



NEWCREST MINING LIMITED AND CONTROLLED ENTITIES

PRELIMINARY FINAL ASX 4E REPORT

FOR THE YEAR ENDED

30 JUNE 2005

ABN 20 005 683 625

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***Results for Announcement to the Market***

	30 June 2005	30 June 2004	Percentage
	\$'M	\$'M	increase/ (decrease)
Total revenue from ordinary activities	999.5	716.5	39%
Net profit from ordinary activities after tax attributable to members of the parent entity	136.1	122.9	11%

Dividends

Interim dividend per share	Nil
Final dividend per share (approximately 50% franked)	5 cents
Record date for determining entitlement to dividend	23 September 2005
Date dividend payable	14 October 2005

Review of Results

Refer discussion of results on page 2.

Audit report

The preliminary report is based on accounts which are in the process of being audited.

**REVIEW OF RESULTS**

This review is provided to assist readers in understanding the Preliminary Final ASX 4E Financial Report. The Preliminary Final ASX 4E Financial Report has been derived from the full 2005 Financial Report of Newcrest Mining Limited.

The Newcrest Mining Limited Consolidated Entity consists of Newcrest Mining Limited and its controlled entities. The principal activities of the Newcrest Mining Limited Consolidated Entity during the financial year comprised exploration, development, mining and the sale of gold and gold/copper concentrate.

SUMMARY OF YEAR'S RESULTS

The 2004/05 year was a significant year for the Consolidated Entity with the commissioning of the Telfer concentrator, the commencement of commercial production from the Telfer open pit and the requirement to raise additional funding for the Telfer project. The Telfer funding plan also relied heavily on the Cadia Valley mines to generate significant cash flows. Ridgeway continued to perform strongly with the higher copper price assisting in the provision of substantial cash flows to the Group.

The operating results exclude initial production from the Telfer mine. Revenue and operating costs incurred during the pre-commissioning phase have been offset against the capital cost of construction. The commissioning of the Telfer concentrator and the commencement of commercial production from the Telfer open pit in February 2005 will result in a significant increase in key financial measures for the 2005/06 full year.

The financial highlights of the 2004/05 year are summarised in the following table:

	2005	2004
Net profit after tax before significant items	\$148.2 million	\$122.6 million
Net profit after tax	\$136.1 million	\$122.9 million
Basic earnings per share	41.3 cents	37.5 cents
Return on members equity (EBIT before significant items)	22.1 percent	18.6 percent
Return on members equity (Net profit after tax)	12.1 percent	12.4 percent
Gearing (Net Debt / Net Debt + Equity)	55 percent	49 percent

Profit after tax but before significant items increased \$25.6 million in 2004/05. This measure is considered a good indicator of the profitability of the underlying businesses. The increase in profit resulted principally from higher production from the new Telfer mine, Toguraci's first full year of operations and continued low cash costs assisted by strong copper by-product revenue.



REVIEW OF RESULTS (CONTINUED)

STATEMENT OF FINANCIAL PERFORMANCE

Major factors impacting the operating result for the current year are:

Gold Sales Revenue

- Total gold revenue increased by \$173.6 million to \$610.9 million due to an increase in sales ounces. The achieved gold price received was \$576 per ounce (2004: \$579 per ounce). Gold hedging gains included in revenue contributed \$16.2 million to the group result and the hedgebook delivered as expected according to the restructure undertaken in July 2004.
- Total gold sales ounces were 1,060,196 (2004: 754,745). This increase of 305,451 ounces was derived from:
 - increase of 146,786 ounces from commencement of operations at Telfer;
 - increase of 139,401 ounces from a full year of operations at Toguraci;
 - increase of 62,228 ounces from increased throughput and grade at Cadia Hill;
 - increase of 23,785 ounces from commencement of operations at Cracow; and
 - decrease of 66,749 ounces from lower grade at Ridgeway.

Copper & Silver Sales Revenue

- Net by-product revenue increased significantly by \$100.5 million to \$374.6 million as a result of the increase in the spot copper price and copper tonnes sold increasing to 87,539 tonnes (2004: 84,231 tonnes). The achieved copper price received of A\$1.85 per pound (2004: A\$1.44 per pound) was after taking into account copper hedge losses of \$29.4 million. Silver revenue was \$8.7 million (2004: \$7.4 million).

Other Revenue Factors

- Revenue and profit in the year were adversely impacted by the build up of inventory. At year-end there was 77,519 ounces of gold and 8,166 tonnes of copper which will be sold and realised in the 2005/06 financial year.

	Gold	Copper
	(ounces)	(tonnes)
Opening Finished Goods - 1 July 2004	12,010	1,122
Production (excluding commissioning production)	1,125,705	94,583
Sales (excluding commissioning sales)	(1,060,196)	(87,539)
Closing Finished Goods – 30 June 2005	77,519	8,166

- Main items included in other revenue comprised interest received and proceeds from asset disposals and property settlements.



