

Chairman's Address to AGM 2007

The 2006-2007 year was an important one for Newcrest, as it represented a period of significant and ongoing transition for the Company, further consolidating its position as Australia's leading independent gold producer.

Improved operational performance, revised resource and reserve estimates at Telfer, re-structuring of the balance sheet in combination with close out of the hedgebook, and a process of Board and senior management renewal, were all undertaken while maintaining the momentum of the Company's growth strategy.

As a result of that transition Newcrest is now endowed with strong physical and financial assets, a skilled workforce and talented management team, and a bright future.

At the beginning of the period the Company's market capitalisation was approximately \$7 billion. Its gold and copper production were extensively hedged, its gearing levels were high and the newly commissioned Telfer mine continued to disappoint with its operational results.

The strong growth that the Company had pursued in preceding years through the rapid development of its portfolio of mines had been funded predominantly through debt. This had resulted in a balance sheet which was not optimal, but which satisfied the requirements of the Company's lenders. In view of the borrowing arrangements and relatively high gearing levels the banks required the Company to be able to meet its repayment obligations even in a period of low gold and copper prices. This could only be assured through the extensive program of hedging that was put in place.

A clear priority for the new management team was to identify and resolve the difficulties causing underperformance of the Telfer operation. A number of studies and reviews during the year confirmed that the shortfall in production was principally driven by an over-estimation of the ore resource and reserves which had been assessed during the feasibility process. Those issues were addressed and rectified

during the year. Since then, metal production from the Telfer open pit and underground has been predictable and in line with the revised production outlook.

Analysis and re-validation of the gold inventory was an important and necessary step in the Company's transformation. Among other considerations it gave the Board the confidence and certainty necessary for it to undertake the preparation of a Prospectus and Offering Memorandum for an equity raising that would enable transformation of the Company's financial arrangements.

As all shareholders would be aware, subsequent to year end the Company undertook, and was able to successfully complete, a 7 for 20 Rights offering which raised in excess of two billion dollars of new capital. As planned, it enabled the Company to undertake a sweeping overhaul of its balance sheet, repay its gold loan and associated embedded gold forward sales contracts and close out its gold hedging contracts. As we have stated publicly the remaining gold bullion forward sales contracts will also be closed out within the next year. Those changes once fully implemented will result in all gold and copper sales in the current year, and beyond, being at spot prices. The proceeds of the Rights offering have also enabled the Company to dramatically lower its gearing by repaying completely, or in part, a number of its existing loan facilities. This will result in gearing being reduced from forty six per cent at year end to around fifteen per cent once the gold bullion sales contracts have been closed out, as well as a dramatic improvement in Newcrest's credit rating.

As an unhedged producer in the prevailing strong price climate for both gold and copper, and with a modest level of gearing, the capacity to generate free cash flow in the 2007-08 period and beyond has been greatly enhanced.

During the year a number of Board and senior management changes were implemented as part of an orderly process of renewal and succession.

At the senior management level the Managing Director has, with the support of the Board, been able to reshape and renew the senior management team. Shareholders will have noted in the 2007 Annual Report a number of those changes. The new management team, as well as a re-aligned management structure, is now in place and

functioning well. Those changes have reinforced Newcrest's culture of performance and accountability through all levels of the organisation, have been fundamental to its improving operating profile and have enhanced and re-focused its technical capabilities, especially in bulk underground mining.

At the same time, the Board has undertaken its own process of renewal. In addition to our two new executive Directors, four new Non-Executive Directors, including me as new Chairman, have been appointed during the past year. They bring a wide variety of expertise, skills and fresh perspectives to the Board to add to those of the directors who have served the Company so well to date.

In September this year Dr Nora Scheinkestel stood down after being a Board member for more than seven years. The Board acknowledges and appreciates her substantial contribution as a Non-Executive Director during her tenure. Mr Ron Milne, who is currently the Chairman of the Audit and Risk Committee, has also indicated that he will be retiring at the close of today's meeting after twelve years with the Company. We are most grateful to Mr Milne for his contribution over that time and wish him well.

