term				Termination Benefits	Long Term	Post-Employment	Share-Based Payments				
Executives	**Salary (A) US$'000**	**Short Term Incentive (B) US$'000**	**Other Cash Benefits (C) US$'000**	**Other Benefits (D) US$'000**	**Separation Payments (E) US$'000**	**Leave (F) US$'000**	**Super-annuation (G) US$'000**	**LTI Rights (H) US$'000**	**STI Deferral (I) US$'000**	**Other (J) US$'000**	**Total US$'000**	**Perfor-mance related (K) %**
2016												
Sandeep Biswas	1,662	1,059	19	19	-	46	14	931	852	66	4,668	60.9
Gerard Bond	655	358	-	9	-	11	14	303	135	-	1,485	53.6
Craig Jones	547	243	103	130	-	9	14	224	91	-	1,361	41.0
Ian Kemish	60	-	8	-	-	1	4	-	-	82	155	n/a
Francesca Lee	496	195	-	6	-	9	14	131	74	-	925	43.2
Michael Nossal	686	337	153	7	-	17	14	94	127	820	2,255	24.7
Philip Stephenson	453	163	47	47	-	17	14	69	61	-	871	33.6
Jane Thomas	489	184	28	39	-	30	14	(37)	-	-	747	19.7
Former Executives												
Colin Moorhead	79	68	-	1	-	-	7	20	-	-	175	50.3
David Woodall	45	-	-	10	-	-	4	-	-	-	59	n/a
Total	**5,172**	**2,607**	**358**	**268**	**-**	**140**	**113**	**1,735**	**1,340**	**968**	**12,701**	
2015[1]												
Sandeep Biswas	1,908	1,391	14	22	-	117	16	355	523	410	4,756	47.7
Gerard Bond	755	893	-	10	-	15	16	158	-	-	1,847	56.9
Craig Jones	630	706	-	8	-	11	16	104	-	-	1,475	54.9
Francesca Lee	572	493	-	6	-	24	16	46	-	-	1,157	46.6
Colin Moorhead	657	494	-	8	462	11	16	105	-	-	1,753	34.2
Jane Thomas	275	242	198	27	-	20	8	43	-	-	813	35.1
David Woodall	656	-	39	46	541	24	16	-	-	-	1,322	n/a
Total	**5,453**	**4,219**	**251**	**127**	**1,003**	**222**	**104**	**811**	**523**	**410**	**13,123**	

(1) Total Executive remuneration for the 2015 financial year excludes Executives who ceased being an Executive in the 2015 financial year. Total remuneration for these Executives in 2015 was US$244,000.

9.1 Executive Remuneration (continued)

The table above details the statutory remuneration disclosures as calculated with reference to the *Corporations Act 2001* and relevant accounting standards. All Executives are compensated in Australian dollars. Remuneration has been presented in US dollars, consistent with Newcrest's presentation currency. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.7285 (2015: 0.8388), with the exception of 'termination payments', which have been translated at the applicable spot rate.

Where applicable, remuneration is pro-rated for the time periods during the financial year 1 July 2015 to 30 June 2016 that the Executive was a KMP. An explanation of the relevant remuneration items included in the tables is provided in the associated footnotes. The figures provided in relation to share based payments (columns H to J) are calculated in accordance with accounting standards and represent the amortised fair value of equity instruments that have been granted to Executives.

Notes to Executive Remuneration

(A) Salaries comprise cash salary and available salary package options grossed up by related fringe benefits tax, where applicable, net of superannuation commitments, paid during the financial year. For former and new Executives, this balance is pro-rated for time served as KMP.

(B) Short Term Incentive refers to cash amounts earned under the STI Plan which are paid in the following financial year. For Executives who departed Newcrest during the year, the STI treatment applies in accordance with the Plan Rules.

(C) Other cash benefits comprise:
Year ended 30 June 2016:
- For Ian Kemish and Michael Nossal, this includes the cash component awarded as "sign-on" incentives, as detailed in Section 4.7. These entitlements are being expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date on which they become fully entitled to the award.
- For Craig Jones, this represents relocation costs incurred in his relocation from Melbourne to Brisbane.
- For all other Executives this relates to travel costs paid in lieu of relocation entitlements.

Year ended 30 June 2015:
- In accordance with her Executive Service Agreement, Jane Thomas received, on commencement, a cash amount of US$171k being the value of incentives forfeited on cessation of employment with her previous employer. In addition, Newcrest paid the sum of US$27k which relates to travel costs paid in lieu of relocation entitlements.
- For all other Executives this relates to travel costs paid in lieu of relocation entitlements.

(D) Other benefits represents non-monetary benefits such as parking, insurance and applicable fringe benefits tax payable on benefits.

(E) Separation payments comprise amounts payable in accordance with Executive Service Agreements for Colin Moorhead and David Woodall.

(F) Represents leave entitlements, measured on an accruals basis, and reflects the movement in the entitlements over the year.

(G) Represents company contributions to superannuation under the Superannuation Guarantee legislation (**SGC**).

(H) Represents the fair value of performance rights, comprising rights over unissued shares, granted under the LTI plan which have been valued using a Black-Scholes option pricing model. This is calculated in accordance with Australian Accounting Standard *AASB 2 Share Based Payments*. The calculation of the share based payment expense is based on the apportioned expense associated with Rights granted, adjusted for the reassessment of estimated vesting outcomes of those rights.

(I) This represents the deferral of 50% of the STI award granted to the Executives which will be deferred in the form of shares (refer to section 1.2). The deferred amount is being expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Executive fully becomes entitled to the award.

(J) Represents rights awarded to Executives as "sign-on" incentives in accordance with their Executive Service Agreements, as detailed in Section 4.7. Their entitlements are being expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date on which they become fully entitled to the award.

(K) Represents performance related remuneration as a percentage of total remuneration. Performance related remuneration comprises short-term incentive, LTI rights and STI deferral. Comparative percentages have been restated to align to this methodology.

9.2. Executives – Changes in Rights Holdings during the 2016 financial year

Executives	Opening balance[1]	Granted under 2015 LTI Plan	Other Grants[2]	Rights Lapsed/ Forfeited[3]	Vested and/or Exercised	Closing balance[4]	Closing balance non-vested[5]
Current							
Sandeep Biswas[6]	621,828	276,285	-	-	(54,990)	843,123	843,123
Gerard Bond	260,228	73,555	-	(29,523)	(6,970)	297,290	297,290
Craig Jones	164,821	61,703	-	(14,054)	(3,317)	209,153	209,153
Ian Kemish[2]	-	-	18,993	-	-	18,993	18,993
Francesca Lee	63,360	44,878	-	-	-	108,238	108,238
Michael Nossal[2]	-	78,081	116,730	-	-	194,811	194,811
Philip Stephenson[7]	18,655	41,643	-	-	-	60,298	60,298
Jane Thomas [8]	59,051	44,206	-	-	-	103,257	103,257
Former							
Colin Moorhead	79,494	-	-			79,494	79,494
David Woodall	-	-	-	-	-	-	-

(1) The opening balance for Executives who commenced during the 2016 financial year is assessed on their commencement date, and for other Executives, is assessed on 1 July 2015.

(2) Rights to shares granted to Ian Kemish and Michael Nossal as a "sign-on" payment as detailed in section 4.7.

(3) Rights which lapsed or were forfeited were granted in the 2013 financial year.

(4) The closing balance for former Executives is assessed on the date of their departure, and for current Executives, is assessed on 30 June 2016.

(5) These Rights are 'at risk' and will lapse or be forfeited, in the event that the minimum prescribed conditions are not met by the Company or individual Executives, as applicable.

(6) The opening balance includes 54,990 Rights issued to Sandeep Biswas in accordance with his Executive Service Agreement. These rights vested and were exercised in November 2015.

(7) The opening balance for Philip Stephenson represents rights issued prior to his appointment date as an Executive.

(8) Jane Thomas' rights will lapse on the cessation of her employment in September 2016.

9.3. Executives – Total Value of Rights Granted and Exercised during the 2016 financial year

Executives	Accounting Fair Value of Rights Granted (A) US$'000	Value of Rights Exercised (B) US$'000
Sandeep Biswas	2,367	455
Gerard Bond	630	61
Craig Jones	529	29
Ian Kemish	285	-
Francesca Lee	384	-
Michael Nossal	1,807	-
Philip Stephenson	357	-
Jane Thomas	379	-

The following assumptions have been applied to this table:

(A) The accounting value of the Rights granted under the LTI Plan reflects the fair value of a Right on the Grant Date, being US$8.57 multiplied by the number of Rights granted during the year. The accounting value of a sign-on Right granted to Ian Kemish and Michael Nossal reflects the fair value of the Rights on the Grant Date, being US$14.99 and US$9.75 respectively, multiplied by the number of Rights granted during the year. This amount represents the maximum value which will be expensed over the performance period. The minimum value is nil if the performance and/or service conditions are not met.

(B) The value at the exercise date has been determined by the Company's share price at the close of business on the exercise date multiplied by the number of rights exercised during the year ended (nil exercise price).

9.4. Executives– Source of Rights Holdings at 30 June 2016

Financial Year	FY2014	FY2015	FY2016	FY2016	FY2016	Balance at 30 June 2016
Plan	2013 LTI	2014 LTI	2015 LTI	Other[3]	Other[2]	
Allocation Date	16 Sep 13	7 Nov 14	5 Nov 15	6 Jul 15	16 May 16	
VWAP for grant[1]	A$7.66	A$8.84	A$12.49	A$12.85	A$20.54	
Future financial years in which rights may vest	FY2017	FY2018	FY2019	FY2017 and FY2018	FY2017 to FY2019	
Sandeep Biswas	176,769	390,069	276,285	-	-	843,123
Gerard Bond	119,887	103,848	73,555	-	-	297,290
Craig Jones	60,335	87,115	61,703	-	-	209,153
Ian Kemish[2]	-	-	-	-	18,993	18,993
Francesca Lee	-	63,360	44,878	-	-	108,238
Michael Nossal[3]	-	-	78,081	116,730	-	194,811
Philip Stephenson[4]	-	18,655	41,643	-	-	60,298
Jane Thomas[5]	-	59,051	44,206	-	--	103,257

(1) Five day VWAP of Newcrest's share price used to determine the number of Rights offered.

(2) Ian Kemish is entitled under his ESA to sign-on rights as detailed in section 4.7. The number of rights is calculated based on a value of US$284,115 divided by the VWAP of Newcrest's share price over the 5 trading days immediately prior to his commencement date of 16 May 2016.

(3) Michael Nossal is entitled under his ESA to sign-on rights as detailed in section 4.7. The number of rights is calculated based on a value of US$1,092,750 divided by the VWAP of Newcrest's share price over the five 5 trading days immediately prior to his commencement date of 6 July 2015.

(4) Philip Stephenson's FY2015 rights were issued whilst he was in a previous role as GM – Health, Safety, Environment, Security and Risk.

(5) Jane Thomas' rights will lapse on the cessation of her employment in September 2016.

9.5. Non-Executive Directors Remuneration

		Short Term Board Fees US$'000	Short Term Committee Fees US$'000	Post-Employment Superannuation[1] US$'000	Total[2] US$'000
Non-Executive Directors					
Peter Hay	**2016**	**423**	**-**	**15**	**438**
	2015	488	-	16	**504**
Philip Aiken [3]	**2016**	**141**	**40**	**5**	**186**
	2015	163	34	6	**203**
Roger Higgins [4]	**2016**	**100**	**10**	**10**	**120**
	2015	-	-	-	**-**
Winifred Kamit	**2016**	**132**	**29**	**15**	**176**
	2015	153	34	16	**203**
Richard Knight [3]	**2016**	**133**	**17**	**14**	**164**
	2015	153	46	16	**215**
Rick Lee	**2016**	**132**	**47**	**15**	**194**
	2015	153	55	16	**224**
Xiaoling Liu [5]	**2016**	**109**	**39**	**12**	**160**
	2015	-	-	-	**-**
John Spark	**2016**	**132**	**36**	**14**	**182**
	2015	153	42	16	**211**
Former Non-Executive Directors					
Vince Gauci [6]	**2016**	**44**	**9**	**5**	**58**
	2015	153	34	16	203
Tim Poole [7]	**2016**	**11**	**3**	**1**	**15**
	2015	153	38	17	208
Total	**2016**	**1,357**	**230**	**106**	**1,693**
	2015	1,569	283	119	**1,971**

(1) Represents Company contributions to superannuation under the Superannuation Guarantee legislation (**SGC**) and insurance payments.

(2) Non-Executive Directors are compensated in Australian dollars. The remuneration for the Non-Executive Directors has been presented in US dollars, consistent with Newcrest's presentation currency. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.7285 (2015: 0.8388).

(3) Richard Knight resigned as Chairman of the Safety and Sustainability Committee on 30 September 2015. As a result, his committee fee for the year has been pro-rated. Philip Aiken was appointed as Chairman of the Safety and Sustainability Committee on 30 September 2015 following Richard Knight's resignation.

(4) Roger Higgins was appointed as a Non-Executive Director on 1 October 2015.

(5) Xiaoling Liu was appointed as a Non-Executive Director on 1 September 2015.