REVIEW OF RESULTS (CONTINUED)

Costs

- Gross mine costs (excluding copper by-product revenue) increased due to higher production volumes.
- Depreciation and amortisation on fixed assets totalled \$126.3 million which is equal to \$119/oz sold (2004: \$147/oz). Depreciation is lower per ounce mainly due to the plant and equipment at Toguraci being fully depreciated at the time operations at Gosowong were placed on care and maintenance and the inclusion of the Cadia East mining reserve into the life of mine depreciation calculation for Cadia.
- \$30.3 million (2004: \$12.1 million) of borrowing costs were expensed with the increase incurred following the commissioning of the Telfer project. Net borrowings costs capitalised to the Telfer Project were \$37.0 million (2004: \$36.5 million).
- Administration costs increased in line with the growth of the company resulting in an increase in the Operations and Development division's activities assisting the Group's expanded operating base and the development of new information technology infrastructure and systems to match the expanded base.
- Total exploration expenditure for the period was \$46.0 million (2004: \$45.4 million) with \$39.2 million (2004: \$32.1 million) being expensed. Exploration expenditure capitalised in the period related to Ridgeway Deeps and Kencana.
- Other expenses mainly comprise foreign exchange losses on concentrate debtors.

Significant Item - Provision for Hedging Restructures

- In July 2004 Newcrest Mining Limited announced that it had completed a comprehensive simplification of its legacy gold and foreign currency hedging positions. The hedgebook following the restructure consists simply of a series of Australian and US dollar gold forward contracts. The restructure of the hedgebook required the gains and losses of the hedge restructure to be accounted for as at the date the original transactions were designated. This resulted in a provision profile as noted below (that was reported as part of the hedge restructure) and \$17.3 million has been recorded as an expense which also includes the ongoing accounting treatment of previous years hedging restructures.

	2005	2006	2007	2008	2009	2010	2011	2012
Year	A\$M	A\$M	A\$M	A\$M	A\$M	A\$M	A\$M	A\$M
Adjustment from hedgebook restructure	(11)	(22)	(12)	(1)	2	15	21	1
Adjustment from prior years restructures	(6)	11	18	1	16	3	1	-
Net (expense)/revenue	(17)	(11)	6	-	18	18	22	1

**REVIEW OF RESULTS (CONTINUED)****STATEMENT OF FINANCIAL POSITION**

During the year there was a significant debt restructure as part of the Group's capital management plan. The company completed its funding requirements with the successful issue of \$US350 million of long term senior unsecured notes to the North American private placement debt market. \$US844 million of available revolving bi-lateral debt facilities with Australian and International banks was also completed. These facilities were used to repay the A\$575 million Telfer multi-currency syndicated loan note and other short term debt facilities. This revised debt position has aligned Newcrest's capital structure by ensuring an appropriate mix of long and short term debt.

At 30 June 2005 total assets have increased to \$3.029 billion, an increase of \$463 million. The majority of this increase represents the capital expenditure associated with the Telfer project. Total liabilities at 30 June 2005 were \$1.897 billion, an increase of \$331 million as a result of the finalisation of the debt raising. Newcrest Mining Limited concluded the year with gearing (measured as net debt to net debt-plus-equity) at 55 percent.

Contributed equity increased by \$10.9 million during the year from the issue of shares on conversion of employee options and the dividend reinvestment plan.

STATEMENT OF CASH FLOWS**Cash Flow – Operating Activities**

Cash flow from operating activities decreased to \$259.0 million (2004: \$266.8 million) due mainly to the increase in debtors and the build up in inventories.

Cash Flow – Investing Activities

Major areas of expenditure in the period were:

- Telfer mine development (including pre-commissioning operating costs and capitalised borrowing costs)- \$519.6 million
- Cadia, Ridgeway, Cadia East expenditure - \$66.6 million
- Cracow mine development - \$28.2 million
- Indonesia capital expenditure - \$20.0 million
- Total exploration - \$46.0 million

**REVIEW OF RESULTS (CONTINUED)*****Borrowings***

Capital expenditure programs were largely financed by a restructure in the debt profile of the company. Major movements in cash flows from financing activities include:

- \$459.0 million proceeds received through US\$350 million private placement debt
- \$333.7 million net draw down from bi-lateral debt facilities
- \$177.3 million proceeds from stand-by facilities
- (\$538.1 million) full repayment of the Telfer syndicated loan note facility
- (\$41.2 million) repayment of the gold loan.
- (\$19.4 million) repayment of Nippon USD borrowing
- (\$17.3 million) repayment of finance leases
- (\$6.5 million) repayment of other loans

Other Financing Activities

\$8.4 million of funds were received from the exercise of share options.

Dividend Payment

A final dividend payment of 5¢ per share amounting to \$16.5 million was paid to shareholders on 15 October 2004 in respect of the 30 June 2004 financial year. The Dividend Reinvestment Plan reduced the actual cash amount paid to \$14.0 million. A dividend of \$5.0 million was paid to outside equity interests.