The Notice of Meeting also foreshadows that Mr O'Leary will retire at the 2008 Annual General Meeting, if re-elected today, to assist the Board in the process of renewal.

Fundamental to the process of renewal the Board must have the capacity to bring on new directors, as and when the need and suitable candidates are identified. This can require that the number of Board positions be increased, on a temporary basis and for up to several months, from time to time. It is for this reason that approval will be sought from shareholders later in the meeting for an increase in the overall amount available to be paid as Board fees. As stated in the Notice of Meeting it is not proposed at this time that there be an increase in the level of fees paid to incumbent Directors. It is important that there is an adequate amount approved by shareholders to provide flexibility for the size of the Board to be varied as necessary and that the level of fees to be paid to Directors is competitive and in line with market conditions.

Renewal of the Board and senior management is an important element in the re-shaping of the Company.

The success of the recent capital raising and resultant re-structuring of the Company's financial arrangements has enabled the Board to reaffirm key elements of Newcrest's strategy, and to include new elements considered essential for a leading international gold company.

As a significant gold producer it is clear that those who invest in Newcrest do so seeking a full exposure to the spot gold price. As I have indicated earlier, the closing out of the Company's gold hedging positions now provides that full exposure. While the Company produces a significant amount of copper as a by-product, exposure to the spot copper price is clearly not as critical for Newcrest investors, although it is the Board's present intention that this exposure be maintained.

The Company's substantial resource and reserve base also continues to rank it amongst the world's major gold producers. At current production rates, Newcrest expects those resources and reserves to deliver more than twenty years of future gold production. The long life nature of each of the mining operations in the Cadia, Gosowong and Telfer provinces, and the potential for further development at each, provides the Company with a world class production base off which it can build and sustain itself.

The re-structured balance sheet and enhanced cash flows have not only improved the Company's financial and investment risk profile but have also fundamentally transformed its financial capacity to develop projects, fund capital expenditure and pursue further growth opportunities.

The commitment to growth that has served Newcrest so well in the past will be maintained as a core element of its strategic direction. The pipeline of exciting new developments at Ridgeway Deeps, Cadia East and at Gosowong should be able to be met from internal cashflows and Newcrest's more comfortably geared balance sheet.

It is a matter of public record that Newcrest has maintained a strong commitment to exploration over the past decade and that it has enjoyed more exploration success during that period than any other major gold producer. That commitment to exploration will not be diminished but will be sustained and, where opportunities arise will be increased, such as the exciting new Marsden project in New South Wales.

In parallel to its ongoing commitment to grow through exploration, the Company has been building a capability to undertake merger and acquisition opportunities, where appropriate, as a means also of sustaining its growth profile.

The improved financial flexibility and increased free cash flow will provide the Company with the financial means of delivering on its growth strategy when exploration success is encountered or growth opportunities through merger and acquisition are identified.

A key element of the Company's long term strategy has been to position itself as a low cost producer of gold. This will continue to be a foundation of Newcrest's strategic focus and, as an unhedged producer, will accentuate its competitive advantage over most other major gold producers.

The achievements of the past year and the strategic attributes that the Company has now developed should increase its ability to compete in the international arena for the right to develop and operate major gold mines in the future. The Company has demonstrated that it has the skills and the track record to do so, and now has the financial capability as well.

Its credentials and capacity to deliver industry leading performance in the important areas of safety, health and environment and to build strong working relationships with local communities, and other stakeholders, are recognised. The existing operations and new projects will provide a stable platform for the further growth and transformation of the Company.

The process of transformation which began at the start of the 2006-07 financial year has been accompanied by an 85 percent increase in the Company's market capitalisation to more than \$13 billion today. This could not have been achieved

without the hard work, dedication and commitment of all those who work at Newcrest, who strive tirelessly to deliver the best outcomes for shareholders.

I feel confident that Newcrest will continue to evolve into one of the world's leading major gold producers. Your Board believes that the Company now has the necessary financial capacity as well as good physical assets and a committed management team and skilled work force to deliver on its strategy. Together these elements provide Newcrest, and its shareholders, with a bright future.

I will now ask the Managing Director to talk to you.