



Market Release

Newcrest Mining Limited

17 November 2006

Partial Restructure of Gold Hedgebook

Newcrest Mining Limited advises that it has completed a partial restructure of its gold hedgebook by deferring 1.6 million ounces of existing hedges from the earlier years into later years. There is no change in the overall number of ounces hedged as a result of this restructure.

The principal purpose of the restructure is to adjust hedging commitments to achieve a better balance of exposure to spot gold prices and to reduce the percentage of production hedged for any one year.

The new hedgebook is detailed in Appendix 1 and results in 358,158 ounces of gold hedging for the remainder of 2006/07 and 700,000 ounces in each of the subsequent six financial years. Several restructuring options were examined but this profile best achieved the purpose of the transaction.

The restructure defers 0.5 million ounces of AUD forwards and 1.1 million ounces of USD forwards from the initial 4 years of the existing book into the subsequent three years. The term of the hedgebook has increased by two years from 2010/11 to 2012/13. The restructure has been achieved by purchasing 1.6 million ounces of gold at prices and terms that match 1.6 million ounces of existing forwards in the next four years and by entering into 1.6 million ounces of physically settled gold bullion sale contracts in later years.

The new hedgebook comprises two types of commitments; forward hedge sales contracts (hedges remaining from the existing hedgebook) which will continue to be classified as derivatives for accounting purposes and physically delivered gold bullion sale contracts which are specifically excluded from treatment as derivatives under Australian equivalents of International Accounting Standards. We will continue to disclose both types of forward commitments in the hedgebook.

The restructure has potential cash flow benefits with minimal profit and balance sheet implications which are described below.

Cash Flow Impact

The hedge restructure will result in a significant increase in the portion of gold production subject to the spot gold price. At current spot prices, the impact of the restructured hedgebook on the Company's cash flow would be positive in the early years. This increase in cash flow would result from the difference between the current spot price received and the previously hedged price.

Profit and Loss Impact

As in previous restructures, the accounting treatment of this restructure requires that the hedges are accounted for based on their original maturity profile irrespective of whether the contracts have been effectively deferred into future periods. As a result, an annual adjustment will be required to the profit and loss statement in accordance with the schedule outlined in Table 1. The adjustments are fixed and do not impact cash flows. At current gold prices the net effect on NPAT would be minimal, with additional revenue resulting from the sale of previously hedged ounces at spot prices.

Table 1 – Accounting adjustment to Net Profit for hedge restructure

\$A million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
November 2006 restructure (1)	(184)	(207)	(184)	(112)	75	244	368
Prior year restructures	7	0	17	18	22	1	-
Total Restructures (2)	(177)	(207)	(167)	(94)	97	245	368

(1) Estimate only. Amounts are unaudited and subject to finalisation. Final adjustment amounts will be released when available.

(2) All adjustments have been shown on a pre tax basis.

Balance Sheet Impact

The balance sheet as at 17 November will not materially change as a result of the restructure because the mark to market valuation of the restructured ounces will crystallise and remain on balance sheet. However, the new forward sales commitments for bullion that have been entered in years 2010 – 2013 are excluded from the scope of AASB139 and therefore the subsequent mark to market movements of the new gold bullion sale contracts will be recorded off balance sheet.

Existing hedges are not impacted by this restructure and remain effective hedges under AASB139 with the mark to market movement in these contracts continuing to be deferred in equity until the underlying transaction occurs.

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Appendix 1 – Total Gold Commitments as at 17 November 2006

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Gold Forward Hedging Contracts								
(on balance sheet)								
A\$ Forwards (ozs)	323,965	631,254	631,613	507,054	260,001			2,353,887
A\$/oz	\$591	\$603	\$592	\$638	\$619			\$608
US\$ Forwards (ozs)				72,992	160,000			232,992
US\$/oz				\$377	\$413			\$401
Total Gold Forward Hedging Contracts (ozs)	323,965	631,254	631,613	580,046	420,001			2,586,879
Gold Bullion Sale Contracts								
(off balance sheet)								
A\$ Bullion (ozs)						400,725	77,698	478,423
A\$/oz						\$738	\$738	\$738
US\$ Bullion (ozs)					228,267	299,275	622,302	1,149,844
US\$/oz					\$386	\$386	\$386	\$386
Total Gold Bullion Sale Contracts (ozs)					228,267	700,000	700,000	1,628,267
Gold Loan (ozs)	34,193	68,746	68,387	119,954	51,732			343,012
A\$/oz	\$488	\$488	\$488	\$488	\$488			\$488
Total Gold Commitments (ozs)	358,158	700,000	700,000	700,000	700,000	700,000	700,000	4,558,158

Appendix 2 – Existing Hedge Table as at 16 November 2006 prior to restructure

GOLD	2006/07	2007/08	2008/09	2009/10	2010/11	TOTAL
A\$ Forwards (ozs)	672,328	789,980	615,001	495,001	260,001	2,832,310
A\$/oz	\$593	\$603	\$588	\$636	\$619	\$604
US\$ Forwards (ozs)	229,336	333,000	383,000	277,500	160,000	1,382,836
US\$/oz	\$351	\$340	\$354	\$379	\$413	\$362
Total Gold Hedging (ozs)	901,664	1,122,980	998,001	772,501	420,001	4,215,146
Gold Loan (ozs)	34,193	68,746	68,387	119,954	51,732	343,012
A\$/oz	\$488	\$488	\$488	\$488	\$488	\$488
Total Gold Hedging (ozs) (incl. Gold loan)	935,857	1,191,726	1,066,388	892,455	471,733	4,558,158