



Financial Results

Newcrest Mining Limited

Six months ending 31 December 2006

Overview

Key Financial Points

- Net profit after tax and minority interest was \$37.0M, 50% below the first half of FY 2006.
- Net profit after tax before hedge restructure of \$84.0M increased by 5% compared to the first half of FY 2006. The major factors influencing earnings were higher achieved gold and copper prices offset to some extent by lower copper volumes and increases in mine and realisation costs.
- The prior period benefited from concentrate sale finalisations on prior year shipments being higher by \$27.3M and higher other net income by \$11.0M.
- Cash flow from operations increased to \$186.0M (\$44.2M) due to higher achieved prices.
- Investment in growth continued with capital expenditure of \$140.9M (\$246.7M). Two major development projects, Telfer Underground and Kencana, were completed. The final capital cost to complete the Telfer project is \$1.472 billion in line with previous guidance. Kencana was completed on time for a final capital cost of US\$52M. The three growth projects at Cadia Valley are on schedule and budget.

Key Operational Points

- Increased production from Telfer with the commissioning of the underground on 1 November 2006.
- Increased gold production from Gosowong with the first full period of Kencana underground and completion of the Toguraci open pit.
- Lower production from Cadia Valley Operations with the planned mining of lower grades at Cadia Hill and Ridgeway.

Financial Highlights	31 Dec 2006 \$M	31 Dec 2005 \$M	Change %
Operating Results			
Operating EBITDA	203.5	238.2	(15%)
Operating EBIT	105.5	146.2	(28%)
Net profit after tax	47.4	76.2	(38%)
Net profit after tax and minority interest	37.0	74.2	(50%)
Cash flow from operations	186.0	44.2	321%
Operating Results before hedge restructure impact ⁽¹⁾			
EBITDA before hedge restructure	251.1	244.1	3%
EBIT before hedge restructure	153.1	152.1	1%
NPAT before hedge restructure	84.0	80.3	5%

⁽¹⁾ Excludes the impact of the hedge restructure which is a non-cash accounting adjustment.

(Numbers in brackets reflect comparable figures for the half year ended 31 December 2005, unless negative values. Dollar figures refer to Australian dollars unless stated otherwise).

Financial Statements

Income Statement

6 Months Ending	31 Dec 2006 \$M	31 Dec 2005 \$M	Change %
Gold sales	510.4	437.0	
Copper sales	247.2	225.7	
Silver sales	10.5	5.7	
Concentrate sales adjustments from prior year	0.3	27.6	
Gross Operating Sales Revenue	768.4	696.0	10%
Losses on restructured hedges	(47.6)	(5.9)	
Total Sales Revenue	720.8	690.1	4%
Treatment, realisation & royalty	(122.9)	(104.4)	
Net Sales Revenue	597.9	585.7	2%
Mine cost of sales	(365.1)	(326.2)	
Gross Operating Margin	232.8	259.5	(10%)
Exploration expense	(19.7)	(25.1)	
Administration costs	(17.5)	(15.1)	
Net other income and expenses	7.9	18.9	
Operating EBITDA	203.5	238.2	(15%)
Depreciation & amortisation	(98.0)	(92.0)	
Operating EBIT	105.5	146.2	(28%)
Borrowing costs	(41.0)	(37.4)	
Borrowing costs – hedge restructure	(4.7)	-	
Net profit before tax	59.8	108.8	(45%)
Tax expense	(12.4)	(32.6)	
Net profit after tax	47.4	76.2	(38%)
Minority interest in controlled entity	(10.4)	(2.0)	
Net profit after tax attributable to members of the Company	37.0	74.2	(50%)

The hedge restructure accounting effectively represents the mark to market position of the original gold forwards that were existing before matching positions were established to neutralise these contracts. New bullion sales were established to extend the maturities and reduce the overall percentage hedged in any one year. The impact on profit of the hedge restructure is a non-cash item. In the above financial statements the net (\$36.6M) impact relating to the hedge restructure is disclosed as (\$47.6M) in sales revenue, (\$4.7M) in finance costs and \$15.7M benefit in tax expense. The table below provides a reconciliation of Operating Results excluding the hedge restructure impact. EBITDA and EBIT have been adjusted by \$47.6M and NPAT by \$36.6M.