(6) Vince Gauci retired from the Board on 29 October 2015.

(7) Tim Poole resigned from the Board on 30 July 2015.

Contents	Page

	Note	2016 US$m	2015 US$m
Sales revenue	5(a)	3,295	3,604
Cost of sales	5(b)	(2,601)	(2,752)
Gross profit		**694**	**852**
Exploration expenses	11	(32)	(30)
Corporate administration expenses	5(c)	(79)	(96)
Other income	5(d)	11	36
Share of profit of associate	28	-	15
Gain on disposal of investment	6(a)	18	-
Class action settlement expense	6(a)	(12)	-
Impairment reversal	6(a)	-	160
Loss on disposal of associate	28	-	(57)
Profit before interest and income tax		**600**	**880**
Finance income		1	1
Finance costs	5(e)	(148)	(159)
Profit before income tax		**453**	**722**
Income tax expense	7(a)	(118)	(335)
Profit after income tax		**335**	**387**
Profit after tax attributable to:			
Non-controlling interests		3	11
Owners of the parent		332	376
		335	**387**
Earnings per share (cents per share)			
Basic earnings per share	8	43.3	49.1
Diluted earnings per share	8	43.0	48.8

The above Statement should be read in conjunction with the accompanying notes.

	2016 US$m	2015 US$m
Profit after income tax	**335**	**387**
Other comprehensive loss		
Items that may be reclassified subsequently to the Income Statement		
Cashflow hedges		
Cashflow hedge gains transferred to the Income Statement	(2)	(7)
Cashflow hedge losses deferred in equity	(30)	(2)
Income tax benefit	10	2
	(22)	(7)
Investments		
Net gain on available-for-sale financial assets transferred to the Income Statement upon disposal of investment	(25)	-
Net gain on available-for-sale financial assets deferred in equity	-	25
	(25)	25
Foreign currency translation		
Exchange losses on translation of foreign operations, net of hedges of foreign investments	(101)	(758)
Realised exchange loss transferred to the Income Statement upon disposal of investment/associate	7	72
	(94)	(686)
Other comprehensive loss for the year, net of tax	**(141)**	**(668)**
Total comprehensive income/(loss) for the year	**194**	**(281)**
Total comprehensive income/(loss) attributable to:		
Non-controlling interests	3	11
Owners of the parent	191	(292)
	194	**(281)**

The above Statement should be read in conjunction with the accompanying notes.

	Note	2016 US$m	2015 US$m	1 July 2014 US$m
Current assets				
Cash and cash equivalents	20	53	198	133
Trade and other receivables	15	134	158	160
Inventories	14	545	619	754
Other financial assets	21(f)	-	13	13
Current tax asset		2	14	60
Other assets	16	69	61	73
Total current assets		**803**	**1,063**	**1,193**
Non-current assets				
Inventories	14	1,170	1,115	1,091
Other financial assets	21(f)	-	97	10
Property, plant and equipment	11	8,891	9,227	9,949
Other intangible assets	12	44	61	83
Deferred tax assets	17	105	140	270
Investment in associate	28	-	-	152
Other assets	16	178	100	51
Total non-current assets		**10,388**	**10,740**	**11,606**
Total assets		**11,191**	**11,803**	**12,799**
Current liabilities				
Trade and other payables		369	327	301
Borrowings	20	120	-	105
Provisions	18	147	168	203
Current tax liability		13	3	-
Other financial liabilities	21(f)	21	11	9
Total current liabilities		**670**	**509**	**618**
Non-current liabilities				
Borrowings	20	2,040	3,087	3,734
Provisions	18	396	353	338
Deferred tax liabilities	17	948	897	849
Other financial liabilities	21(f)	17	-	-
Total non-current liabilities		**3,401**	**4,337**	**4,921**
Total liabilities		**4,071**	**4,846**	**5,539**
Net assets		**7,120**	**6,957**	**7,260**
Equity				
Issued capital	22	11,666	11,673	11,679
Accumulated losses		(4,347)	(4,679)	(5,055)
Reserves	23	(278)	(145)	517
Equity attributable to owners of the parent		**7,041**	**6,849**	**7,141**
Non-controlling interests		79	108	119
Total equity		**7,120**	**6,957**	**7,260**

The above Statement should be read in conjunction with the accompanying notes.

	Note	2016 US$m	2015 US$m
Cash flows from operating activities			
Receipts from customers		3,332	3,509
Payments to suppliers and employees		(1,927)	(2,067)
Interest received		1	1
Interest paid		(138)	(144)
Income taxes paid		(28)	(23)
Dividends received		1	4
Net cash provided by operating activities	10	**1,241**	**1,280**
Cash flows from investing activities			
Payments for plant and equipment		(197)	(182)
Mine under construction, development and feasibility expenditure		(214)	(225)
Production stripping expenditure		(54)	(63)
Exploration and evaluation expenditure		(44)	(38)
Information systems development		(6)	(1)
Interest capitalised to development projects		(1)	(5)
Proceeds from sale of investments		88	-
Proceeds from sell down of investment in associate		-	82
Proceeds from non-participation in rights issue		-	5
Proceeds from sale of plant and equipment		1	1
Net cash used in investing activities		**(427)**	**(426)**
Cash flows from financing activities			
Proceeds from borrowings:			
• Bilateral bank debt		2,160	1,090
• Bank loan		20	-
Repayment of borrowings:			
• Bilateral bank debt		(3,110)	(1,745)
• Private placement notes		-	(105)
Payment for treasury shares		(6)	(7)
Contingent consideration received		9	-
Dividends paid:			
• Non-controlling interests		(32)	(22)
Net cash used in financing activities		**(959)**	**(789)**
Net increase/(decrease) in cash and cash equivalents		(145)	65
Cash and cash equivalents at the beginning of the year		198	133
Cash and cash equivalents at the end of the year	20	**53**	**198**

The above Statement should be read in conjunction with the accompanying notes.

2016	Attributable to Owners of the Parent							Non-controlling Interests	Total
	Issued Capital	FX Translation Reserve	Hedge Reserve	Equity Settlements Reserve	Fair Value Reserve	Accu-mulated Losses	Total		
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Balance at 1 July 2015	**11,673**	**(246)**	**6**	**70**	**25**	**(4,679)**	**6,849**	**108**	**6,957**
Profit for the year	-	-	-	-	-	332	332	3	335
Other comprehensive income for the year	-	(94)	(22)	-	(25)	-	(141)	-	(141)
Total comprehensive income for the year	**-**	**(94)**	**(22)**	**-**	**(25)**	**332**	**191**	**3**	**194**
Transactions with owners in their capacity as owners									
Share-based payments	-	-	-	8	-	-	8	-	8
Shares purchased	(7)	-	-	-	-	-	(7)	-	(7)
Dividends paid	-	-	-	-	-	-	-	(32)	(32)
Balance at 30 June 2016	**11,666**	**(340)**	**(16)**	**78**	**-**	**(4,347)**	**7,041**	**79**	**7,120**

The above Statement should be read in conjunction with the accompanying notes.

2015	Attributable to Owners of the Parent							Non-controlling Interests	Total
	Issued Capital	FX Translation Reserve	Hedge Reserve	Equity Settlements Reserve	Fair Value Reserve	Accu-mulated Losses	Total		
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Balance at 1 July 2014	**11,679**	**440**	**13**	**64**	**-**	**(5,055)**	**7,141**	**119**	**7,260**
Profit for the year	-	-	-	-	-	376	376	11	387
Other comprehensive loss for the year	-	(686)	(7)	-	25	-	(668)	-	(668)
Total comprehensive loss for the year	**-**	**(686)**	**(7)**	**-**	**25**	**376**	**(292)**	**11**	**(281)**
Transactions with owners in their capacity as owners									
Share-based payments	-	-	-	6	-	-	6	-	6
Shares purchased	(6)	-	-	-	-	-	(6)	-	(6)
Dividends paid	-	-	-	-	-	-	-	(22)	(22)
Balance at 30 June 2015	**11,673**	**(246)**	**6**	**70**	**25**	**(4,679)**	**6,849**	**108**	**6,957**

The above Statement should be read in conjunction with the accompanying notes.

INTRODUCTION

This section provides information about the overall basis of preparation that is considered to be useful in understanding these financial statements.

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) and the Port Moresby Stock Exchange (PoMSOX). The registered office of Newcrest Mining Limited is Level 8, 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 2016 was authorised for issue in accordance with a resolution of the Directors on 15 August 2016.

2. Basis of Preparation

(a) Overview

This 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 (AASB).

The financial report also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

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 has been presented in United States (US) dollars and all values are rounded to the nearest US$1,000,000 (US$m) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year, except as disclosed in Note 3.

(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 significant controlled entities (subsidiaries) is presented in Note 24.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Non-controlling interests in the results and equity of the entities that are 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.

2. Basis of Preparation (continued)

(c) Foreign Currency

Presentation and Functional Currency
The presentation currency of the Group is US 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. All non-Australian operating entities have a functional currency of US dollars, while the parent entity and the Group's Australian entities have a functional currency of Australian dollars.

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 statements are taken to the Income Statement with the exception of differences on certain US dollar denominated borrowings (held by entities with a functional currency of Australian dollars) where the foreign currency components are designated as either cash flow hedges of future US dollar denominated sales or hedges of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated in a reserve until the forecast sales used to repay the debt occur (for cash flow hedges) or the foreign operation is disposed (for net investment hedges), at which time they are recognised in the Income Statement.

Translation
The assets and liabilities of subsidiaries with a functional currency other than US dollars (being the presentation currency of the group) are translated into US dollars at the exchange rate at the reporting date and the income statement is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries, translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

(d) 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. 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 potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are found within the relevant notes.

3. Changes in Accounting Policies

During the year, the Group:

- Changed its presentation currency from Australian dollars to US dollars
- Early adopted accounting standard AASB 9 *Financial Instruments* from 1 January 2016
- Early adopted accounting amendment AASB 2015-2 *Disclosure Initiative: Amendments to AASB 101* from 1 July 2015

(a) Change in Presentation Currency

Newcrest has changed its reporting (presentation) currency from Australian dollars to US dollars in the current financial year. The Company believes that the change in reporting currency to US dollars will enhance comparability with Newcrest's industry peer group, the majority of which report in US dollars.

The change in reporting currency represents a voluntary change in accounting policy which is accounted for retrospectively. Comparative information included in this financial report, previously reported in Australian dollars and the statement of financial position at the opening of the comparative period (1 July 2014), has been restated into US dollars using the procedures outlined below:

1. The Income Statement and Statement of Cash Flows have been translated to US dollars using average exchange rates for the relevant year.

2. Assets and Liabilities in the Statement of Financial Position have been translated to US dollars using the exchange rate as at the relevant balance dates. The exchange rates were as follows:

As at:	
30 June 2015	0.7680
1 July 2014	0.9420

3. The Equity section of the Statement of Financial Position has been converted to US dollars using historical exchange rates.

(b) Early adoption of AASB 9

The Group has early adopted AASB 9 *Financial Instruments* as of 1 January 2016. The impact of early adopting AASB 9 had no material impact on the classification and measurement of any financial instruments. Refer to Note 35 for further details.

(c) Early adoption of AASB 2015-2

The Group has early adopted AASB 2015-2 *Disclosure Initiative: Amendments to AASB 101* as of 1 July 2015. This Standard made amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to facilitate improved reporting, including an emphasis on only including material disclosures, clarity on the aggregation and disaggregation of line items, the presentation of subtotals, the ordering of notes and the identification of significant accounting policies. The adoption of the Standard affects the presentation of the Group's financial statements.

PERFORMANCE

This section highlights the key indicators on how the Group performed in the current year.

4. 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 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, Australia
- Telfer, Australia
- Lihir, Papua New Guinea
- Gosowong [(1)], Indonesia
- Hidden Valley JV (50% interest), Papua New Guinea
- Bonikro, Cote d'Ivoire [(2)]
- Exploration and Other [(3)]

(1) Newcrest owns 75% of Gosowong through its holding in PT Nusa Halmahera Minerals.

(2) Bonikro includes mining and near-mine exploration interests in Cote d'Ivoire, which are held by LGL Mines CI SA and Newcrest Hire CI SA (of which Newcrest owns 89.89% respectively). This segment was acquired in August 2010 and was previously referred to as 'West Africa'. In addition to the Bonikro and near-mine exploration interests, this segment held extensive greenfields exploration licenses in Cote d'Ivoire which have now been largely relinquished and the acquired value fully impaired. New greenfields exploration was initiated in Cote d'Ivoire in 2016 which is now included in the 'Exploration and Other' segment.

(3) Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Wafi-Golpu JV (50% interest) in PNG, Namosi JV (70.67% interest) in Fiji, O'Callaghans in Australia and Newcrest's global greenfields exploration portfolio.

(a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to the Group's Executive Committee 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 revenue.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to profit before tax is shown in Note 4(b).

Capital Expenditure comprises payments for property, plant and equipment, production stripping expenditure, mines under construction, development and feasibility expenditure and information systems development.

Segment assets exclude intercompany receivables. Segment liabilities exclude intercompany payables.