**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Consolidated	
		2005 \$M	2004 \$M
Sales revenue	2	985.5	711.4
Cost of sales		(657.1)	(474.5)
Gross profit		328.4	236.9
Other revenues from ordinary activities	2	14.0	5.1
Exploration costs		(39.2)	(32.1)
Corporate administration costs		(38.6)	(20.3)
Borrowing costs	3	(30.3)	(12.1)
Net foreign exchange gain/(loss)	3	(5.6)	5.7
Other expenditure		(6.0)	(7.5)
Written down value of assets sold	3	(0.2)	(1.1)
Reversal of provision for surplus foreign exchange and gold contracts	4	-	10.2
Provision for hedging contract restructures	4	(17.3)	(9.8)
Profit from ordinary activities before income tax expense		205.2	175.0
Income tax expense relating to ordinary activities	5	(62.4)	(51.1)
Profit from ordinary activities after related income tax expense		142.8	123.9
Net profit attributable to outside equity interest		(6.7)	(1.0)
Net profit attributable to members of the parent entity		136.1	122.9
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the parent entity		136.1	122.9
Basic earnings per share (cents per share)	7	41.3	37.5
Diluted earnings per share (cents per share)	7	40.8	37.0

The statement of financial performance is to be read in conjunction with the review of results and the accompanying notes to the financial statements.


**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005**

	Consolidated	
	2005	2004
	\$M	\$M
CURRENT ASSETS		
Cash assets	64.6	157.0
Receivables	154.5	109.9
Other financial assets	1.2	0.3
Inventories	103.3	40.2
Deferred foreign exchange contract loss	-	10.8
Other	34.7	20.5
Total Current Assets	358.3	338.7
NON-CURRENT ASSETS		
Receivables	9.1	34.6
Inventories	4.8	7.9
Property, plant and equipment	1,309.8	537.9
Exploration, evaluation and development	1,079.2	1,411.6
Deferred foreign exchange contract loss	-	30.8
Other	267.9	204.1
Total Non-Current Assets	2,670.8	2,226.9
TOTAL ASSETS	3,029.1	2,565.6
CURRENT LIABILITIES		
Payables	154.7	159.7
Interest bearing liabilities	321.5	86.2
Foreign exchange contract liabilities	-	10.8
Income Tax	8.8	-
Provisions	13.7	8.1
Other	-	3.3
Total Current Liabilities	498.7	268.1
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,118.8	1,027.6
Foreign exchange contract liabilities	-	30.8
Deferred tax liabilities	147.3	100.7
Provisions	64.8	57.3
Other	67.4	81.3
Total Non-Current Liabilities	1,398.3	1,297.7
TOTAL LIABILITIES	1,897.0	1,565.8
NET ASSETS	1,132.1	999.8
EQUITY		
Contributed equity	802.4	791.5
Retained profits	319.9	200.3
Total parent entity interest	1,122.3	991.8
Total outside equity interest	9.8	8.0
TOTAL EQUITY	1,132.1	999.8

The statement of financial position is to be read in conjunction with the review of results and the accompanying notes to the financial statements.


**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	Consolidated	
	2005	2004
	\$M	\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	929.0	697.7
Cash payments in the course of operations	(644.6)	(419.7)
Interest received	5.3	2.5
Borrowing costs paid	(23.0)	(12.1)
Income taxes paid	(7.7)	(1.6)
Net cash provided by operating activities	259.0	266.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(51.5)	(19.1)
Proceeds from sale of non-current assets	1.0	1.9
Exploration and evaluation expenditure	(46.0)	(45.4)
Payments in respect of mine development	(42.9)	(9.4)
Payments in respect of mines under construction	(460.6)	(647.8)
Feasibility expenditure	(46.3)	(18.0)
Borrowing costs paid capitalised to development projects	(39.7)	(15.6)
Net cash used in investing activities	(686.0)	(753.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings:		
US Private placement notes	459.0	-
US Bilateral debt	333.7	-
US 364 day loan	177.3	-
Bank loan note	-	554.9
Bank loan	-	85.0
Net repayment of borrowings:		
Bank loan	(6.5)	-
Bank loan note	(538.1)	-
US Dollar loan	(19.4)	(22.8)
Gold loan	(41.2)	(49.1)
Repayment of finance lease principal	(17.3)	(15.4)
Proceeds from share issues	8.4	4.2
Dividends paid	(19.0)	(13.4)
Net cash provided by financing activities	336.9	543.4
Net increase/(decrease) in cash held	(90.1)	56.8
Cash at the beginning of the financial year	157.0	101.1
Effects of exchange rates to cash	(2.3)	(0.9)
Cash at the end of the financial year	64.6	157.0

The statement of cash flows is to be read in conjunction with the review of results and the accompanying notes to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

NOTE 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This preliminary final report is for the year ended 30 June 2005, and has been prepared in accordance with the Appendix 4E of the Australian Stock Exchange Listing Rules, Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group consensus views), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001. It is recommended that this report be read in conjunction with any public announcements made by Newcrest Mining Limited and its controlled entities during the reporting year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This preliminary final report has been derived from the Consolidated Entity's full 2005 financial report. Additional information included in the preliminary financial report as a result of the specific requirements of Appendix 4E is consistent with the information that will be used to prepare the Consolidated Entity's full financial report.