EBITDA before hedge restructure	251.1	244.1	3%
EBIT before hedge restructure	153.1	152.1	1%
NPAT before hedge restructure	84.0	80.3	5%

Statement of Cash flows

	31 Dec 2006	31 Dec 2005
	\$M	\$M
Operating activities		
Sales receipts	766.6	582.2
Payments to suppliers and employees	(533.0)	(487.0)
Interest received	2.5	1.7
Borrowing costs paid	(40.0)	(29.5)
Income taxes paid	(9.7)	(20.7)
Other	(0.4)	(2.5)
Net operating cash flows	186.0	44.2
Investing activities		
Exploration	(28.7)	(27.0)
Fixed assets, evaluation and mine development expenditure	(140.9)	(246.7)
Capitalised pre-commissioning and borrowing costs	(72.3)	(15.9)
Proceeds on sale of non-current assets	0.5	4.7
Net investing cash flows	(241.4)	(284.9)
Financing activities		
Proceeds from borrowings	96.9	568.6
Repayment of finance lease principal	(3.1)	(10.3)
Repayment of borrowings	(130.4)	(271.1)
Dividend paid	(14.6)	(14.4)
Proceeds from share issues	7.5	9.5
Net financing cash flows	(43.7)	282.3
Net (decrease) / increase in cash	(99.1)	41.6

Balance Sheet

	31 Dec 2006 \$M	30 Jun 2006 \$M
Cash	53.9	153.0
Trade and other receivables	218.3	261.3
Inventories	135.2	178.2
Derivative financial assets ⁽²⁾	506.4	-
Other	30.2	24.6
Current assets	944.0	617.1
Trade and other receivables	9.4	9.4
Inventories	1.5	1.8
Property, plant and equipment	1,471.7	1,434.2
Exploration, evaluation and development	1,326.7	1,249.0
Deferred tax asset	515.2	638.3
Other	316.1	272.6
Non-current assets	3,640.6	3,605.3
Total Assets	4,584.6	4,222.4
Trade and other payables	168.9	233.5
Borrowings	35.2	65.4
Provisions	33.9	30.5
Financial derivative and other financial liabilities ⁽²⁾	674.5	622.0
Income tax payable	-	0.5
Current liabilities	912.5	951.9
Borrowings	1,467.8	1,564.3
Deferred tax	278.5	267.5
Provisions	32.8	32.2
Financial derivative and other financial liabilities ⁽²⁾	1,274.4	1,169.9
Other	72.4	75.9
Non-current liabilities	3,125.9	3,109.8
Total Liabilities	4,038.4	4,061.7
Net Assets	546.2	160.7
Share capital	829.3	819.0
Retained earnings	676.5	656.2
Reserves	(980.9)	(1,327.4)
Minority interest in controlled entity	21.3	12.9
Total Equity	546.2	160.7
Gearing (Net Debt / Net Debt + Equity) ⁽¹⁾	49%	50%

⁽¹⁾ Net debt is borrowings less cash. Equity is adjusted to remove the impact under AIFRS of the recognition of financial derivatives and other financial liabilities.

⁽²⁾ The derivative financial assets are transactions which are a perfect overlay in relation to terms, conditions and settlement dates of derivative financial liabilities. However, as they are with different counterparties with no legal right of offset, accounting standards require these contracts be recorded separately on the balance sheet as financial derivative assets.