4. Segment Information (continued)

2016	Cadia US$m	Telfer US$m	Lihir US$m	Gosowong US$m	Hidden Valley US$m	Bonikro US$m	Total Operations US$m	Exploration & Other[(2)] US$m	Corporate[(3)] US$m	Total Group US$m
External sales revenue	1,099	634	1,035	257	108	162	3,295	-	-	3,295
EBITDA	651	173	397	87	3	63	1,374	(32)	(50)	1,292
Depreciation and amortisation	(227)	(131)	(198)	(77)	(12)	(35)	(680)	-	(18)	(698)
EBIT (Segment result) [(1)]	**424**	**42**	**199**	**10**	**(9)**	**28**	**694**	**(32)**	**(68)**	**594**
Capital Expenditure	**164**	**76**	**119**	**48**	**5**	**32**	**444**	**19**	**8**	**471**
Segment assets	3,388	756	5,713	449	30	200	10,536	532	123	11,191
Segment liabilities	687	195	930	159	46	46	2,063	7	2,001	4,071
Net assets	**2,701**	**561**	**4,783**	**290**	**(16)**	**154**	**8,473**	**525**	**(1,878)**	**7,120**

Notes:
(1) Refer to Note 4(b) for the reconciliation of segment result to profit before tax.
(2) Includes net assets attributable to Wafi-Golpu JV of US$398 million and Namosi JV of US$96 million.
(3) Includes eliminations.

4. Segment Information (continued)

2015	Cadia US$m	Telfer US$m	Lihir US$m	Gosowong US$m	Hidden Valley US$m	Bonikro US$m	Total Operations US$m	Exploration & Other[2] US$m	Corporate[3] US$m	Total Group US$m
External sales revenue	1,278	794	844	414	136	138	3,604	-	-	3,604
EBITDA	733	278	135	214	13	62	1,435	(30)	(20)	1,385
Depreciation and amortisation	(191)	(44)	(160)	(98)	(27)	(29)	(549)	-	(25)	(574)
EBIT (Segment result) [1]	**542**	**234**	**(25)**	**116**	**(14)**	**33**	**886**	**(30)**	**(45)**	**811**
Capital Expenditure	233	43	87	34	31	15	443	23	5	471
Segment assets	3,505	889	5,805	567	71	200	11,037	516	250	11,803
Segment liabilities	591	192	854	156	52	38	1,883	9	2,954	4,846
Net assets	**2,914**	**697**	**4,951**	**411**	**19**	**162**	**9,154**	**507**	**(2,704)**	**6,957**

Notes:

(1) Refer to Note 4(b) for the reconciliation of segment result to profit before tax.

(2) Includes net assets attributable to Wafi-Golpu JV of US$381 million and Namosi JV of US$96 million.

(3) Includes investment in associates and eliminations.

4. Segment Information (continued)

(b) Reconciliation of EBIT (Segment Result) to Profit Before Tax

	Note	2016 US$m	2015 US$m
Segment Result	4(a)	**594**	**811**
Finance costs:			
Finance income		1	1
Finance costs		(148)	(159)
		(147)	(158)
Significant items:			
Gain on disposal of investment	6	18	-
Class action settlement expense	6	(12)	-
Loss on disposal of associate	6	-	(57)
Impairment reversal	6	-	160
Write-down of inventory	6	-	(34)
		6	69
Profit before tax		**453**	**722**

(c) Geographical Information

	2016 US$m	2015 US$m
Sales Revenue from External Customers [(1)]		
***Bullion* [(2)]**		
Australia	1,284	1,855
China (including Hong Kong)	216	-
United Kingdom	277	-
Canada	103	-
***Concentrate* [(3)]**		
Japan	756	827
Korea	177	137
Philippines	135	127
Switzerland [(4)]	186	304
Other	161	354
Total sales revenue	**3,295**	**3,604**
Non-Current Assets [(5)]		
Australia	3,855	4,191
Indonesia	371	330
Papua New Guinea	5,823	5,871
Cote d'Ivoire	140	113
Other	94	95
Total non-current assets	**10,283**	**10,600**

(1) Revenue is attributable to geographic location, based on the location of customers.
(2) Bullion sales to one customer amounted to US$592 million (2015: US$1,784 million) arising from sales by Cadia, Telfer, Lihir, Gosowong and Hidden Valley.
(3) Concentrate sales to one customer amounted to US$560 million (2015: US$702 million) arising from concentrate sales by Cadia and Telfer.
(4) The majority of concentrate sales to customers in Switzerland are shipped to smelters in Japan, Korea and China.
(5) Non-Current Assets for this disclosure excludes deferred tax assets.

5. Income and Expenses

		2016 US$m	2015 US$m
(a)	**Sales Revenue**		
	Gold	2,857	2,946
	Copper	403	621
	Silver	35	37
	Total sales revenue	3,295	3,604
	Total revenue	**3,295**	**3,604**
(b)	**Cost of Sales**		
	Site production costs	1,667	1,877
	Royalty	85	102
	Concentrate treatment and realisation	131	172
	Inventory movements	38	18
		1,921	2,169
	Write-down of inventory (Note 6(b))	-	34
	Depreciation	680	549
	Total cost of sales	**2,601**	**2,752**
(c)	**Corporate Administration Expenses**		
	Corporate costs	53	64
	Corporate depreciation	18	25
	Equity settled share-based payments	8	7
	Total corporate administration expenses	**79**	**96**
(d)	**Other Income/(Expenses)**		
	Net foreign exchange gain	2	51
	Net fair value gain/(loss) on gold and copper derivatives and fair value movements on concentrate receivables	8	(5)
	Legacy community contractual settlements and negotiation costs	-	(4)
	Other	1	(6)
	Total other income/(expenses)	**11**	**36**
(e)	**Finance Costs**		
	Interest on loans	112	131
	Facility fees and other costs	26	23
	Less: Capitalised borrowing costs	(1)	(5)
		137	149
	Discount unwind on provisions	11	10
	Total finance costs	**148**	**159**

5. Income and Expenses (continued)

		2016 US$m	2015 US$m
(f)	**Depreciation and Amortisation**		
	Property, plant and equipment	727	609
	Intangible assets	21	21
		748	630
	Less: Capitalised to inventory on hand or assets under construction	(50)	(56)
	Total depreciation and amortisation expense	**698**	**574**
	Included in:		
	Cost of sales depreciation	680	549
	Corporate depreciation	18	25
	Total depreciation and amortisation expense	**698**	**574**
(g)	**Employee Benefits Expense**		
	Defined contribution plan expense	31	35
	Equity settled share-based payments	8	7
	Redundancy expense	10	6
	Salaries, wages and other employment benefits	372	411
	Total employee benefits expense	**421**	**459**

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 concentrate sales is generally 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.

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. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

Prior to the adoption of AASB 9 on 1 January 2016, the provisionally priced sales of metal in concentrate contained an embedded derivative that was separated from the host contract, i.e. the concentrate receivable, for accounting purposes. Accordingly the embedded derivative, which did not qualify for hedge accounting, was recognised at fair value, with subsequent changes in fair value recognised in the Income Statement each period until final settlement, and presented as part of ‘Other Income/Expense’. The initial estimate of fair value and subsequent changes in fair value over the quotation period and up until final settlement were estimated by reference to forward market prices. On adoption of AASB 9, the embedded derivative is no longer separated from the concentrate receivables. Instead, the receivables are accounted for as one instrument and measured at fair value through profit or loss with subsequent changes in fair value recognised in the Income Statement each period until final settlement and presented as part of ‘Other Income/Expense’. Refer to Note 35 for further details on the impact of the adoption of AASB 9.

6. Significant Items

Significant items represent items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature.

(a) Items by Nature	Gross US$m	Tax US$m	Net US$m
2016			
Class action settlement expense			
Settlement of class action proceedings [1]	(26)	8	(18)
Net associated expenses and insurance recoveries	14	(5)	9
	(12)	3	(9)
Gain on disposal of investment [2]	18	-	18
Total significant items	**6**	**3**	**9**
2015			
Impairment reversal/(loss) [3] [6]			
Property, plant and equipment	158	(124)	34
Intangibles	2	-	2
	160	(124)	36
Loss on disposal of associate [4]	(57)	-	(57)
Write-down of inventory [5] [6]	(34)	-	(34)
Total significant items	**69**	**(124)**	**(55)**

6. Significant Items (continued)

(b) Items by Segment

Significant items for 2016 are all attributable to the Corporate segment.

Significant items for 2015 are attributable to the following segments:

	Impairment reversal/(loss) US$m	Write-down of inventory US$m	Other US$m	Total US$m
2015				
Telfer [3]	413	-	-	413
Hidden Valley [3] [5]	(188)	(25)	-	(213)
Bonikro [3] [5] [6]	(65)	(9)	-	(74)
Corporate [4]	-	-	(57)	(57)
Total items by segment	**160**	**(34)**	**(57)**	**69**
Tax	(124)	-	-	(124)
Total items by segment (after tax)	**36**	**(34)**	**(57)**	**(55)**
Attributable to:				
Non-controlling interest [6]				(7)
Owners of the parent				(48)
				(55)

Year Ended 30 June 2016

(1) On 22 February 2016, the Group announced that it had reached an agreement to settle the class action proceedings commenced by Earglow Pty Ltd on 21 July 2014 in the Federal Court of Australia (Court) on its own behalf and on behalf of a group of shareholders who acquired an interest in Newcrest securities between 13 August 2012 and 6 June 2013. On 3 May 2016 the Court approved the settlement. The Group paid A$36 million (US$26 million) in full and final settlement of the proceeding including litigation costs and the applicant's legal fees.

(2) In September 2015, the Group disposed of its remaining holding in Evolution Mining Limited ('Evolution').

Year Ended 30 June 2015

(3) The Group recognised a net impairment reversal as a result of its annual impairment testing. This comprised of:
- An impairment reversal of US$413 million in relation to Telfer;
- Impairment losses of US$253 million which related to Hidden Valley (US$188 million) and Bonikro (US$65 million).

Refer to Note 13 for further details.

(4) On 27 February 2015, the Group sold part of its interest in Evolution. Refer to Note 28 for further details.

(5) The Group recognised a write-down of inventories arising from the Group's revised metal price and exchange rate estimates. This write-down was recognised in the Income Statement as part of Cost of Sales.

(6) A total of US$7 million was attributable to the non-controlling interest in Bonikro.

7. Income Tax Expense

	2016 US$m	2015 US$m
(a) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	**453**	**722**
Income tax expense calculated at 30% (2015: 30%)	136	216
Under/(over) provided in prior years	(2)	17
De-recognition of deferred tax liabilities	(8)	-
Other	(3)	(1)
	(13)	16
Adjustments on Significant items:		
Gain on disposal of investment	(5)	-
Loss on disposal of associate	-	17
Write-down and impairments – Other assets	-	86
	(5)	103
Income tax expense per the Income Statement	**118**	**335**

(b) Income Tax Expense Comprises:

	2016 US$m	2015 US$m
Current income tax		
Current income tax expense	113	130
Over provision in respect of prior years	(94)	-
	19	130
Deferred tax (1)		
Relating to origination and reversal of temporary differences	15	188
Under provision in respect of prior years	84	17
	99	205
Income tax expense per the Income Statement	**118**	**335**

(1) Refer to Note 17(a) for movements in deferred taxes.

8. Earnings per Share (EPS)

	2016 US¢	2015 US¢
EPS (cents per share)		
Basic EPS	43.3	49.1
Diluted EPS	43.0	48.8

Earnings used in calculating EPS	**2016 US$m**	2015 US$m
Earnings used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to owners of the parent	332	376

Weighted average number of shares	**2016 No. of shares**	2015 No. of shares
Share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS	766,510,971	766,510,971
Effect of dilutive securities: share rights	4,774,479	4,081,206
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	771,285,450	770,592,177

Rights granted to employees as described in Note 32 have been included in the determination of diluted earnings per share to the extent they are dilutive.

9. Dividends

Dividend determined and paid

No dividends were determined or paid in 2016 and 2015.

Dividend proposed and not recognised as a liability

Subsequent to year-end, the Directors have determined to pay an unfranked final dividend for the year ended 30 June 2016 of US 7.5 cents per share to be paid on 18 October 2016. The total amount of this dividend is US$57 million.

Dividend franking account balance

Franking credits at 30% as at 30 June 2016 available for the subsequent financial year is US$7 million (2015: US$48 million).

10. Reconciliation of Net Profit after Income Tax to Net Cash Flow from Operating Activities

	2016 US$m	2015 US$m
Profit after income tax	**335**	**387**
Non-cash items:		
Depreciation and amortisation	698	574
Impairment reversal	-	(160)
Write-down of inventory	-	34
Share-based payments	8	7
Discount unwind on provisions	11	10
Share of profit of associate	-	(15)
Gain on disposal of investment	(18)	-
Loss on disposal of associate	-	57
Other non-cash items	5	18
Items presented as investing or financing activities:		
Exploration expenditure written off	32	30
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Trade and other receivables	53	30
Inventories	39	113
Other financial assets	15	7
Current and deferred tax assets	52	176
Other assets	(86)	(37)
(Decrease)/Increase in:		
Trade and other payables	(5)	(17)
Provisions	10	(89)
Current and deferred tax liabilities	95	153
Other financial liabilities	(3)	2
Net cash from operating activities	**1,241**	**1,280**

RESOURCE ASSETS AND LIABILITIES

This section provides information that is relevant in understanding the composition and management of the Group's resource assets and liabilities.