The preliminary final report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

This report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets. Comparative information is reclassified where appropriate to enhance comparability.

Accounting policies have been consistently applied by each entity in the Consolidated Entity and the accounting policies adopted are consistent with those of the previous financial year. A full description of the accounting policies adopted by the Consolidated Entity may be found in the Consolidated Entity's full financial report.

NOTE 2 REVENUE FROM ORDINARY ACTIVITIES

	Consolidated	
	2005	2004
	\$M	\$M
Sales revenue		
Gold	610.9	437.3
Copper	365.9	266.7
Silver	8.7	7.4
Total sales revenue	985.5	711.4
Other revenues		
Interest from other persons	5.7	3.4
Less: interest income capitalised	(0.4)	(1.1)
Gross proceeds from sale of non-current assets and property settlements	6.4	2.0
Joint venture management fees	0.8	0.2
Revaluation of investment	0.7	0.2
Other revenue items	0.8	0.4
Total other revenues	14.0	5.1
Total revenue from ordinary activities	999.5	716.5


NOTE 3 EXPENSES AND LOSSES INCLUDED IN PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	Consolidated	
	2005	2004
	\$M	\$M
Depreciation of:		
Property, plant and equipment	70.8	62.8
Amortisation of:		
Plant and equipment under finance leases	12.0	8.1
Mine development	47.2	39.0
Feasibility	2.2	-
Mine leases	0.3	0.3
Deferred mining	0.9	0.9
Cadia royalty	0.9	1.0
(Less)/add: capitalised to inventory on hand	(8.0)	(1.2)
Total depreciation and amortisation	126.3	110.9
Borrowing costs:		
Interest costs:		
Interest on loans	54.1	28.6
Finance leases	7.5	7.0
Other:		
Other borrowing costs	5.7	13.0
Foreign exchange (gains)/losses on USD borrowings and cash	(48.5)	8.5
	18.8	57.1
Add: Capitalised foreign exchange on USD borrowings and cash	48.5	(8.5)
Less: Capitalised borrowing costs	(37.0)	(36.5)
Total borrowing costs expensed	30.3	12.1
Other Items:		
Operating lease rentals	7.6	7.5
Government royalties	28.9	17.7
Research and development expenditure	0.6	0.4
Provision for:		
Employee benefits	9.5	5.4
Restoration and rehabilitation	4.4	3.1
Stores obsolescence	0.8	0.4
Other	(0.2)	1.6
Gains/(losses):		
Net foreign exchange gain/(loss)	(5.6)	5.7
Sales of assets		
Sales of assets have given rise to the following profits:		
Proceeds from sale of plant and equipment	2.3	2.0
Carrying value of plant and equipment sold	(0.2)	(1.1)
Profit on sale of plant and equipment	2.1	0.9



NOTE 4 INDIVIDUALLY SIGNIFICANT ITEMS (CHARGED)/CREDITED IN OPERATING PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

	Consolidated	
	2005	2004
	\$M	\$M
Provision for surplus foreign currency contracts	-	10.2
Losses recognised during the financial year in relation to hedge contract restructures	(17.3)	(9.8)
Total significant items before tax expense	(17.3)	0.4
Tax effect of significant items	5.2	(0.1)
Total significant items after tax expense	<u>(12.1)</u>	<u>0.3</u>

NOTE 5 INCOME TAX

The prima facie tax on profit, using tax rates applicable in the country of operation, differs from the income tax provided in the financial statements as follows:

	Consolidated	
	2005	2004
	\$M	\$M
Prima facie tax on profit from ordinary activities at 30% (2004: 30%)	61.6	52.5
Tax effect of permanent differences:		
Overseas exploration	0.1	0.1
Non-deductible depreciation and amortisation	0.1	0.1
Non-deductible foreign exchange losses	0.3	-
Other non-deductible items	0.6	0.1
Research and development allowance	(1.2)	(0.8)
(Over)/under provision for deferred tax liability	0.9	(0.9)
Income tax expense attributable to ordinary activities	<u>62.4</u>	<u>51.1</u>



NOTE 6 DIVIDENDS

	Cents per share	Total amount \$M	Franked/ unfranked	Date of payment
Dividends recognised in the current year by the Company are:				
2005 – Dividend paid during the year				
Final – ordinary	5.0	<u>16.5</u>	Franked	15 Oct 2004
2004 – Dividend paid during the year				
Final – ordinary	5.0	<u>16.4</u>	Franked	17 Oct 2003
Subsequent events				
Dividend proposed and not recognised as a liability				
[1].				
Since the end of the financial year, the directors declared the following dividends:				
			Approximately 50%	
Final – ordinary	5.0	<u>16.5</u>	Franked	14 Oct 2005

[1] The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports. Dividends proposed will be franked to approximately 50% at the tax rate of 30 percent (2004: 30 percent).