Financial Commentary

Profit Overview

Net profit after tax before hedge restructure of \$84.0M (\$80.3M) increased 5% compared to the corresponding period. Higher gold sales volumes from Telfer and Gosowong and improved achieved gold and copper prices were partially offset by lower copper sales volumes. Pressure on key input costs impacted profitability as did higher price participation costs due to higher spot copper prices. The prior period benefited from copper pricing finalisation on prior year shipments by \$27.3M and higher other net income of by \$11.0M.

To compare the performance of the Newcrest business the hedge accounting impact has been removed. The principal factors explaining the movements in the current half year compared with the corresponding period are outlined below.

	\$M
EBIT before hedge restructure for the half year ended 31 December 2005	152.1
Changes in revenues:	
Volume ⁽¹⁾ :	
- gold	13.2
- copper	(65.1)
Price:	
- gold	60.2
- copper	86.6
Prior year concentrate sales adjustments & silver	(22.5)
Changes in mine costs:	
Mine cost of sales	(38.9)
Treatment, realisation and royalty	(18.5)
Other costs:	
Exploration	5.4
Corporate administration	(2.4)
Depreciation	(6.0)
Net Other income	(11.0)
EBIT before hedge restructure for the half year ended 31 December 2006	153.1

⁽¹⁾ Volume variances have been calculated excluding Telfer pre-commissioning sales

Volume

Lower sales volumes decreased EBIT before hedge restructure by \$51.9M. Higher gold volumes were more than offset by lower copper volumes. Gold volumes were higher at Telfer and Gosowong due to the commencement of underground operations at both sites. This was partially offset by lower volumes at Cadia Valley Operations. Copper volumes decreased due to lower copper grades at all three copper producing mines.

Prices

Higher commodity prices combined with lower gold and copper hedging levels increased EBIT before hedge restructure by \$146.8M. The higher achieved gold price of \$647/oz (\$569/oz) contributed \$60.2M to EBIT. The hedge book restructure completed in November 2006 decreased the proportion of gold sales hedged to 64%, compared to 92% in the previous corresponding period. The average spot price received increased 29% to \$812/oz (\$629/oz).

Increased copper revenue contributed an additional \$86.6M to EBIT. A 38% increase in achieved copper price to \$2.53/lb (\$1.83/lb) was the result of lower hedging levels of 38% compared to 85% in the corresponding period. The spot copper price received increased 38% to \$3.75/lb (\$2.72/lb).

Finalisation of prior year concentrate sales and silver revenue reduced EBIT before hedge restructure by \$22.5M. The prior period benefited from favourable pricing adjustments on prior year concentrate shipments of \$27.6M compared to \$0.3M in the current period and increased silver revenue from \$4.8M to \$10.5M due to higher spot prices.

At 31 December 2006 there were 32,602 tonnes of copper sales provisionally priced at the 31 December 2006 closing spot price of \$3.60/lb. The final price received for these sales is dependent on the prevailing spot commodity price when the quotation price period expires during the second half of FY 2006/07.

The finalisation schedule for 31 December 2006 provisionally priced copper tonnes is:

Jan 07	Feb 07	Mar 07	Apr 07	May 07	Total
7,949	8,199	1,220	9,635	5,599	32,602

Physical Production, Sales & Inventory

The following table summarises production sales and inventory balances:

6 months 31 Dec	2006		2005	
	Gold (oz)	Copper (t)	Gold (oz)	Copper (t)
Opening Inventory	86,989	3,375	77,592	8,052
Production ⁽¹⁾	763,986	45,124	767,514	53,468
Sales ⁽¹⁾	817,601	46,907	768,280	55,988
Closing Inventory	33,374	1,592	76,826	5,532

⁽¹⁾ Includes Telfer pre-commissioning sales of 28,916 oz of gold and 2,594 t of copper that have been capitalised with project costs.