11. Property, Plant & Equipment

	Exploration & Evaluation Expenditure US$m	Deferred Feasibility Expenditure US$m	Mines Under Construction US$m	Production Stripping US$m	Mine Development [1] US$m	Plant and Equipment US$m	Total US$m
At 30 June 2016							
Cost	731	278	102	410	8,283	7,769	17,573
Accumulated depreciation and impairment	(338)	-	-	(262)	(4,184)	(3,898)	(8,682)
	393	**278**	**102**	**148**	**4,099**	**3,871**	**8,891**
Year ended 30 June 2016							
Carrying amount at 1 July 2015	400	262	41	192	4,265	4,067	9,227
Expenditure during the year [2]	44	25	156	54	90	196	565
Expenditure written-off during the year	(32)	-	-	-	-	-	(32)
Depreciation for the year	-	-	-	(96)	(283)	(348)	(727)
Disposals of assets	-	-	-	-	-	(6)	(6)
Foreign currency translation	(1)	(2)	2	(2)	(76)	(57)	(136)
Reclassifications/transfers	(18)	(7)	(97)	-	103	19	-
Carrying amount at 30 June 2016	**393**	**278**	**102**	**148**	**4,099**	**3,871**	**8,891**

(1) Includes Mineral Rights with a carrying value of US$1,299m.
(2) Includes borrowing costs that were capitalised on qualifying assets at a weighted average interest rate of 4%.

11. Property, Plant & Equipment (continued)

	Exploration & Evaluation Expenditure US$m	Deferred Feasibility Expenditure US$m	Mines Under Construction US$m	Production Stripping US$m	Mine Development [1] US$m	Plant and Equipment US$m	Total US$m
At 30 June 2015							
Cost	749	262	41	761	8,238	7,778	17,829
Accumulated depreciation and impairment	(349)	-	-	(569)	(3,973)	(3,711)	(8,602)
	400	**262**	**41**	**192**	**4,265**	**4,067**	**9,227**
Year ended 30 June 2015							
Carrying amount at 1 July 2014	443	237	221	220	4,417	4,411	9,949
Expenditure during the year [2]	38	28	208	63	66	176	579
Expenditure written-off during the year	(30)	-	-	-	-	-	(30)
Depreciation for the year	-	-	-	(84)	(221)	(304)	(609)
Disposals and write-down of assets	-	-	-	-	-	(4)	(4)
Foreign currency translation	(9)	-	(21)	(4)	(450)	(329)	(813)
Reclassifications/transfers	(13)	(3)	(367)	1	334	45	(3)
Impairment losses for the year (Note 6)	(35)	-	-	(27)	(39)	(152)	(253)
Impairment reversals for the year (Note 6)	6	-	-	23	158	224	411
Carrying amount at 30 June 2015	**400**	**262**	**41**	**192**	**4,265**	**4,067**	**9,227**

(1) Includes Mineral Rights with a carrying value of US$1,331 million.
(2) Includes borrowing costs that were capitalised on qualifying assets at a weighted average interest rate of 4%.

11. Property, Plant & Equipment (continued)

Exploration, Evaluation and Deferred 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 exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount.

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 are capitalised as incurred.

At the commencement of construction, all past exploration, evaluation and deferred feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mines under construction.

Accounting Judgement, Estimates and Assumptions – Exploration, Evaluation and Deferred Feasibility Expenditure

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions. The determination of a JORC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation 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.

The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment.

Mines Under Construction

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Expenditure is net of proceeds from the sale of ore extracted during the construction phase to the extent that this ore extracted is considered integral to the development of the mine.

After production commences, all aggregated costs of construction are transferred to mine development or plant and equipment as appropriate.

11. Property, Plant & Equipment (continued)

Production Stripping Expenditure

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as part of mine development costs. Stripping costs incurred during the production phase are generally considered to create two benefits:

- the production of ore inventory in the period – accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future – recognised as 'production stripping asset', if the following criteria are met:
  - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
  - The component of the ore body for which access has been improved can be accurately identified; and
  - The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping 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 for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected waste to contained gold ounce ratio ('life of component') ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

Accounting Judgement - Production Stripping

The life of component ratio is a function of the mine 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 component ratio even if they do not affect the mine design. Changes to production stripping resulting from a change in life of component ratios are accounted for prospectively.

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 arrangement acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a units of production basis over the estimated economically recoverable reserves of the mine to which the rights relate.

Plant and Equipment and Mine Development

Cost
Plant and equipment and mine development is carried at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

11. Property, Plant & Equipment (continued)

Plant and Equipment and Mine Development (continued)

Construction cost for mine development includes expenditure in respect of exploration, evaluation and feasibility, previously accumulated and carried forward in relation to areas of interest in which development or construction is underway.

Depreciation and Amortisation
Items of plant and equipment and mine development are depreciated over their estimated useful lives.

The Group uses the units of production basis when depreciating mine specific assets which results in a depreciation 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 specific nature of the asset.

Estimates of remaining useful lives, residual values and depreciation methods are reviewed annually for all major items of plant and equipment and mine development. Any changes are accounted for prospectively.

When an asset is surplus to requirements or no longer has an economic value, the carrying amount of the asset is reviewed and is written down to its recoverable amount or derecognised.

Accounting Estimate and Assumptions - Units of Production Method of Depreciation/Amortisation

The group uses the units 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.

Accounting Estimates and Assumptions - Ore Reserves & Resources

The Group estimates its ore reserves and mineral resources annually at 31 December each year, and reports in the following February, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). 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 (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation charged to the Income Statement.

12. Other Intangible Assets

Information Systems Development	**2016 US$m**	2015 US$m
Cost	169	168
Accumulated amortisation and impairment	(125)	(107)
	44	**61**

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Amortisation is calculated on a straight line basis over the useful life, ranging from three to seven years.

13. Impairment of Non-Financial Assets

a) Impairment testing

Impairment tests are performed when there is an indication of impairment. Newcrest conducts a review of the asset values of cash generating units ('CGUs') annually, which is used as a source of information to determine whether there is an indication of impairment or reversal of previously recognised impairments. Other factors, such as changes in assumptions in future commodity prices, exchange rates, production rates and input costs, are also monitored to assess for indications of impairment or reversal of previously recognised impairments. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is determined.

CGUs represent a grouping of assets at the lowest level for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets. Generally this results in the Group evaluating its CGUs as individual mining operations, which is consistent with the Group's representation of operating segments.

After consideration of the potential indicators which could impact the valuation of the CGUs at 30 June 2016, the Group concluded:

- Hidden Valley's continued underperformance against expectations represented an indicator of potential impairment. An updated assessment of the recoverable amount of Hidden Valley has determined that no further impairment is required as at 30 June 2016.
- The interruption to operations at Gosowong following a geotechnical event in February 2016 and the potential impact on future production capacity represented an indicator of potential impairment. An assessment of the recoverable amount of Gosowong has determined that no impairment is required as at 30 June 2016.
- There are no indicators of impairment or impairment reversal for the remainder of Newcrest's CGUs as at 30 June 2016.

b) Basis of impairment and impairment reversal calculations

An impairment loss is recognised when a CGU's carrying amount exceeds its recoverable amount. The recoverable amount of each CGU has been estimated on the basis of fair value less costs of disposal ('Fair Value'). The costs of disposal have been estimated by management based on prevailing market conditions.

For CGUs that have previously recognised an impairment loss, an impairment reversal is recognised for non-current assets (other than goodwill) when the Fair Value indicates that the impairment has been reversed. Such a reversal is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the value that would have been determined (net of depreciation) had no impairment loss been recognised.

Fair Value is estimated based on discounted cash flows using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU latest life of mine plans. In certain cases, where multiple investment options exist, Fair Value may be determined from a combination of two or more scenarios that are weighted to provide a single Fair Value that is determined to be the most indicative. When plans and scenarios used to estimate Fair Value do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the estimation of Fair Value.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards, refer Note 21) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning and budgeting process, including life of mine ('LOM') plans, latest short-term forecasts and CGU specific studies.

13. Impairment of Non-Financial Assets (continued)

c) Key judgements, estimates and assumptions

Accounting Estimates and Assumptions – Fair Value

Significant judgements, estimates and assumptions are required in determining estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU Fair Values are subject to variability in key assumptions including, but not limited to, gold and copper prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to estimate Fair Value could result in a change in a CGU's Fair Value.

The table below summarises the key assumptions used in the carrying value assessments as at 30 June 2016, and for comparison also provides the equivalent assumptions used in 2015:

	2016				2015		
Assumptions	**2017**	**2018**	**2019**	**Long term (2020+)**	**2016**	**2017**	**Long term (2018+)**
Gold (US$ per ounce)	$1,200	$1,225	$1,250	$1,250	$1,100	$1,200	$1,250
Copper (US$ per pound)	$2.10	$2.30	$2.70	$3.00	$2.40	$2.70	$3.00
AUD:USD exchange rate	$0.73	$0.75	$0.77	$0.80	$0.74	$0.77	$0.80
USD:PGK exchange rate	$3.00	$3.00	$3.00	$3.00	$2.77	$2.80	$2.85
Discount rate (%)	USD Assets 5.25 to 5.75% AUD Assets 5.0%				USD Assets 5.25 to 5.75% AUD Assets 5.5%		

Commodity prices and exchange rates estimation approach

Commodity price and foreign exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The rates applied have regard to observable market data including spot and forward values, and to market analysis including equity analyst estimates.

Metal prices

Newcrest has maintained the long term (2020+) US dollar gold and copper price estimates applied in 2015. The gold price estimate for 2018 and the copper price estimates for the short term (2017 to 2019) have reduced compared to 2015, reflecting spot prices during the 2016 financial year and Newcrest's analysis of observable market data for future periods.

AUD:USD exchange rate

Newcrest has also maintained its AUD:USD exchange rate estimates for the long term (2020+) compared to 2015. Estimates for the period 2017 to 2019 have reduced compared to 2015, reflecting spot prices during the 2016 financial year and Newcrest's analysis of observable market data for future periods.

USD:PGK exchange rate

Changes made in 2016 to the USD:PGK exchange rate estimates reflected the sustained weakening of the PNG Kina against the US dollar over the past 12 months. Lihir and Hidden Valley both have a material proportion of operating and capital costs denominated in PNG Kina, resulting in this change having a positive impact on the Fair Value of both CGUs.

13. Impairment of Non-Financial Assets (continued)

Discount rate

In determining the Fair Value of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of the CGU.

CGU	Functional Currency	2016	2015
Cadia , Telfer	AUD	5.00%	5.50%
Lihir, Hidden Valley, Gosowong	USD	5.25%	5.25%
Bonikro	USD	5.75%	5.75%

Production activity and operating and capital costs

LOM production activity and operating and capital cost assumptions are based on the Group's latest forecasts and longer term LOM plans. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce operational activity, apply technology, improve capital and labour productivity.

d) Sensitivity Analysis

During the past three years, impairments have been recognised for Lihir (in 2013 and 2014), Telfer (in 2013 and 2014), Hidden Valley (in 2013, 2014 and 2015) and Bonikro (in 2013, 2014 and 2015) and an impairment reversal recognised for Telfer in 2015.

Following the review of the CGU asset values as at 30 June 2016, and in recognising no requirement for asset impairments or impairment reversals, the Group has determined that the carrying amount as at 30 June 2016 of the Lihir, Telfer, Hidden Valley and Bonikro CGUs approximate their respective Fair Values.

Any variation in the key assumptions used to determine Fair Value would result in a change of the estimated Fair Value. If the variation in assumption had a negative impact on Fair Value it could indicate a requirement for impairment of non-current assets. If the variation in assumption had a positive impact on Fair Value it could indicate a requirement for an impairment reversal of non-current assets.

It is estimated that the following reasonably possible changes in the key assumptions would have the following approximate impact on the Fair Value of each of these CGUs in its functional currency as at 30 June 2016:

$ million in functional currency	Lihir US$	Telfer A$	Hidden Valley US$	Bonikro US$
US$100 per ounce change in gold price	1,115	170	minor	40
0.50% increase/decrease in discount rate	260	10	minor	minor
$0.05 increase/decrease in AUD:USD rate	125	170	minor	minor
$0.10 increase/decrease in USD:PGK rate	170	n/a	minor	n/a
5% increase/decrease in operating costs from that assumed	500	125	minor	15

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact (for example, a decline in the US dollar gold price accompanied with a decline in the Australian dollar compared to the US dollar). Action is also usually taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

14. Inventories

	2016 US$m	2015 US$m
Current		
Ore stockpiles	140	180
Gold in circuit	27	31
Bullion and concentrate	80	99
Materials and supplies	298	309
Total current inventories (1)	**545**	**619**
Non-Current		
Ore stockpiles	1,170	1,115
Total non-current inventories (1)	**1,170**	**1,115**

(1) Total inventories include inventories held at net realisable value at Telfer, Hidden Valley and Bonikro of US$95 million (2015: US$96 million).