Dividend franking account

30 percent franking credits are available to shareholders of Newcrest Mining Limited of approximately \$2.9 million (2004: \$10.2 million). The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

- franking credits that will arise from the payment of any current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The dividend declared for 30 June 2005 will be approximately 50% franked utilising the remaining \$2.9 million of the franking account balance.



NOTE 7 EARNINGS PER SHARE

	Consolidated	
	2005	2004
Basic earnings per share (cents per share)	41.3	37.5
Diluted earnings per share (cents per share)	40.8	37.0

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	2005	2004
	\$M	\$M
Net profit after income tax	142.8	123.9
Adjustments:		
Net profit attributable to outside equity interest	(6.7)	(1.0)
Earnings used in calculating basic earnings per share	136.1	122.9

	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	329,614,969	327,919,903
Effect of dilutive securities:		
Share options	4,000,161	4,015,926
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	333,615,130	331,935,829



NOTE 8 CONTRIBUTED EQUITY

	Consolidated 2005 \$M	2004 \$M
Opening balance	791.5	784.3
Share issued under:		
• Newcrest Executive Option Plan (b)	8.4	4.2
• Dividend Reinvestment Plan (c)	2.5	3.0
Total Contributed Equity	<u>802.4</u>	<u>791.5</u>

MOVEMENT IN ISSUED ORDINARY SHARES FOR THE YEAR

	NUMBER OF ORDINARY SHARES	
	2005	2004
Opening number of shares	328,559,191	326,911,171
Share issued under:		
• Employee Share Acquisition Plan (a)	30,000	29,808
• Newcrest Executive Option Plan (b)	1,819,770	1,351,500
• Dividend Reinvestment Plan (c)	166,117	266,712
Closing Number of Shares	<u>330,575,078</u>	<u>328,559,191</u>

(a) The Employee Share Acquisition Plan is a broad based employee share plan. During the year, the Plan offered eligible employees fully paid shares for \$Nil consideration, with a total of 30,000 (2004: 29,808) shares issued.

(b) The Newcrest Executive Option Plan provides options for senior management, including the Managing Director.

(c) The Dividend Reinvestment Plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.

NOTE 9 RETAINED PROFITS

	Consolidated 2005 \$M	2004 \$M
Retained profits at beginning of year	200.3	93.8
Net profit attributable to members of the parent entity	136.1	122.9
Dividends recognised during the year (refer Note 6)	(16.5)	(16.4)
Retained profits at end of year	<u>319.9</u>	<u>200.3</u>



NOTE 10 FINANCIAL INSTRUMENTS

The Consolidated Entity uses derivative financial instruments in the normal course of business for the purpose of hedging its future production and sales and managing its commodity, foreign currency and interest rate exposures.

On 5 July 2004, Newcrest Mining Limited announced that it had completed a comprehensive simplification of its gold and foreign currency hedging positions. The restructure included the elimination of the entire foreign currency book and all contingent products in the gold hedging book.

Refer to the 2005 full Financial Report for the full financial instruments note of the Consolidated Entity as at 30 June 2005.

The Aggregate Net Fair Values of Derivative Financial Instruments

The valuation of financial instruments not recognised on the statement of financial position reflects the estimated net realisable value or replacement value of the instruments, assuming an orderly execution in normal market conditions at the current market rates as at reporting date. Fair value is based on either listed market prices or quotes from independent external counterparties using standard valuation techniques.

Net fair value of derivative financial instruments	2005 \$'M	2004 \$'M
Gold hedge contracts	(426.0)	(357.8)
Copper hedge contracts	(118.2)	(42.9)
Foreign currency contracts	-	(50.9)
Gold loan swap contracts	(46.0)	(26.8)
Gold lease rate swaps	7.3	-
Total	(582.9)	(478.4)



NOTE 11 SEGMENT INFORMATION

Geographical Segments (Primary Reporting Format based on location of mine sites)

2005	Cadia Valley Operations \$M	Gosowong^(iv) \$M	Telfer⁽ⁱⁱⁱ⁾ \$M	Boddington⁽ⁱⁱ⁾ \$M	Cracow^(v) \$M	Group & Unallocated \$M	2005 Total \$M
Sales revenue ⁽ⁱ⁾	704.1	123.3	157.9	-	13.5	(13.3)	985.5
Other revenue	-	-	-	-	-	14.0	14.0
Total segment revenue	704.1	123.3	157.9	-	13.5	0.7	999.5
Segment result ⁽ⁱ⁾	233.8	63.2	44.0	-	1.6	(137.4)	205.2
Income tax expense						(62.4)	(62.4)
Net profit/(loss)	233.8	63.2	44.0	-	1.6	(199.8)	142.8
Segment assets	1,036.4	79.5	1,757.2	11.1	66.1	78.8	3,029.1
Segment liabilities ^(vi)	377.3	27.6	1,223.4	18.7	-	250.1	1,897.0
Acquisition of segment assets	74.3	27.6	456.9	2.6	28.7	28.9	619.0
Depreciation and amortisation of segment assets	96.7	6.1	20.5	-	2.8	0.2	126.3
Other non-cash expenses	6.2	1.5	1.6	-	0.2	5.2	14.7
Significant revenues/(expenses) (refer Note 4)	-	-	-	-	-	(12.1)	(12.1)