The following table summaries sales volumes by site:

	6 months to 31 Dec 2006		6 months to 31 Dec 2005	
	Gold (oz)	Copper (t)	Gold (oz)	Copper (t)
Cadia	82,355	9,919	156,947	12,464
Ridgeway	156,594	18,822	199,119	22,707
Gosowong	182,332	-	82,675	-
Cracow	38,723	-	36,126	-
Telfer				
Open Pit	293,488	13,995	293,413	20,817
Underground ⁽¹⁾	49,740	4,171	-	-
Dump Leach	14,369	-	-	-
Total	817,601	46,907	768,280	55,988

⁽¹⁾ Includes pre-commissioning sales of 28,916 oz of gold and 2,594 t of copper.

Costs

Mine cost of sales

Mine cost of sales were higher at \$365.1M (\$326.2M) (before by-product revenue) decreasing EBIT before hedge restructure by \$38.9M. Unit mine cash costs (before by-product revenue) increased to \$463/oz (\$425/oz).

The increase in mine costs of \$38.9M is due to a higher proportion of Telfer production in the group's cost base replacing the comparatively lower cost Cadia Valley Operations from the previous corresponding period.

Telfer, because of its remote location, has a higher cost profile in terms of fly in fly out and freight costs. The ramp up of the Telfer underground operation and project teams established to optimise the operational performance of the site were contributors to the increased cost profile. The power outage at Telfer resulted in a one off cost increase of \$4.4M leaving an underlying cost increase of \$34.5M. An assessment is currently being made of an insurance claim for property damage, increased operating costs and lost production.

Cost increases experienced across the business were attributable to:

- Increases in volume and nature of activity across the business resulted in 55% of the \$34.5M increase. Gosowong transitioned from an open pit to underground mine with an associated increase in consumables used in the underground mining process. At Telfer the material movement profile increased with the commencement of a major cutback.
- Increases in unit prices resulted in 45% of the \$34.5M increase with the major contributors being fuel and labour. The overriding driver of the fuel cost movement was an increase in price whilst labour's main driver was the annual salary increment.

Treatment, Realisation and Royalty

Treatment and realisation costs of \$101.3M (\$81.5M) decreased EBIT before hedge restructure by \$19.8M. Higher price participation charges resulting from a higher spot copper price was the main reason. The royalty expense was lower at \$21.6M (\$22.9M).

Administration Costs

Administration costs were higher with one-off corporate restructuring costs the main contributor.

Depreciation

Depreciation and amortisation increased to \$98.0M (\$92.0M) reflecting the increase in sales volumes. Depreciation unit costs were slightly higher at \$124/oz (\$120/oz).

Exploration

Exploration expense of \$19.7M was \$5.4M below the corresponding period due to the higher capitalisation rate of expenditure related to Kencana and Cadia East.

Net Other Income

Net other income declined 58% to \$7.9M. The principal reasons were a reduction in the mark-to-market movement of the gold lease rate swap of \$2.9M (\$12.0M) and the appreciation of the AUD/USD exchange rate resulting in a foreign exchange loss on concentrate receipts of \$9.2M compared to a gain of \$7.8M in the corresponding period. This was partially offset by a \$12.3M refund of prior year royalty payments from Cadia Valley Operations.

	2006 \$M	2005 \$M
Fair value adjustment on gold lease rate swap	2.9	12.0
Net foreign exchange gain / (loss)	(9.2)	7.8
Prior year CVO royalty refund	12.3	-
Interest received	2.5	1.7
Other income	2.6	2.8
Other expenses	(3.2)	(5.4)
Net Other Income	7.9	18.9

Borrowing Costs

Borrowing costs paid increased to \$51.6M (\$42.7M). This was driven by higher average interest rates in the current period. Interest expensed increased to \$41.0M (\$37.4M). Interest capitalised of \$10.6M in the current half related to Telfer underground and Cadia Valley projects.

Hedge Restructure Accounting Adjustments

The net impact of the hedge restructure accounting adjustment after tax of \$36.6M (\$4.1M) relates to the ongoing accounting treatment arising from hedge book restructures undertaken, including the restructure in November 2006. The components of the hedge restructure are disclosed as sales revenue \$47.6M, finance costs of \$4.7M and tax benefit of \$15.7M. The pre-tax expense was \$52.3M (\$5.9M).