Ore stockpiles, gold in circuit, bullion and concentrate 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. 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.

Ore stockpiles which are not scheduled to be processed in the twelve 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.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to stock items identified.

Accounting Judgement and Estimate – Net Realisable Value

The computation of net realisable value for ore stockpiles involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, foreign exchange rates, recoveries and the timing of sale of the bullion and concentrate produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of ore stockpiles.

15. Trade and Other Receivables

	2016 US$m	2015 US$m
Current		
Bullion awaiting settlement	3	15
Metal in concentrate receivables	95	102
GST receivable	28	23
Other receivables	8	18
Total current receivables	**134**	**158**

Bullion awaiting settlement, GST and other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for impairment. Bullion awaiting settlement is generally expected to settle within seven days. GST and other receivables are expected to settle within one to two months.

Metal in concentrate receivables are measured at fair value. Prior to the adoption of AASB 9 (refer Note 35), these receivables were initially measured at fair value then subsequently at amortised cost. Metal in concentrate receivables are generally expected to settle within one to six months.

16. Other Assets

	2016 US$m	2015 US$m
Current		
Prepayments and other	69	61
Total current other assets	**69**	**61**
Non-Current		
Prepayments and other	46	36
Non-current tax assets (1)	132	64
Total non-current other assets	**178**	**100**

(1) Includes US$85 million (2015: US$46 million) paid in respect to PT NHM's prior year tax assessments. Refer note 31(b).

17. Deferred Tax

(a) Movement in Deferred Taxes	Opening Balance at 1 July US$m	(Charged) /credited to income US$m	(Charged) /credited to equity US$m	Trans-lation US$m	Closing Balance at 30 June US$m
2016					
Deferred tax assets					
Carry forward revenue losses recognised:					
- Australian entities	140	(30)	-	(5)	105
	140	(30)	-	(5)	105
Deferred tax liabilities					
Temporary differences:					
- Fixed assets [(1)]	(1,002)	(133)	-	10	(1,125)
- Provisions	54	(1)	-	(1)	52
- Other	51	35	41	(2)	125
	(897)	(99)	41	7	(948)
Net deferred taxes	**(757)**	**(129)**	**41**	**2**	**(843)**
2015					
Deferred tax assets					
Carry forward revenue losses recognised:					
- Australian entities	270	(88)	-	(42)	140
	270	(88)	-	(42)	140
Deferred tax liabilities					
Temporary differences:					
- Fixed assets [(1)]	(876)	(165)	-	39	(1,002)
- Provisions	69	(8)	-	(7)	54
- Other	(42)	(32)	135	(10)	51
	(849)	(205)	135	22	(897)
Net deferred taxes	**(579)**	**(293)**	**135**	**(20)**	**(757)**

[(1)] Comprises property, plant and equipment and other intangible assets.

(b) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of:

- capital losses with a tax effect of US$93 million (2015: US$90 million)
- revenue losses and temporary differences with a tax effect of US$411 million (2015: US$302 million)

because it is not probable that the Group will have sufficient future assessable income and/or capital gains available against which the deferred tax asset could be utilised. This is partly due to restrictions that limit the extent to which the losses can be applied to future taxable income in future periods.

(c) Tax Consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax consolidated group. Newcrest Mining Limited is the head entity of the tax consolidated group. The tax losses attributable to the Australian entities are available for offsetting against future profits of the tax consolidated group. Some of these tax losses are subject to restrictions that limit the extent to which the losses can be applied against future taxable income. Notwithstanding these restrictions, these losses do not have an expiry date.

17. Deferred Tax (continued)

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 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.

Accounting Judgement, Estimates and Assumptions - Recovery of Deferred Tax Assets

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the application of existing tax laws in each jurisdiction.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. 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 and recover/utilise deferred tax assets in future periods.

18. Provisions

	Note	2016 US$m	2015 US$m
Current			
Employee benefits	(a)	107	116
Mine rehabilitation	(b)	5	6
Other	(c)	35	46
Total current provisions		**147**	**168**
Non-Current			
Employee benefits	(a)	43	39
Mine rehabilitation	(b)	348	307
Other	(c)	5	7
Total non-current provisions		**396**	**353**

Provisions (other than those relating to employee benefits) 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.

(a) Employee benefits

Liabilities for wages and salaries, annual leave and any other employee benefits are measured at the amounts expected to be paid when the liabilities are settled.

Amounts expected to settle within twelve months are recognised in ‘Current Provisions’ (for annual leave and salary at risk) and ‘Trade and Other Payables’ (for all other employee benefits) 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.

The liability for long service leave and other long term benefits is measured at the present value of the estimated future cash outflows resulting from employees’ services provided up to the reporting date.

Long-term benefits not expected to be settled within twelve months are discounted using the rates attaching to high quality corporate bonds at the reporting date, which most closely match the terms of maturity of the related liability.

18. Provisions (continued)

b) Mine 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 rehabilitate locations where activities have occurred which have led to a future obligation to make good. The nature of rehabilitation 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 mining location. When the liability is initially recorded, the present value of the estimated cost is capitalised as part of 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. 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.

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 assets 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.

Accounting Estimate - Mine Rehabilitation Provision

Significant estimates and assumptions are 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 changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans 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.

Movements in Mine Rehabilitation provision	US$m
At 1 July 2015	313
Recognised during the year	17
Movements in economic assumptions and timing of cash flows	23
Paid/utilised during the year	(1)
Unwinding of discount	11
Foreign currency translation	(10)
At 30 June 2016	**353**
Split between:	
Current	5
Non-current	348
	353

c) Other Provisions

Other provisions comprises restructure, onerous contracts, community obligations and other miscellaneous items.

CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

This section outlines the Group's capital and financial management policies and significant capital and financial risk management activities that have been implemented during the year. This includes the Group's exposure to various risks and how these could affect the Group's financial position and performance, as well as how the Group is managing those risks.

19. Capital Management and Financial Objectives

Newcrest's capital structure consists of equity and net debt, which includes borrowings, cash and cash equivalents. Newcrest aims to maintain an optimal capital structure that reduces the cost of capital and maximises shareholder returns, withstands price volatility and allows completion of approved major capital projects through periods of price volatility.

Newcrest's key financial objectives are to:
- Meet all financial obligations;
- Maintain a strong balance sheet so as to withstand cash flow volatility;
- Be able to invest capital in value-creating opportunities; and
- Be able to return excess cash generated to shareholders.

In order to achieve these financial objectives, Newcrest's capital management strategy looks to:
- Target an investment grade credit rating throughout the cycle;
- Maintain a leverage ratio (Net Debt to EBITDA) of less than 2.0 times;
- Maintain a gearing ratio of below 25%; and
- Maintain diverse funding sources, sizeable committed undrawn bank facilities and US$ debt with an appropriate tenor having regard to the life of the Company's assets.

At 30 June the Group's position in relation to these metrics was:

Metric	Policy 'looks to'	2016	2015
Credit rating (S&P/Moody's)	Investment grade	BBB-/Baa3	BBB-/Baa3
Leverage ratio (times)	Less than 2.0 times	1.6	2.1
Gearing ratio	Below 25%	22.8%	29.3%
Cash and committed facilities	More than US$1bn	US$2.45bn	US$2.42bn

Detail of the calculation of the capital management performance ratios is provided below:

Leverage Ratio	**2016 US$m**	2015 US$m
Net debt (Note 20)	2,107	2,889
EBITDA (Note 4)	1,292	1,385
Leverage ratio	1.6 times	2.1 times

Leverage Ratio is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA. Refer to Note 4, Segment Information, for the definition of EBITDA.

Gearing Ratio	**2016 US$m**	2015 US$m
Net debt (Note 20)	2,107	2,889
Equity	7,120	6,957
Total capital (Net debt and equity)	**9,227**	**9,846**
Gearing ratio	**22.8%**	**29.3%**

Gearing Ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.

20. Net Debt

Newcrest borrows funds from financial institutions and debt investors in the form of committed revolving facilities, private placement notes and corporate bonds. As at 30 June 2016, all of Newcrest's borrowings were unsecured.

Borrowings are initially recognised at fair value and subsequently at amortised cost. Borrowings are net of transaction costs incurred. Borrowings are classified as non-current liabilities where Newcrest has an unconditional right to defer settlement for at least 12 months after the year end.

Cash and cash equivalents comprise cash at bank, on hand and short-term deposits.

Net Debt	Note	2016 US$m	2015 US$m
Private placement notes	(c)	100	-
Bank loan	(d)	20	-
Total current borrowings		**120**	**-**
Bilateral bank debt	(a)	25	975
Corporate bonds	(b)	2,000	2,000
Private placement notes	(c)	25	125
Less: transaction costs on facilities		(10)	(13)
Total non-current borrowings		**2,040**	**3,087**
Total borrowings		**2,160**	**3,087**
Cash and cash equivalents		(53)	(198)
Net debt		**2,107**	**2,889**

(a) Bilateral bank debt

In May 2016, Newcrest reduced the quantum and extended the terms of its existing unsecured bilateral bank debt facilities. The Group has bilateral bank debt facilities of US$2,400 million (2015: US$3,150 million) with 12 banks (2015: 13 banks). These are committed unsecured revolving facilities, individually negotiated and documented with each bank but with similar terms and conditions.

The facilities are on normal terms and conditions and include certain financial covenants. Interest is based on LIBOR plus a margin which varies amongst the lenders. The maturity date profile of these facilities is shown in the table below:

Facility Maturity (financial year ending)	2016 US$m	2015 US$m
June 2017	-	1,075
June 2018	-	725
June 2019	1,200	875
June 2020	300	475
June 2021	900	-
	2,400	**3,150**

20. Net Debt (continued)

(b) Corporate bonds

In each of November 2011 and October 2012, Newcrest issued US$1,000 million in US dollar corporate bonds (notes). The notes were issued in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

Maturity	Coupon Rate	2016 US$m	2015 US$m
November 2021	4.45%	750	750
October 2022	4.20%	750	750
November 2041	5.75%	500	500
		2,000	**2,000**

(c) 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. These notes are on normal terms and conditions and include certain financial covenants. The tranches remaining are:

Maturity	Coupon Rate	2016 US$m	2015 US$m
May 2017	5.71%	100	100
May 2020	5.92%	25	25
		125	**125**

(d) Bank loan

PT Nusa Halmahera Minerals has a US$50 million loan facility with one bank. This is an unsecured revolving facility on normal terms and conditions and includes certain financial covenants. Interest is based on LIBOR plus a margin. This facility matures in January 2017. As at 30 June 2016 this facility was drawn by US$20 million (2015: nil).

(f) Financing facilities

The Group has access to the following unsecured financing facilities at the end of the financial year.

	Facility Utilised [(1)] US$m	Facility Unutilised US$m	Facility Limit US$m
2016			
Bilateral bank debt facilities	25	2,375	2,400
Corporate bonds	2,000	-	2,000
Private placement notes	125	-	125
Bank loan	20	30	50
	2,170	**2,405**	**4,575**
2015			
Bilateral bank debt facilities	975	2,175	3,150
Corporate bonds	2,000	-	2,000
Private placement notes	125	-	125
Bank loan	-	50	50
	3,100	**2,225**	**5,325**

(1) As at 30 June 2016, 98% of the facilities utilised were at fixed interest rates and 2% at floating rates. (30 June 2015: 69% fixed rates and 31% floating rates).

21. Financial Risk Management

Newcrest is exposed to a number of financial risks, by virtue of the industry and geographies in which it operates and the nature of the financial instruments it holds. The key risks that could adversely affect Newcrest's financial assets, liabilities or future cash flows are:

a) Commodity and other price risks
b) Foreign currency risk
c) Liquidity risk
d) Interest rate risk
e) Credit risk

Further detail of each of these risks is provided below, including management's strategies to manage each risk. These strategies are executed subject to Board approved policies and procedures and administered by Group Treasury.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to manage certain market risks. 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.

For instruments in hedging transactions, the Group formally designates and documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income ('OCI') through the Hedge Reserve. Any gain or loss relating to an ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in the Hedge Reserve 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, if it no longer qualifies for hedge accounting or if the Group changes its risk management objective for the hedging relationship. At that point in time, any cumulative gain or loss on the hedging instrument recognised via Other Comprehensive Income remains deferred in the Hedge Reserve 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 the Hedge Reserve 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.

21. Financial Risk Management (continued)

(a) Commodity and Other Price Risks

(i) Gold and copper price

All of Newcrest's gold and copper production is sold into global markets. The market prices of gold and copper are the key drivers of Newcrest's capacity to generate cash flow. Newcrest is predominantly an unhedged producer to provide its shareholders with exposure to changes in the market price of gold and copper.

Newcrest does undertake selected financial risk management activities to mitigate specific gold and copper price risks, as follows:

Provisionally priced concentrate sales and gold and copper forward sales contracts

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 (quotational period or 'QP'). The QP is usually one month for gold and three or four months for copper. In the prior period, this QP exposure was considered to be an embedded derivative which was separated from the host concentrate receivables and measured at fair value through profit or loss. On adoption of AASB 9, the embedded derivative is no longer separated from the concentrate receivables. Instead these receivables are accounted for as one instrument and measured at fair value through profit or loss and recognised in the Income Statement as part of 'Other Income/Expense'. Refer to Notes 5 and 35 for further details.