2004	Cadia Valley Operations \$M	Gosowong^(iv) \$M	Telfer⁽ⁱⁱⁱ⁾ \$M	Boddington⁽ⁱⁱ⁾ \$M	Cracow^(v) \$M	Group & Unallocated \$M	2004 Total \$M
Sales revenue ⁽ⁱ⁾	639.7	42.6	-	-	-	29.1	711.4
Other revenue	0.1	0.2	1.3	0.5	-	3.0	5.1
Total segment revenue	639.8	42.8	1.3	0.5	-	32.1	716.5
Segment result ⁽ⁱ⁾	188.3	20.3	-	-	-	(33.6)	175.0
Income tax expense						(51.1)	(51.1)
Net profit/(loss)	188.3	20.3	-	-	-	(84.7)	123.9
Segment assets	964.8	47.0	1277.6	9.0	23.4	243.8	2,565.6
Segment liabilities	445.4	6.8	838.5	18.3	3.8	253.0	1,565.8
Acquisition of segment assets	28.9	13.8	631.3	1.3	20.3	23.0	718.6
Depreciation and amortisation of segment assets	105.1	4.2	-	-	-	1.6	110.9
Other non-cash expenses	7.1	0.3	-	-	-	3.1	10.5
Significant revenues/(expenses) (refer Note 4)	-	-	-	-	-	0.3	0.3



NOTE 11 SEGMENT INFORMATION (CONTINUED)

- (i) Segment sales revenue and segment results by mine location includes gold and copper sales at spot prices. Mine results do not include allocation of hedging and interest costs.
- (ii) Operations at Boddington were suspended in November 2001 and the mine was placed on care and maintenance. The Wandoo feasibility study is currently being updated.
- (iii) Operations at Telfer commenced in February 2005, prior to this the Telfer mine was under redevelopment.
- (iv) Operations at Toguraci commenced in February 2004, prior to this the mine was under care and maintenance.
- (v) The Cracow Mining Joint Venture commenced operations in December 2004, prior to this time it was being constructed.
- (vi) Group borrowings have been attributed to CVO and Telfer.

Geographical Segments (based on location of customers)

	Sales Revenue from External Customers	
	2005	2004
	\$M	\$M
Australia – Bullion	118.3	96.1
Other Asia – Bullion	123.3	42.6
Japan – Concentrate	690.8	482.9
Korea – Concentrate	66.4	60.7
Hedge gains included in revenue	(13.3)	29.1
Total Sales Revenue	985.5	711.4

Business Segments (Secondary Reporting Format)

The Consolidated Entity operates predominantly in one business segment being the gold mining industry and derives its revenue from the sale of gold and gold/copper concentrate.

NOTE 12 SUBSEQUENT EVENTS

Subsequent to 30 June 2005, Newcrest Mining Limited announced that it is assessing a divestment of its 22.2% interest in the Boddington Gold Mine Joint Venture.

There are no other matters or circumstances which have arisen since 30 June 2005 that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

**NOTE 13 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Newcrest Mining Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards (“A-IFRS”) for its annual reporting period beginning on 1 July 2005. Accordingly, Newcrest Mining Limited’s first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006. Adopting A-IFRS for the first time will result in the comparative financial statements being restated to amounts reflecting the application of A-IFRS to that comparative period. Most adjustments required on transition to A-IFRS will be made retrospectively, against opening retained earnings as at 1 July 2004.

Management of the A-IFRS Implementation

The company established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a steering committee, to manage the transition to A-IFRS. Regular updates are also provided at each Audit Committee meeting. The implementation project consists of the following phases

- Initial scoping and impact assessment studies to isolate key areas that will be impacted by the transition to A-IFRS;
- An evaluation and design phase to identify specific changes required to existing accounting policies, information systems and business and commercial impacts; and
- An implementation and review phase which culminates in the collection of financial information necessary to compile A-IFRS compliant financial statements.

At the date of this financial report, Newcrest is well advanced in the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, and the determination of the likely impact on the results and financial position of the company and the consolidated entity. The following A-IFRS accounting standards highlighted in the “Key Differences in Accounting Policy” section are the main areas identified to date which will impact Newcrest’s opening balance sheet and the first sets of accounts prepared at 31 December 2005 and 30 June 2006

Key Differences in Accounting Policy

Set out below are the key areas where accounting policies are expected to change on adoption of A-IFRS and our best estimate of the quantitative impact of the changes on net profit for the year ended 30 June 2005 and net assets and equity as at 30 June 2005. The figures disclosed are management’s best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to A-IFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the A-IFRS project team; (b) potential amendments to A-IFRS’s and Interpretations thereof being issued by the standard-setters and the International Financial Reporting Interpretations Committee; and (c) emerging accepted practice in the interpretation and application of A-IFRS and Urgent Issues Group (“UIG”) Interpretations. Therefore until the company prepares its first full A-IFRS financial statements, the accompanying note disclosures may have to be adjusted.