The impact on pre-tax profit is fixed each year as set out below:

	2007	2008	2009	2010	2011	2012	2013
	A\$'M	A\$'M	A\$'M	A\$'M	A\$'M	A\$'M	A\$'M
Nov 2006 restructure	(182)	(208)	(189)	(120)	64	258	377
Prior year restructures	7	-	17	18	22	1	-
Total restructures	(175)	(208)	(172)	(102)	86	259	377

Cash Flow – Operating Activities

Cash flows from operating activities increased \$141.8M to \$186.0M (\$44.2M). Increased cash flows were due to higher achieved prices received, lower taxes paid and positive working capital movements. Higher mine site costs, price participation and borrowing costs combined to offset part of the increase.

The major reconciling item between EBITDA before hedge restructure and cash flow from operations were capitalised stripping costs of \$55.5M and working capital adjustments. Capitalised stripping costs related mainly to Cadia and Telfer.

Cash Flow – Investing Activities

Capital Expenditure

Capital expenditure for the period of \$140.9M was 43% lower than the corresponding period of \$246.7M. Two major development projects, Telfer Underground and Kencana, were completed and good progress was made on the three growth projects located in the Cadia Valley.

The final capital cost to complete the development phase of the Telfer project is \$1.472 billion in line with previous guidance. Physical work on the project is complete with finalisation of contracts and payments expected during the second half of FY07.

Final capital cost for the Kencana project at Gosowong was US\$52M compared to the original capital estimate of US\$44M. The principal reason for the additional cost was the poor ground conditions experienced in the development of the decline. The project was completed on time.

Cadia Valley projects, Ridgeway Deeps and Cadia East, progressed on schedule and budget.

Major areas of capital expenditure were:

6 months ended 31 Dec 2006	\$M
Telfer	81.5
Cadia, Ridgeway, Ridgeway Deeps & Cadia East	37.0
Cracow	7.9
Gosowong (including Kencana)	13.3
Other	1.2
Total	140.9

Comprising:

6 months ended 31 Dec 2006	\$M
Sustaining	39.1
Projects	58.4
Development	18.9
Telfer Project	24.5
Total	140.9

Capitalised Pre-commissioning and Borrowing Costs

Capitalised pre-commissioning and borrowing costs for the period were \$72.3M, a \$56.4M increase on the corresponding period due to the capitalisation of underground pre-commissioning expenditure at Telfer.

Exploration

Exploration expenditure of \$28.7M was 6% higher than the first half of 2006 due to increased greenfield exploration expenditure. Of this \$9.0M was capitalised relating to Kencana and Cadia East.

On a geographical basis increased expenditure occurred on greenfield tenements in the Americas, in the Gosowong district on brownfields and on resource and reserve definition at Cadia East.

A breakdown of exploration expenditure was:

6 months ended 31 Dec 2006	\$M
Greenfields	12.5
Brownfields	8.1
Project resource definition	
– CVO	3.9
– Kencana	3.1
– Other	1.1
Total	28.7

Cash Flow – Financing Activities

Net debt reduced by \$27.6M to \$1,449.1M due to net debt repayments of \$36.6M and a foreign exchange gain of \$90.1M on the restatement of US\$ debt and a lower cash balance resulted at 31 December 2006.

The gearing ratio of net debt to net debt plus equity decreased to 49% (30 June 2006: 50%). Net debt is borrowings less cash. Equity is adjusted to remove the impact under AIFRS of the recognition of financial derivatives and other financial liabilities.