As at 30 June 2016, 133,000 gold ounces and 29,000 copper tonnes were subject to QP adjustment (2015: 150,000 ounces gold and 28,000 tonnes copper).

In order to minimise the short term revenue volatility impact of QP adjustments, particularly across reporting periods, the Group takes out gold and copper forward sales contracts at the time of concentrate shipments to lock in the price. These forward sales contracts are not designated into hedge relationships with the fair value adjustments at reporting date recognised in the Income Statement as part of 'Other Income/Expense'.

The following table details the gold and copper forward sale contracts outstanding as at the reporting date:

	2016			2015		
Gold and Copper forward sale contracts	**Quantity ('000s)**	**Weighted Average Price US$**	**Fair Value US$m**	**Quantity ('000s)**	**Weighted Average Price US$**	**Fair Value US$m**
Gold (ounces)						
Maturing less than 6 months	112	1,267	(6)	147	1,194	3
Copper (tonnes)						
Maturing less than 6 months	25	4,778	(2)	26	6,077	8

21. Financial Risk Management (continued)

Partial hedging of Telfer future gold sales

In March and May 2016, Newcrest put in place hedges for a portion of the Telfer mine's future gold production. Telfer is a large scale, low grade mine and its profitability and cashflow are both particularly sensitive to the realised Australian dollar gold price. Having regard to the favourable spot and forward prices at that time, hedging instruments in the form of Australian dollar gold bullion swaps were put in place to secure margins on a portion of future production to December 2018, which will support the investment in future cutbacks and mine development.

The Telfer AUD gold bullion swaps have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term are variations to forecast production timing and volume assumptions and credit risk.

As of 30 June 2016, the Group is holding AUD gold bullion swaps with the following maturity:

Gold forward contacts Maturing:	Quantity (ounces) ('000s)	Weighted Average Price A$	Fair Value US$m
Less than 12 months	301	1,730	(13)
Between 1-2 years	295	1,765	(13)
Between 2-3 years	70	1,778	(4)
Total	**666**	**1,751**	**(30)**

These swaps are measured at fair value and have been presented as part of 'Other financial assets/liabilities' with the effective portion of fair value movements being recognised in the 'Cash flow hedge reserve' in equity. There was no hedge ineffectiveness recognised in profit or loss during the year.

(ii) Fuel price

The Group's input costs are exposed to price fluctuations, in particular to diesel and fuel prices. To mitigate this risk, the Group has entered into short-term diesel/fuel swaps to fix certain diesel and heavy fuel oil costs in line with budget expectations.

These swaps have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term include differences in the pricing of the physical (hedged) item and hedging instrument, timing of physical delivery misaligned with the hedging instrument and credit risk.

	2016			2015		
Maturing in less than 12 months	**Quantity ('000s)**	**Weighted Average Price US$**	**Fair Value US$m**	**Quantity ('000s)**	**Weighted Average Price US$**	**Fair Value US$m**
Diesel contracts (barrels)	403	60	-	414	76	-
Heavy fuel oil contracts (tonnes)	97	263	-	102	356	2

These swaps are measured at fair value and have been presented as part of 'Other financial assets/liabilities' with the effective portion of fair value movements being recognised in the 'Cash flow hedge reserve' in equity. There was no hedge ineffectiveness recognised in profit or loss during the year.

21. Financial Risk Management (continued)

(iii) Financial Impacts of Hedges

The impact of hedged items designated in hedging relationships on the Income Statement and Other Comprehensive Income ('OCI'), is as follows:

Cashflow hedges	Line item in the Income Statement	Gain/(loss) reclassified from OCI to Income Statement		Hedge gain/(loss) recognised in OCI	
		2016 US$m	**2015 US$m**	**2016 US$m**	2015 US$m
Gold sales	Sales	1	-	(30)	-
Diesel	Cost of sales – Site production costs	(12)	(25)	-	(1)
Heavy fuel oil	Cost of sales – Site production costs	(14)	(33)	-	(1)

(iv) Sensitivity Analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold, with all other variables held constant. The 15% movement for gold (2015: 15%) is 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)		Impact on Equity [2] Higher / (Lower)	
	2016 US$m	2015 US$m	**2016 US$m**	2015 US$m
Gold				
Gold +15% (2015: +15%)	-	-	92	-
Gold -15% (2015: -15%)	-	-	(92)	-

(1) Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

(2) For derivatives which are in an effective hedging relationship, all fair value movements are recognised in Other Comprehensive Income.

The sensitivity of the exposure of copper, diesel and heavy fuel oil on financial assets and financial liabilities at year end has been analysed and determined to be not material to the Group.

21. Financial Risk Management (continued)

(b) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's revenue is denominated in US dollars whereas a material proportion of costs (including capital expenditure) are collectively in Australian dollars and Papua New Guinea Kina. The Group's Australian entities have AUD functional currencies, while all non-Australian operating entities have USD functional currencies.

The Group's Statement of Financial Position can also be affected materially by movements in the AUD:USD exchange rate. 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	**2016 US$m**	2015 US$m
Financial Assets		
Cash and cash equivalents	4	4
Trade and other receivables	95	102
Related party receivables	19	1,150
Derivatives	-	13
	118	**1,269**
Financial Liabilities		
Payables	20	20
Borrowings	2,150	3,100
Derivatives	38	11
	2,208	**3,131**
Gross Exposure	**(2,090)**	**(1,862)**
Net investment in US dollar functional currency entities (i)	2,025	2,000
Net Exposure (inclusive of net investment in foreign operations)	**(65)**	**138**

(i) The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. The entity which undertakes the majority of the Group's borrowing activities has an AUD functional currency. Where considered appropriate the US dollar denominated debt is designated either as a:

- 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 recognised through Other Comprehensive Income and 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 2016 US dollar borrowings of US$2,025 million were designated as a net investment in foreign operations (2015: US$2,000 million); or

- 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 recognised in Other Comprehensive Income and 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.

21. Financial Risk Management (continued)

Sensitivity analysis

The following table details the Group's sensitivity arising in respect of translation of financial assets and financial liabilities to a 10% movement (2015: 10%) (i.e. increase and decrease) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The 10% 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)**	
	2016 US$m	2015 US$m	**2016 US$m**	2015 US$m
AUD/USD +10% (2015: +10%)	6	(10)	(140)	140
AUD/USD -10% (2015: -10%)	(6)	10	140	(140)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates;
  The reasonably possible movement of 10% (2015: 10%) was calculated by taking the AUD spot rate as at the reporting date, moving this spot rate by 10% (2015:10%) and then re-converting the AUD into USD 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.

21. Financial Risk Management (continued)

(c) Liquidity Risk

Newcrest is exposed to liquidity risk primarily through its capital management policies and objectives, which utilise debt as a key element of the Group's capital structure. The specific risk exposures include the sufficiency of available unutilised facilities and the repayment maturity profile of existing financial instruments.

Liquidity risk is managed centrally by Group Treasury to ensure sufficient liquid funds are available to meet the Group's financial commitments through the following management actions:

- Maintaining minimum undrawn committed liquidity (cash and available facilities) of more than US$1.0 billion that can be drawn upon at short notice.
- Targeting to maintain an investment grade credit rating.
- Regular forecasting of all future cash flows relating to operational, investing and financing activities, including detailed sensitivity analysis to test multiple scenarios.
- Management of repayment maturities to avoid excessive refinancing in any period.
- Maintain funding flexibility with committed available credit lines with a variety of counterparties.
- Managing credit risk related to financial assets.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 20 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 at the reporting date, 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.

	Less than 6 months US$m	Between 6-12 months US$m	Between 1-2 years US$m	Between 2-5 years US$m	Greater than 5 years US$m	Total US$m
2016						
Payables	369	-	-	-	-	369
Borrowings	34	171	96	335	2,653	3,289
Derivatives	15	6	13	4	-	38
	418	**177**	**109**	**339**	**2,653**	**3,696**
2015						
Payables	327	-	-	-	-	327
Borrowings	58	58	686	814	2,747	4,363
Derivatives	11	-	-	-	-	11
	396	**58**	**686**	**814**	**2,747**	**4,701**

21. Financial Risk Management (continued)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's debt obligations that have floating interest rates. 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	2016 Floating Interest US$m	2016 Fixed Interest US$m	2016 Effective Interest Rate %	2015 Floating Interest US$m	2015 Fixed Interest US$m	2015 Effective Interest Rate %
Financial Assets						
Cash and cash equivalents	53	-	0.6	198	-	0.3
	53	-		198	-	
Financial Liabilities						
Bilateral debt	25	-	1.8	975	-	1.6
Corporate bonds	-	2,000	4.7	-	2,000	4.7
Private placement	-	125	5.8	-	125	5.8
Bank loan	20	-	1.6	-	-	-
	45	2,125		975	2,125	
Net exposure	**8**	**(2,125)**		**(777)**	**(2,125)**	

The other financial assets and financial liabilities of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

The sensitivity of this exposure has been analysed and determined to be not material to the Group.

(e) Credit Risk

The Group's exposure to credit risk arises from the potential default of the counterparty to the Group's financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counterparties 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 a letter 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 US$33 million (2015: US$43 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 2016 or 30 June 2015.

The majority of the Group's receivables are due from concentrate customers in Japan, Korean and the Philippines. 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 BBB equivalent.

21. Financial Risk Management (continued)

(f) Financial Assets and Financial Liabilities

The following tables disclose the carrying amounts of each class of financial assets and financial liabilities at year end.

2016	Amortised cost US$m	Fair Value through profit or loss US$m	Fair Value through OCI US$m	Total US$m
Financial Assets				
Cash and cash equivalents	53	-	-	53
Trade and other receivables	39	95	-	134
	92	**95**	**-**	**187**
Financial Liabilities				
Trade and other payables	369	-	-	369
Borrowings	2,160	-	-	2,160
Other financial liabilities - current	-	-	21	21
Other financial liabilities - non-current	-	-	17	17
	2,529	**-**	**38**	**2,567**

2015	Amortised cost US$m	Fair Value through profit or loss US$m	Fair Value through OCI US$m	Total US$m
Financial Assets				
Cash and cash equivalents	198	-	-	198
Trade and other receivables	158	-	-	158
Other financial assets - current	-	11	2	13
Other financial assets - non-current(1)	-	3	94	97
	356	**14**	**96**	**466**
Financial Liabilities				
Trade and other payables	327	-	-	327
Borrowings	3,087	-	-	3,087
Other financial liabilities - current	-	11	-	11
	3,414	**11**	**-**	**3,425**

(1) The amount at Fair Value through OCI of US$94 million represented the Group's investment in Evolution. Refer Note 28.

21. Financial Risk Management (continued)

(g) Fair Value

Fair value measurements recognised in the Statement of Financial Position
For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

- 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). Valuation inputs include forward curves, discount curves and underlying spot and futures 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).

As at 30 June 2016, all the Group's financial assets and liabilities which are measured at fair value on a recurring basis, are categorised as Level 2 measurements.

As at 30 June 2015, the majority of the Group's financial assets and liabilities which were measured at fair value on a recurring basis, were categorised at Level 1 and 2 with the remaining in Level 3 considered not material to the Group.

Fair value of financial instruments carried at amortised cost
The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value, except as detailed in the following table:

	Carrying amount		**Fair value** (1)	
Financial Assets/(Liabilities)	**2016 US$m**	2015 US$m	**2016 US$m**	2015 US$m
Borrowings:				
Fixed rate debt:				
- Corporate Bonds	1,990	1,989	2,024	1,835
- Private placement	125	125	131	130
	2,115	**2,114**	**2,155**	**1,965**

(1) The fair value is a level 2 valuation. Fair values of the Group's fixed rate borrowings are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

22. Issued Capital

		2016 US$m	2015 US$m
(a)	**Movements in Issued Capital**		
	Opening balance	11,673	11,679
	Shares repurchased and held in treasury [1]	(7)	(6)
	Total issued capital	**11,666**	**11,673**

		2016 No.	2015 No.
(b)	**Number of Issued Ordinary Shares**		
	Comprises:		
	• Shares held by the public	765,562,740	765,753,346
	• Treasury shares	948,231	757,625
	Total issued capital	**766,510,971**	**766,510,971**
	Movement in issued ordinary shares for the year		
	Opening number of shares	765,753,346	766,165,794
	Shares issued under:		
	• Shares repurchased and held in treasury [1]	(613,375)	(660,000)
	• Share plans [2]	422,769	247,552
	Closing number of shares	765,562,740	765,753,346
	Movement in treasury shares for the year		
	Opening number of shares	757,625	345,177
	• Purchases	613,375	660,000
	• Issued pursuant to share plans	(422,769)	(247,552)
	Closing number of shares	948,231	757,625

(1) During the year, the Newcrest Employee Share Plan Trust ('Trust') purchased a total of 613,375 (2015: 660,000) ordinary fully paid Newcrest shares at an average price of A$14.78 (US$10.50) per share (2015: average price of A$12.95 (US$9.93) per share). The shares were purchased on-market to be held by the Trustee on behalf of the Trust to satisfy the future entitlements of the holders of performance rights (and any other rights to acquire shares) under Newcrest's current and future employee incentive schemes.