The following reconciliations outline the likely impacts on the current year result and financial position of the company and consolidated entity had the financial statements been prepared under A-IFRS, based on the accounting policy decisions current at the date of this financial report.

NOTE 13 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

As described above, readers of the financial report should note that further developments in A-IFRS may result in changes to the accounting policy decisions and, consequently, the likely impacts outlined in the following reconciliations.

YEAR ENDED 30 JUNE 2005	Notes	Consolidated \$'M
Net Profit After Tax as reported under AGAAP		136.1
Employee benefits expense	(a)	0.2
Share-based payment expense	(b)	(4.5)
Changes in decommissioning expenses	(c)	1.9
Changes in the fair value of derivatives	(e)	-
Changes in the fair value of designated hedges	(e)	-
Income tax benefit	(h)	0.7
Net Profit After Tax under A-IFRS		134.4

AS AT 30 JUNE 2005	Notes	Consolidated \$'M
Net Assets (AGAAP)		1,132.1
Property, plant and equipment	(c)	3.8
Other assets	(d)	(4.4)
Deferred tax liabilities	(h)	0.7
Provisions	(c)	10.0
Other financial liabilities	(a)	(0.2)
Net Assets (A-IFRS)		1,142.0

AS AT 30 JUNE 2005	Notes	Consolidated \$'M
Total Equity (AGAAP)		1,132.1
Change in share based payment reserve	(b)	4.5
Change in retained earnings – adjustment on transition to A-IFRS	(a) (c) (d) (h)	7.1
Change in retained earnings – adjustment to current year profit		(1.7)
Total Equity (A-IFRS)		1,142.0

**NOTE 13 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

The following explanatory notes relate to the reconciliations above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under AGAAP.

(a) Defined benefit superannuation plan

Under AASB 119 "Employee Benefits", Newcrest will be required to recognise an actuarially determined cost for employees in the defined benefit plan. Additionally, the deficit of the defined benefit plan will be recognised as a liability in the balance sheet. At 30 June 2005 there are only 3 employees remaining in the defined benefit plan therefore the transitional and future period impacts are not expected to be material. The cumulative effect of the above requirement on the financial position at 30 June 2005 will be an increase in the employee benefit provision of \$0.2 million and a corresponding decrease to retained earnings of \$0.2 million.

(b) Share-based payments

In accordance with AASB 2 "Share-based Payment", Newcrest's Executive Option Plan and Employee Share Acquisition Plan will be treated as share based compensation. Under this approach equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date is expensed on a straight line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, for the financial year ended 30 June 2005 total contributed equity would increase by \$4.5 million and an additional employee benefit expense of \$4.5 million would be recognised in the profit and loss account. This will result in a change to the current accounting policy as equity settled share based payments are not required to be expensed under current AGAAP.

(c) Provision for rehabilitation

AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" requires the rehabilitation, restoration and decommissioning obligations associated with the retirement or disposal of mine site assets to be recognised when the disturbance and obligation occurs. The provision is measured at the present value of the future expenditure and a corresponding asset is also recognised under AASB 116 "Property, Plant and Equipment". The capitalised cost is amortised over the life of the project and a provision is increased as further disturbance occurs which creates a further obligation to rehabilitate. Associated discounting of the liability unwinds throughout the life of the provision; with this unwind being recognised as an interest expense.

Currently under AGAAP, Newcrest has a rehabilitation liability which progressively increases over the life of the operation. The build up is taken to the profit and loss account as the liability is raised.

The transitional adjustment at 1 July 2004 will result in recognising a related rehabilitation asset of \$4.8 million, a decrease in the rehabilitation provision of \$7.2 million due to the requirement to present value the liability and a net increase to retained earnings of \$12.0 million. The restated profit impact for the year-ended 30 June 2005 will result in a net decrease to the rehabilitation provision of \$2.8 million and an amortisation expense of \$0.9 million, resulting in a net increase to profit for the 30 June 2005 financial year of \$1.9 million from the reversal of the AGAAP expense and expensing the amortisation of the rehabilitation asset and the unwinding of the discounting of the liability.

**NOTE 13 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)****(d) Property, plant and equipment**

In accordance with AASB 116 "Property, Plant and Equipment" Newcrest has elected to continue to recognise non-current assets on transition to A-IFRS at cost. Consequentially there will not be any impact for Newcrest, as non-current assets are currently carried at cost.

Capitalised costs relating to the asset base of \$4.4 million will be derecognised from other assets as this does not meet the recognition criteria for a component of property, plant and equipment.

Newcrest has elected to continue to capitalise borrowing costs on qualifying assets and therefore no difference is expected to result.

(e) Derivative financial instruments

Newcrest has elected to apply the first-time adoption exemption available to defer the date of transition of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" until 1 July 2005. Accordingly, there will be no quantitative impacts on the restated 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as cash flow hedges, which will be recognised in the balance sheet position at their fair value. It is expected this will result in an increase in other financial liabilities of \$590.2 million on 1 July 2005. From this date changes in fair value of cash flow hedges that meet the detailed hedge accounting requirements will be recognised directly in equity until the hedged transaction occurs.