Net debt repayments consisted of:

6 months ended 31 Dec 2006	\$M
Proceeds from US\$ Bilaterals	96.9
Debt repayments	
Gold loan	(16.8)
US Dollar loan	(41.6)
Finance leases	(3.1)
US\$ Bilateral facilities	(65.5)
Loan from minority interest	(6.5)
Net debt repayments	(36.6)

Movements in net debt during the period:

	\$M
Net debt at 30 June 2006	1,476.7
Net repayment of debt	(36.6)
Foreign exchange (gain)	(90.1)
Decrease in cash balances	99.1
Net debt at 31 December 2006	1,449.1

Balance Sheet

The group's Net Assets and Total Equity increased during the current period by \$385.5M. This was due to a reduction in the mark to market value of the hedge book recorded on balance sheet at 31 December 2006 by \$286.6M net of deferred taxes. In addition, the foreign exchange gain on US\$ debt, net of deferred taxes of \$63.4M and net profit after tax of \$37.0M for the current period, increased Net Asset and Total Equity.

Hedging

The hedge book consists of a series of sold gold forwards and gold bullion sale contracts out to FY2013 and copper forwards to FY2007.

The mark-to-market of the hedgebook (including gold loan) as at 31 December 2006 was as follows:

	31 Dec 2006 \$M	30 Jun 2006 \$M
Gold	(1,401)	(1,548)
Copper	(95)	(244)
Total	(1,496)	(1,792)

The decrease in the mark-to-market is mainly due to a reduction in gold and copper hedging through deliveries during period and the decline in the copper price in relation to the hedge price.

The balance sheet has a negative carrying value of \$1,442.5 million. The difference represents gold bullion sales contracts recorded at cost on the balance sheet that are not required to be revalued to fair value as they are excluded from AASB 139.

Total gold hedge commitments (including gold loan) represent 14% of reserves and 8% of resources.

All copper hedging is due to be delivered by 30 June 2007.

For further information on hedging please refer to the Newcrest website.

I K Smith
Managing Director and
Chief Executive Officer

Corporate Information

Board Members

Don Mercer	Non-executive Chairman
Ian Smith	Managing Director and CEO
Bryan Davis	Non-Executive Director
Ron Milne	Non-Executive Director
Mick O'Leary	Non-Executive Director
Nora Scheinkestel	Non-Executive Director
Greg Robinson	Finance Director
Bernard Lavery	Company Secretary

Registered & Principal Office

ABN 20 005 683 625
 Level 8, 600 St Kilda Road
 Melbourne, Victoria, Australia 3004
 Telephone: +61 (0)3 9522 5333
 Facsimile: +61 (0)3 9525 2996
 Email: corporateaffairs@newcrest.com.au
 Website: www.newcrest.com.au

Stock Exchange Listings

Australian Stock Exchange (Ticker NCM)
 New York ADR's (Ticker NCMGY)

Forward Shareholder Enquiries to

Link Market Services
 Level 9, 333 Collins Street
 Melbourne, Victoria, 3000
 Australia
 Telephone: 1300 554 474
 +61 (0)3 9615 9947
 +61 (0)3 9615 9900
 Facsimile:
 Email: registrars@linkmarketservices.com.au
 Website: www.linkmarketservices.com.au

Substantial Shareholder(s) at 31 December 2006

Capital Group	14.56%
Commonwealth Bank of Australia	8.41%
Blackrock Inc	7.15%

Issued Share Capital

At 31 December 2006 issued capital was 334,690,223 ordinary shares.

Half Yearly Share Price Activity

	High	Low	Last
	\$	\$	\$
July – Dec 2006	26.58	18.26	26.35

For further information, please contact:

*Karen McRae – Head of Investor Relations
 Newcrest Mining Limited (ABN 20 005 683 625)
 Telephone: +61 3 9522 5316
 Email: karen.mcrae@newcrest.com.au*

*Andrew Kilsby – Head of Media & Government Relations
 Newcrest Mining Limited (ABN 20 005 683 625)
 + 61 3 9522 5568
andrew.kilsby@newcrest.com.au*

This information is available on our website at www.newcrest.com.au