(2) Represents rights exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 32 for share-based payments.

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 purchased 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.

23. Reserves

	Note	2016 US$m	2015 US$m
Equity Settlements Reserve	(a)	78	70
Foreign Currency Translation Reserve	(b)	(340)	(246)
Hedge Reserve	(c)	(16)	6
Fair Value Reserve	(d)	-	25
Total Reserves		**(278)**	**(145)**

(a) Equity Settlements Reserve

This reserve is used to recognise the fair value of rights and options issued to employees 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 subsidiaries which do not have a functional currency of USD. The reserve is also used to record exchange gains and losses on hedges of the net investment in foreign operations. Refer Note 21(b).

(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 21). The components of the hedge reserve at year end were as follows:

Component	2016 US$m	2015 US$m
FX gains on US dollar denominated borrowings	7	7
Gold forward contracts - Telfer	(30)	-
Other cashflow hedges	-	2
	(23)	9
Tax effect	7	(3)
Total Hedge Reserve	**(16)**	**6**

(d) Fair Value Reserve

The Fair Value Reserve records movements in the fair value of available-for-sale financial assets.

Prior to the adoption of AASB 9, where a revalued financial asset was sold or was determined to be impaired, the cumulative gain or loss included in the reserve was recognised in the Income Statement. The movement during 2015 related to the movement in the fair value of the investment in Evolution from US$69 million (being the fair value of the retained interest in Evolution at the date the Group sold down its interest in February 2015) to US$94 million as at 30 June 2015.

The balance of this reserve was transferred to the Income Statement upon disposal of the investment in October 2015.

GROUP STRUCTURE

This section provides information relevant to understanding the structure of the Group.

24. Controlled Entities

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. The Group comprises the following significant entities:

Entity	Notes	Country of Incorporation	Percentage Holding 2016 %	2015 %
Parent Entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Cadia Holdings Pty Ltd	(a)	Australia	100	100
Contango Agricultural Co. Pty Ltd	(c)	Australia	100	100
Newcrest Exploration Holdings Pty Ltd	(c)	Australia	100	100
Newcrest Finance Pty Ltd	(a)	Australia	100	100
Newcrest Holdings (Investments) Pty Ltd		Australia	100	100
Newcrest International Pty Ltd	(a)	Australia	100	100
Newcrest New Zealand Exploration Pty Ltd		Australia	100	100
Newcrest Operations Ltd	(a)	Australia	100	100
Newgen Pty Ltd		Australia	100	100
Sulawesi Investments Pty Ltd	(c)	Australia	100	100
Newcrest West Africa Holdings Pty Ltd (formerly LGL Australian Holdings Pty Ltd)	(a) (b)	Australia	100	100
Niugini Mining Australia Pty Ltd	(a) (b)	Australia	100	100
Newcrest Singapore Holdings Pte Ltd	(d)	Singapore	100	100
Newcrest Insurance Pte Ltd	(d)	Singapore	100	100
PT Nusa Halmahera Minerals	(d)	Indonesia	75	75
PT Nusantara Bintang Management		Indonesia	100	100
PT Puncakbaru Jayatama	(d)	Indonesia	100	100
Newcrest (Fiji) Ltd	(d)	Fiji	100	100
Newcrest Exploration (Fiji) Ltd	(d)	Fiji	100	100
Lihir Gold Ltd	(d)	Papua New Guinea	100	100
Newcrest PNG 1 Ltd	(d)	Papua New Guinea	100	100
Newcrest PNG 2 Ltd	(d)	Papua New Guinea	100	100
Newcrest PNG 3 Ltd	(d)	Papua New Guinea	100	100
Newcrest PNG Exploration Ltd	(d)	Papua New Guinea	100	100
Newcrest Resources Inc		USA	100	100
Newroyal Resources Inc		USA	100	100
LGL Holdings CI SA	(d)	Côte d'Ivoire	100	100
LGL Mines CI SA	(d)	Côte d'Ivoire	89.89	89.89
LGL Resources CI SA	(d)	Côte d'Ivoire	99.89	99.89
Newcrest Hire CI SA	(d)	Côte d'Ivoire	89.89	89.89
Newcrest Dougbafla CI SA	(d)	Côte d'Ivoire	89.89	89.89

Notes:

(a) These controlled entities are a party to a Deed of Cross Guarantee. Refer Note 26 for further information.
(b) Became a party to the Deed of Cross Guarantee in May 2016.
(c) Ceased being a party of the Deed of Cross Guarantee in May 2016.
(d) Audited by affiliates of the Parent entity auditors.

25. Parent Entity Info

The summarised Income Statement and Statement of Financial Position in respect to the parent entity ('Company') is set out below.

	Company	
	2016 US$m	2015 US$m
a) Income Statement		
Profit after income tax	597	720
Other comprehensive income	(204)	(1,175)
Total comprehensive income for the year	**393**	**(455)**
b) Statement of Financial Position		
Current assets	100	128
Non-current assets	6,399	5,971
Total assets	6,499	6,099
Current liabilities	112	104
Non-current liabilities	83	85
Total liabilities	195	189
Net assets	**6,304**	**5,910**
Issued capital	11,666	11,673
Equity settlements reserve	78	70
Foreign currency translation reserve	(229)	(25)
Accumulated losses	(5,211)	(5,808)
Total equity	**6,304**	**5,910**
c) Commitments		
Capital expenditure commitments	**5**	**3**

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 26. 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.

26. 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 24 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 its eligible controlled entities enter into a Deed of Cross Guarantee ('Deed'). 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.

In May 2016, the Company and its eligible controlled entities entered into a new Deed.

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 is set out below.

	Consolidated	
Income Statement	**2016 US$m**	2015 US$m
Operating sales revenue	1,733	2,072
Cost of sales	(1,257)	(1,295)
Gross profit	**476**	**777**
Exploration costs	(18)	(12)
Corporate administration costs	(76)	(96)
Other revenue	102	87
Other income/(expenses)	(63)	(467)
Class action settlement expense	(12)	-
Impairment reversal	464	469
Profit before interest and income tax	**873**	**758**
Finance income	37	43
Finance costs	(139)	(152)
Profit before income tax	**771**	**649**
Income tax expense	(98)	(159)
Profit after income tax	**673**	**490**

26. Deed of Cross Guarantee (continued)

Statement of Financial Position	Consolidated 2016 US$m	Consolidated 2015 US$m
Current assets		
Cash and cash equivalents	19	16
Trade and other receivables	106	110
Inventories	163	157
Other financial assets	-	13
Other assets	39	29
Total current assets	**327**	**325**
Non-current assets		
Other receivables	225	1,425
Inventories	3	6
Investment in subsidiaries	5,640	4,311
Property, plant and equipment	3,775	4,012
Other intangible assets	23	32
Deferred tax assets	105	140
Other assets	10	7
Total non-current assets	**9,781**	**9,933**
Total assets	**10,108**	**10,258**
Current liabilities		
Trade and other payables	608	174
Borrowings	100	-
Provisions	67	83
Current tax liability	12	-
Other financial liabilities	21	11
Total current liabilities	**808**	**268**
Non-current liabilities		
Borrowings	2,040	3,087
Provisions	195	168
Deferred tax liabilities	236	194
Derivative financial liabilities	17	-
Total non-current liabilities	**2,488**	**3,449**
Total liabilities	**3,296**	**3,717**
Net assets	**6,812**	**6,541**
Equity		
Issued capital	11,666	11,673
Accumulated losses	(4,229)	(4,990)
Reserves	(625)	(142)
Total equity	**6,812**	**6,541**

27. Interests in Joint Operations

The Group has interests in the following significant unincorporated joint arrangements, which are accounted for as joint operations under accounting standards.

Name	Country	Principal Activity	Note	Ownership Interest 2016	2015
Hidden Valley JV	Papua New Guinea	Gold production and mineral exploration	(a)	50.0%	50.0%
Wafi-Golpu JV	Papua New Guinea	Mineral exploration	(a)	50.0%	50.0%
Morobe Exploration JV	Papua New Guinea	Mineral exploration	(a)	50.0%	50.0%
Namosi JV	Fiji	Mineral exploration	(b)	70.67%	69.94%

Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation, its share of assets, liabilities, revenue and expenses from those operations and revenue from the sale of its share of the output from the joint operation or from the sale of the output by the joint operation.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses.

(a) Morobe Mining Joint Ventures

The Hidden Valley JV, Wafi-Golpu JV and the Morobe Exploration JV are collectively referred to as the Morobe Mining Joint Ventures. These JVs are each owned 50% by the Group and 50% by subsidiaries of Harmony Gold Mining Company Limited. Pursuant to the JV agreements, key operational decisions of the JVs require a unanimous vote and therefore the Group has joint control.

For segment reporting, Hidden Valley is a reportable operating segment. Wafi-Golpu and Morobe Exploration are included within the 'Exploration and Other' segment.

Refer to Note 31(a) regarding a contingent liability for the Hidden Valley JV.

Under the conditions of the Wafi-Golpu exploration tenements, the PNG Government ('the State') has reserved the right to take up an equity interest of up to 30% in a mine developed from Wafi-Golpu. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro rata share of the accumulated historical exploration costs. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012 the State indicated its intention to exercise its option. As at 30 June 2016, this option has not been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu JV would be reduced to 35%.

(b) Namosi Joint Venture

The Namosi JV was established between the Group and two other parties under the Namosi Joint Venture agreement in November 2007. Pursuant to this JV agreement, key operational decisions of the JV require a unanimous vote and therefore the Group has joint control. For segment reporting, the Namosi JV is included within the 'Exploration and Other' segment.

28. Investment in Associate

		2016 US$m	2015 US$m
(a)	**Investment in Evolution Mining Ltd**		
	Carrying amount at 1 July	-	152
	Share of profit	-	15
	Dividends received	-	(4)
	De-recognition of equity accounted investment	-	(163)
	Carrying amount at 30 June	**-**	**-**

The Group accounted for its investment in Evolution Mining Limited ('Evolution') using the equity method until 27 February 2015. On 27 February 2015, the Group sold 124,600,000 shares in Evolution for net proceeds of US$82 million (A$105 million) which reduced the Group's shareholding from 231,082,631 shares (32.3% interest) to 106,482,631 shares (14.9% interest).

Following the sale, the Group determined that it no longer had significant influence over its investment and discontinued the equity method of accounting. The Group's retained interest in Evolution was remeasured to fair value of US$69 million as at 27 February 2015 and was reclassified as an available-for-sale financial asset. Refer below for details of the profit or loss impact of this transaction and Note 21(f) for details of the available-for-sale investment.

		2016 US$m	2015 US$m
(b)	**Loss on disposal of associate**		
	Consideration received	-	82
	Carrying value of equity accounted investment	-	(136)
	Fair value of retained investment	-	69
	Realised foreign exchange loss transferred to the Income Statement	-	(72)
	Loss on disposal of associate	**-**	**(57)**

OTHER

This section includes additional financial information and other disclosures that are required by the accounting standards and the *Corporations Act 2001.*

29. Commitments

		2016 US$m	2015 US$m
(a)	**Operating Lease Commitments**		
	Future minimum rentals payable on non-cancellable operating leases due:		
	Within one year	10	3
	Later than one year but not later than five years	17	9
	Later than five years	-	-
	Total	**27**	**12**

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.

		2016 US$m	2015 US$m
(b)	**Capital Expenditure Commitments**		
	Capital expenditure commitments	**78**	**61**

This represents contracted capital expenditure.

30. Events Subsequent to Reporting Date

Subsequent to year end, the Directors have determined to pay an unfranked final dividend for the year ended 30 June 2016 of US 7.5 cents per share to be paid on 18 October 2016. The total amount of the dividend is US$57 million. This dividend has not been provided for in the 30 June 2016 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2016 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.

31. Contingent Liabilities

a) Hidden Valley

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 run-off from the mine. The damages sought by the plaintiffs are not specified. The defendants intend to defend the claims. No active steps have been taken by the plaintiffs in this proceeding since late 2012. It is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding if they proceed with these claims, nor the potential liability of the defendants if the plaintiffs were to succeed. Accordingly, no provision has been recognised in the financial statements for this matter.

b) Income Tax Matters – Indonesia

During the current period the Indonesian Tax Office ('ITO') completed tax audits and issued amended assessments to PT Nusa Halmahera Minerals ('PT NHM') for the 30 June 2012 and 30 June 2014 financial years. PT NHM is 75% owned by Newcrest. In addition, during prior periods the ITO concluded audits of the 2010, 2011 and 2013 income years. The principal issue raised in these amended assessments was the income tax rate applicable under the Gosowong Contract of Work ('COW').

The amended assessments issued by the ITO to PT NHM applied a higher tax rate to the income of PT NHM, in accordance with the ITO interpretation. This resulted in additional tax assessments of US$32 million in relation to 30 June 2012 and US$7 million in relation to 30 June 2014 (on a 100% basis). In addition, PT NHM has previously received assessments in relation to this issue totalling US$46 million for the 2010, 2011 and 2013 financial years.

PT NHM disagrees with the ITO interpretation but has paid the amounts assessed to mitigate future penalties. PT NHM has objected to these assessments and is seeking recovery of the US$85 million paid.