It is also expected that adjustments will be required on 1 July 2005 for other derivatives that do not qualify for hedge accounting and will be recognised in the balance sheet at their fair value on transition. This is expected to result in an increase in other financial assets of \$7.3 million on 1 July 2005. From this date changes in fair value of these derivatives will be recognised in the profit and loss account.

(f) Exploration and evaluation

Newcrest Mining Limited's existing policy for exploration and evaluation activity complies with A-IFRS requirements and therefore no difference is expected to result from either the treatment of costs or from impairment testing.

(g) Retained earnings

With limited exceptions, adjustments required on first-time adoption of A-IFRS are recognised directly in retained earnings (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity on transition to A-IFRS will be an increase in retained earnings of \$11.5 million.

(h) Income tax

The adjustment to income tax expense relates to the above A-IFRS transitional adjustments.

(i) Restated A-IFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of A-IFRS.

**NOTE 14 INTERESTS IN UNINCORPORATED JOINT VENTURE OPERATIONS**

The Consolidated Entity has an interest in two unincorporated joint venture operations being the Boddington Gold Mine Joint Venture (22.22%) and the Cracow Mining Joint Venture (70%). The principal activities of both joint ventures is the production of gold and mineral exploration. The Boddington Gold Mine Joint Venture is currently on care and maintenance and the Wandoo feasibility study is being updated. The Cracow Mining Joint Venture commenced production in December 2005. Neither joint venture is material to the result during the financial year ended 30 June 2005.

NOTE 15 NET TANGIBLE ASSETS PER SHARE (\$)

	<u>30 June 2005</u>	<u>30 June 2004</u>
Net tangible assets per share	\$3.42	\$3.04

NOTE 16 CONTROL GAINED OVER ENTITIES HAVING MATERIAL EFFECT

There have been no material acquisitions of entities in the year ended 30 June 2005.

NOTE 17 LOSS OF CONTROL OF ENTITIES HAVING MATERIAL EFFECT

There were no material losses of control over entities in the group during the year ended 30 June 2005.

NOTE 18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS***Contingent Liabilities***

The Consolidated Entity has outstanding derivative financial instruments. These derivative financial instruments are not recorded in the financial statements as the ultimate settlement is dependent on a number of contingent factors.

Companies in the Consolidated Entity are recipients of or defendants in certain claims, suits and complaints made, filed or pending. In the opinion of Directors all matters are of such a kind, or involve such amounts, as would not have a material effect on the financial position of the Consolidated Entity if disposed of unfavourably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

The Consolidated Entity has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total value of these guarantees at balance date was \$31.8 million (2004: \$26.3 million).

During the year ended 30 June 1998 the Consolidated Entity granted put options over land to a number of land holders in the Orange area in New South Wales, which have various expiry dates. If exercised the Consolidated Entity would be required to purchase land subject to the put option agreements. No account has been taken of these options as at 30 June 2005 as there is no certainty of their exercise. The total value of unexpired land options at 30 June 2005 is \$3.0 million (2004: \$3.0 million).

**NOTE 18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)**

Under the terms of a Deed of Cross Guarantee, the Company and subsidiaries party to the Deed have guaranteed any deficiency which might arise in relation to the Company or any of the subsidiaries party to the Deed on winding up of that entity.

The Consolidated Entity has a 22.22% interest in the Boddington Gold Mine Joint Venture. As at 30 June 2005 the Joint Venture has a contingent liability under a buy back provision applicable to employees in the Boddington area. On termination of employment, these employees can call upon the Joint Venture to purchase their homes at market value. As at 30 June 2005 the Consolidated Entity's share of the maximum liability is estimated to be \$0.1 million (2004: \$0.1 million). The Joint Venture also has a contingent liability to reimburse Worsely Alumina a fixed rate per tonne for bauxite moved, when and if the Boddington Expansion Project proceeds. The Consolidated Entity's share of this liability as at 30 June 2005 was estimated to be \$0.4 million (2004: \$0.2 million).

Contingent Asset

The Boddington Joint Venture also has a contingent asset whereby it will be reimbursed its contributions to Worsely Alumina Pty Ltd if the Boddington Expansion Project does not proceed. As at 30 June 2005 the Consolidated Entity's share of the maximum asset is estimated to be \$0.4 million (2004: \$0.2 million).

**COMPLIANCE STATEMENT**

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views.
2. This report and the accounts upon which the report is based use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited.
5. The entity has a formally constituted audit committee.
6. The accounts on which this report is based are not likely to be subject to dispute or qualification.

Anthony J. Palmer
Managing Director and Chief Executive Officer
Dated: 22 August 2005

The Annual General Meeting of Newcrest Mining Limited will be held as follows:

Place: **Hotel Intercontinental, Sydney**
Date: **27 October 2005**
Time: **10.00 am**

The 2005 Annual Financial Report of Newcrest Mining Limited will be available in September 2005.