

NEWCREST



Market Release

27 January 2005

Kencana Project Development Approved

The Board of Newcrest has approved the development of the Kencana gold deposit at Gosowong in Indonesia, in which Newcrest has an 82.5% interest and its joint venture partner Aneka Tambang holds the remaining 17.5% interest.

The Mineral Resource is estimated at 1.7 million tonnes at 41 grams for 2.2 million ounces gold and the project plan is to develop an underground mine to extract 1.6Moz of this resource.

The Kencana mine has a 6 year mine life based on current resources however the mine plan expects to recover the majority of this 1.6Moz over 4 years at a cash cost of around \$US130/oz and a total cost of US\$172/oz. This will involve production from the underground mine using various stoping methods and depending on the success of the selected method the production rates will be at or above 350 Kozs p.a.

The capital cost to first production for the project is \$US40M (100%) and includes the development of the decline and construction of additional site infrastructure.

Construction of the decline is expected to commence during Q4 FY05 with first gold production expected in Q4 FY06.

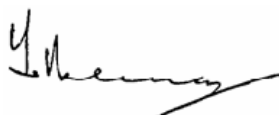
Exploration is continuing on the Kencana mineralization which remains open at depth and to the south of the current mineralised zone.

ENDS

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