PT NHM has also continued to apply its own interpretation of the income tax rate applicable under the COW to the 2015 and 2016 financial years. If, following audits, the ITO issues assessments maintaining its alternative interpretation of the applicable tax rate, the additional tax assessed is estimated to be approximately US$11 million (on a 100% basis).

The Group considers that PT NHM has made adequate provision for its taxation liabilities and is taking appropriate steps to address issues raised by the ITO. If PT NHM is ultimately unsuccessful in obtaining recovery of the paid amounts (US$85 million to date), income tax expense would be adversely impacted by any shortfall in recovery of the tax paid together with the remeasurement of deferred tax liabilities.

c) Other Matters

In addition to the above matters, companies in the Group are recipients of, or defendants in, certain claims, proceedings and/or complaints made, commenced or threatened. In the opinion of the Directors, all such matters are of such a kind, or involve such amounts, that they are not anticipated to have a material effect on the financial position of the Group if disposed of unfavourably, or are at a stage which does not support a reasonable evaluation of the likely outcome of the matter.

d) Bank Guarantees

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 US$92 million (30 June 2015: US$105 million).

32. Share Based Payments

The Group operates a number of share-based payment plans, including:

- Executive Performance Share Plan ('LTI Plan')
- Employee Share Acquisition Plan ('ESAP')
- Share Match Plan
- Short Term Incentive Plan ('STI Plan')
- Sign-On Share Plan

(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, General Managers and Managers participate in this plan.

The performance measures for the Performance Rights granted in the 2016 and 2015 financial years comprised of three equally weighted measures, being:

- Comparative Cost Position;
- Return on Capital Employed (ROCE); and
- Strategic Performance.

Each LTI measure was chosen by the Board as it is a key driver of group performance:

- Comparative Cost Position and Strategic Performance being key drivers of shareholder value 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 1/3rd 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 Performance Rights granted under the plan during the 2016 year was A$11.89 (2015: A$10.72) per right. The fair value is independently determined using a Black-Scholes option pricing model. The model inputs for Performance Rights granted included:

	2016	2015
Share price at grant date	A$11.89	A$10.72
Expected life of right	3 years	3 years
Exercise price	Nil	Nil
Risk-free interest rate	1.95%	2.28%
Expected dividend yield	0.0%	0.0%

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).

The fair value of the rights granted is adjusted to reflect market vesting conditions. Non-market conditions are included in the assumptions about the number of rights that are expected to become exercisable and are updated at each reporting date. The impact of the revision to original estimates is recognised in the Income Statement with a corresponding adjustment to equity.

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.

Accounting Estimates and Assumptions - 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 above.

32. Share Based Payments (continued)

(b) Movements in the Number of Rights issued under the LTI Plan

Detailed information of Performance Rights over unissued ordinary shares is set out below:

			Movement in Number of Rights During the Year					Number Exercise-able at end of year
Grant date	Exercise date on or after	Expiry Date	Number at beginning of year	Granted	Exercised	Forfeited	Number at end of year	
2016								
10 Nov 10	10 Nov 13	10 Nov 15	4,432	-	(2,946)	(1,486)	-	-
17 Sep 12	17 Sep 15	17 Sep 15	452,054	-	(44,465)	(407,589)	-	-
4 Dec 13	16 Sep 16	16 Sep 16	1,371,575	-	-	(63,707)	1,307,868	-
12 Dec 14	7 Nov 17	7 Nov 17	1,762,682	-	-	(219,403)	1,543,279	-
5 Nov 15	5 Nov 18	5 Nov 18	-	1,449,853	-	(47,666)	1,402,187	-
Total			**3,590,743**	**1,449,853**	**(47,411)**	**(739,851)**	**4,253,334**	**-**
2015								
10 Nov 09	10 Nov 12	10 Nov 14	23,097	-	(23,097)	-	-	-
10 Nov 10	10 Nov 13	10 Nov 15	22,408	-	(16,685)	(1,291)	4,432	4,432
23 Sep 11	23 Sep 14	23 Sep 14	407,444	-	(34,294)	(373,150)	-	-
17 Sep 12	17 Sep 15	17 Sep 15	525,985	-	-	(73,931)	452,054	-
4 Dec 13	16 Sep 16	16 Sep 16	1,826,837	-	-	(455,262)	1,371,575	-
12 Dec 14	7 Nov 17	7 Nov 17	-	1,802,258	-	(39,576)	1,762,682	-
Total			**2,805,771**	**1,802,258**	**(74,076)**	**(943,210)**	**3,590,743**	**4,432**

All Performance Rights have a nil exercise price.

(c) ESAP and Share Match Plans

Under the ESAP, eligible employees are granted shares in 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, and are not eligible for the LTI Plan, are able to participate in the ESAP.

Under the Share Match Plan, eligible employees may contribute up to A$4,950 to acquire shares in the plan year. On the third anniversary of the start of the plan year, the Company will match the number of acquired shares held by the employee at that time with matched shares.

The number of shares and rights granted under these plans during the year was not material to the Group.

(d) STI Plan

Under the STI Plan, 50% of the payment is provided in cash with the remaining 50% deferred into shares. The number of shares calculated is based on the Company's volume weighted average share price during the five trading days immediately preceding the allocation date of shares. Half the shares are released after 12 months and the remainder after 2 years.

This plan applies to certain employees including key management personnel. During the year, 115,260 shares were allocated in respect to this plan (2015: nil).

32. Share Based Payments (continued)

(e) Sign-On Share Plan

To support Newcrest's ability to attract suitable executives and senior managers, it is sometimes necessary to offer sign-on incentives. Such incentives are consistent with market practice in the industry and facilitate movement of executives to Newcrest by compensating them for a portion of entitlements that they would otherwise forfeit on leaving another company. Rights awarded under this plan vest over periods up to three years and are subject to continued employment. During the year, 152,696 rights were allocated in respect to this plan (2015: nil).

33. Key Management Personnel

(a) Remuneration of Key Management Personnel and Directors

	2016 US$'000	2015 US$'000
Short-term	9,992	12,161
Long-term	140	222
Post-employment	219	231
Termination benefits	-	1,003
Share-based payments expense	4,043	1,721
	14,394	**15,338**

(b) Loans and other transactions with Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

34. Auditors Remuneration

	2016 US$'000	2015 US$'000
(a) Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of financial reports of the company and subsidiaries	1,375	1,614
Non-audit services:		
Tax advisory and assurance services	110	327
Accounting advice and other assurance-related services	199	433
Total non-audit services	**309**	**760**
Total	**1,684**	**2,374**
(b) Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Audit or review of financial reports of subsidiaries	**160**	**188**
(c) Amounts received or due and receivable by other auditors for:		
Audit or review of the financial report of subsidiaries	**63**	**90**

35. New Accounting Standards and Interpretations

(a) Adoption of New Standards and Interpretations

The Group has adopted the following new accounting standards for the year ended 30 June 2016:

- ***AASB 9 – Financial Instruments ("AASB 9")***

In December 2014, the AASB issued AASB 2014-9: *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instrument*" which consolidated a series of amendments to AASB 9 *Financial Instruments* (AASB 9 (2014)). AASB 9 replaces the relevant sections of AASB 139: *Financial Instruments: Recognition and Measurement* (AASB 139) and applies to annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group early adopted AASB 9 on a retrospective basis, with the exception of hedge accounting, from 1 January 2016 without restatement of prior year periods. Hedge accounting must be applied on a prospective basis. No material differences were identified on the adoption of AASB 9.

AASB 9 simplifies the classification and recognition of financial instruments, introduces a new impairment model and aligns hedge accounting more closely with common risk management practices.

(i) Changes to classification and measurement of financial assets and financial liabilities

Financial Assets

AASB 9 requires that an entity classifies its financial assets as subsequently measured at their amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual characteristics of the financial assets.

A financial asset is measured at amortised cost if two criteria are met:

- The objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- The contractual cash flows under the instrument solely represent payments of principal and interest

The new standard removes a requirement to separate embedded derivatives from financial asset hosts. Instead, a hybrid contract should be classified in its entirety at fair value.

An election can be made to designate a financial asset as measured at fair value through profit or loss on initial recognition if this significantly reduces an accounting mismatch. The designation at fair value through profit or loss is irrevocable.

AASB 9 prohibits reclassifications, except in rare circumstances when the entity's business model changes, in which case, the entity is required to reclassify affected financial assets prospectively.

All equity investments in the scope of AASB 9 should be measured at fair value. The new standard provides the option to present separately in Other Comprehensive Income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is only available on initial recognition on an instrument by instrument basis and it is irrevocable. There is no subsequent recycling of fair value gains and losses to the Income Statement, however, dividends from such investments will continue to be recognised in the Income Statement. AASB 9 removes the exemption that allowed unquoted equity instruments to be recognised at historical cost but provides guidance on when cost may be an appropriate estimate of fair value.

Impairment

AASB 9 introduces a new expected credit loss impairment model. This will require recognition of a provision based on expected credit losses when financial instruments are first recognised, rather than on an incurred loss basis, which was the requirement previously.

35. New Accounting Standards and Interpretations (continued)

Financial Liabilities
The requirements in AASB 139 regarding classification and measurement of financial liabilities have been retained in AASB 9, including the related application and implementation guidance. Financial liabilities continue to be measured at either fair value through profit or loss or amortised cost. The criteria for designating a financial liability at fair value through profit or loss also remain unchanged.

Where financial liabilities are designated at fair value through profit or loss, changes in the fair value due to changes in our own credit risk can be recognised in Other Comprehensive Income and there is no subsequent recycling of these amounts to the Income Statement (accumulated gains or losses may be transferred within equity). Where this creates an accounting mismatch in the Income Statement, all fair value movements must be recognised in the Income Statement.

Impact of changes
On adoption of AASB 9 the Group classified financial assets as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics.

The only change to the Group's classification or measurement of financial assets was that it no longer separates the quotational period pricing embedded derivative from the host contract, being the concentrate receivable, but instead now measures the whole receivable at fair value through profit or loss. There was no impact on financial liabilities.

Due to the short term nature of the accounts receivable portfolio, there were no material changes arising from the new impairment requirements of AASB 9 and there were no other material financial assets impacted by these new requirements.

There was no material impact on the Statement of Comprehensive Income or the Statement of Changes in Equity on adoption of AASB 9 in relation to classification and measurement of financial assets and financial liabilities.

The following table summarises the impact on the classification and measurement of our financial assets as at 1 January 2016:

			At 1 January 2016	
Presented on Statement of Financial Position	**Original measurement category under AASB 139**	**New measurement category under AASB 9 (2014)**	**Original carrying amount under AASB 139**	**New carrying amount under AASB 9**
			US$m	**US$m**
Cash and cash equivalents	Amortised cost	Amortised cost	105	105
Trade and other receivables - Bullion awaiting settlement - GST receivables - Other receivable	Amortised cost	Amortised Cost	53	53
Trade and other receivables - Concentrate receivables	Amortised cost	Fair value through profit or loss	139	126
Other financial assets (current)	Fair value through profit or loss	Fair value through profit or loss	7	7
Other financial assets (non-current)	Fair value through profit or loss	Fair value through profit or loss	2	2

35. New Accounting Standards and Interpretations (continued)

(ii) Changes to hedge accounting

AASB 9 aligns hedge accounting more closely with common risk management practices. Hedge ineffectiveness will continue to be recognised in the income statement. An entity is still required to prepare hedge documentation; however, the information to be documented under AASB 9 differs.

The following summarises the key changes:

- Risk components that are separately identifiable and reliably measurable will be eligible as hedged items, including non-financial items
- Effectiveness measurement testing is required only on a prospective basis and new hedge effectiveness criteria include existence of an economic relationship between the hedged item and the hedging instrument
- Certain requirements must be met for discontinuing a hedge relationship. Changes to the hedge relationship may result in rebalancing of the hedge ratio rather than de-designation
- Hedging of groups of net positions is permitted subject to certain criteria

The accounting and presentation requirements for hedge accounting remain largely unchanged; however additional disclosures are required under the new standard.

Hedge relationships which existed on the date of transition continue to be valid. Fair value gains and losses on derivative financial instruments continue to be recognised in the Income Statement, or through Other Comprehensive Income if the derivative is designated and effective as a hedging instrument.

(b) New Accounting Standards and Interpretations issued but not yet effective and 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 2016, but have not been applied in preparing this financial report.

Reference & Title	Details of New Standard / Amendment / Interpretation	Impact on Group	Application date for the Group
AASB 15 Revenue from contracts with customers	AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	(i)	1 July 2018
AASB 16 Leases	AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.	(i)	1 July 2019

(i) The Group has not yet determined the extent of the impact, if any.

Apart from the above, other accounting standards, amendments and interpretations that have been issued and will be applicable in future periods have been considered, however their impact is not considered material to the Group.

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 2016 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 2016.

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 26 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

Peter Hay	Sandeep Biswas
Chairman	Managing Director and Chief Executive Officer

15 August 2016
Melbourne

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Independent auditor's report to the 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 2016, 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, 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 2016 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 the Directors' Report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Tim Wallace
Partner

Melbourne
15 August 2016