

**NEWCREST MINING LIMITED**

**ABN 20 005 683 625**

**FINANCIAL REPORT**

**JUNE 30 2001**

## DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity consisting of Newcrest Mining Limited and the entities it controlled at the end of, or during, the year ended 30 June 2001.

### **Directors**

The Directors of the Company in office at the date of this Report are:

Ian Johnson  
*Chairman*

Russell Barwick  
*Managing Director and Chief  
Executive Officer*

Bryan Davis  
*Non-Executive Director*

Ronald Milne  
*Non-Executive Director*

Ian Renard  
*Non-Executive Director*

Nora Scheinkestel  
*Non-Executive Director*

### **Appointment and Retirement of Directors**

Unless otherwise indicated all directors held their position as a director throughout the entire year and up to the date of this Report.

Mr Russell Barwick commenced as Chief Executive Officer on 21 July 2000 and was appointed Managing Director on 26 July 2000.

Dr Nora Scheinkestel was appointed a Non-Executive Director on 22 August 2000.

Details of the Directors' qualifications, experience and special responsibilities appear in the table on page 5.

### **Principal Activities**

The principal activities of the Consolidated Entity during the year were exploration, development, mining and the sale of gold and gold/copper concentrate. There were no significant changes in those activities during the year.

### **Consolidated Result**

The profit of the Consolidated Entity for the year ended 30 June 2001 after income tax and outside equity interest amounted to \$38,154,000 (2000 : \$3,394,000).

### **Dividends**

The following dividends of the consolidated entity have been paid, declared or recommended since the end of the preceding year:

- Final fully franked dividend for 30 June 2000 of 5 cents per share, amounting to \$12,187,000 was paid on 20 October 2000.
- Final fully franked dividend for 30 June 2001 of 5 cents per share, amounting to approximately \$14,000,000 to be paid on 19 October 2001 to shareholders registered by close of business on 28 September 2001.

## **Review of Operations**

Information on the operations of the group during the year and the results of those operations are set out in the Annual Report at pages 1 to 39.

## **Environmental Regulation**

The operations of the Consolidated Entity in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted. It is the policy of the Consolidated Entity to comply with all relevant environmental regulations in the other countries in which it operates.

Each mining operation is subject to particular environmental regulation specific to the activities undertaken at that site as part of the licence or approval for that operation. There are also broad industry environmental laws which apply to all mining operations and other operations of the Consolidated Entity. The environmental laws and regulations generally address the potential impact of the Consolidated Entity's activities in the areas of water and air quality, noise, surface disturbance and the impact upon flora and fauna.

The Consolidated Entity has a uniform internal reporting system across all sites. All environmental events, including breaches of any regulation or law, are ranked according to their actual or potential environmental consequence. Five levels of incidents are recognised (based on Australian Standard AS4360): I (insignificant), II (minor), III (moderate), IV (major) and V (catastrophic). Data on Category I incidents are only collected at a site level and are not reported in aggregate for the Consolidated Entity.

The number of events reported in each category during the year are shown in the accompanying table. In all cases environmental authorities were notified of those events where required and remedial action undertaken.

Category	II	III	IV	V
No of incidents	41	7	1	-

The Managing Director reports monthly to the Board on all environmental and health and safety incidents. The Board also has a Safety and Environment Committee which reviews the environmental and safety performance of the Consolidated Entity. The Directors are not aware of any environmental matter which would have a materially adverse impact on the overall business of the Consolidated Entity.

### **Significant Changes in the State of Affairs**

Significant changes in the state of affairs of the Consolidated Entity that occurred during the year and which are reported in the consolidated financial statements, were:

- (i) Cessation of open pit and underground mining operations at Telfer in early October 2000 was the major reason for Group gold production falling from 998,615 ounces in 1999/00 to 773,352 ounces in 2000/01. Telfer gold production fell by 208,665 ounces.
- (ii) The Ridgeway mine received full development approval on 4 October 2000. The mine produced 50,688 ounces for the year compared to 9,015 ounces in the prior year. Development of the underground workings and engineering for the mill and surface infrastructure progressed through the year. Commissioning of the new plant is scheduled to commence in early 2002.
- (iii) Sales revenue fell 16.7% due to the reduction in production. The achieved gold price for the year was \$623/oz compared to \$616/oz last year. The decline in gold sales was partially offset by increased copper production.
- (iv) Other revenue for the year was \$55,289,000 compared to \$4,449,000 the previous year. Included in current year revenue was \$36,497,000 relating to the sale of New Celebration, comprising \$11,800,000 proceeds from the sale and \$24,697,000 from the close out of surplus hedging contracts. An after tax loss of \$6,102,000 resulted from the sale of New Celebration. Proceeds on the sale of other fixed assets, comprising mainly surplus Telfer assets, totalled \$8,651,000.
- (v) The fall in the Australian dollar generated losses on foreign currency hedging. All currency hedge contracts maturing in the year were delivered into and the achieved gold price of \$623/oz was after absorbing all foreign currency exchange losses. The low Australian dollar also adversely affected copper hedging which incurred a loss of \$22,800,000 in the year. The mark to market of off balance sheet financial instruments at 30 June 2001 was negative \$806,400,000 (2000: negative \$178,400,000).

### **Subsequent Events**

On 16 August 2001, the Company made a placement of 33,750,000 new ordinary shares raising approximately \$138,000,000. The new shares rank equally with existing shares and are eligible for all future dividends. The provision for dividend included in financial statements at 30 June 2001 includes a provision for dividend on these new shares.

On 27 August 2001, the company announced a new long term concentrate sales agreement with, and a new US\$80 million loan from Nippon Mining and Metals Co. Limited. The loan principal is to be repaid in instalments of US\$16 million per annum, commencing in July 2003 and concluding in June 2008.

There are no other matters or circumstance which has arisen since 30 June 2001 that has 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.

## **Future Developments**

Disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

## **Directors' Meetings**

The attendances of the Directors at meetings of the Board and of its Committees of which they were members during the year were:

	Directors' Meetings		Audit Committee Meetings		Compensation Committee Meetings		Finance Committee Meetings		Nomination & Governance Committee Meetings		Safety, Health & Environment Committee Meetings	
	A	B	A	C	A	C	A	C	A	C	A	C
I. R. Johnson	14	15	-	-	3	4	-	-	4	4	-	-
R. C. Barwick	15	15	-	-	-	-	-	-	-	-	-	-
N. L. Scheinkestel	14	14	-	-	4	4	4	4	4	4	-	-
R. B. Davis	11	15	4	5	4	4	-	-	-	-	2	2
R. C. Milne	15	15	5	5	4	4	5	5	-	-	2	2
I. A. Renard	15	15	5	5	4	4	5	5	-	-	-	-

**Column A** - Indicates the number of meetings attended.

**Column B** - Indicates the number of meetings held whilst a director.

**Column C** - Indicates the number of meetings held whilst a member.

The details of the functions and memberships of the Committees of the Board are presented in the Statement of Corporate Governance.

## Information on Directors

	<b>Qualifications, Experience and Special Responsibilities</b>	<b>Other Directorships</b>
<b>Ian Johnson</b> <i>Chairman and Non-Executive Director</i>	Bachelor of Science (Hons.) from the University of New England. Former Chief Executive Officer of Newcrest Mining Limited. Former Group Executive of CRA Limited. Fellow of AusIMM and a Fellow of the Australian Institute of Company Directors. Appointed to the Board on 2 September 1998 and elected Chairman on 28 October 1998. A member of the Compensation, and Nomination & Governance Committees.	Director of Leighton Holdings Limited, John Holland Group Pty Ltd. and Orogen Minerals Limited.
<b>Russell Barwick</b> <i>Managing Director and Chief Executive Officer</i>	Diploma of Mining Engineering from the Ballarat School of Mines. Former Managing Director of Placer Niugini Limited. Fellow of the Australian Institute of Company Directors and a Fellow of AusIMM. Appointed to the Board in July 2000.	No other directorships.
<b>Bryan Davis</b> <i>Non-Executive Director</i>	Bachelor of Science Technology (Mining) from the University of N.S.W. Former Executive Director of Pasminco Limited. Fellow of AusIMM and a member of the Australian Institute of Company Directors. Appointed to the Board in March 1998. A member of the Audit, Compensation and Safety, Health and Environment Committees.	Chairman of Odyssey Technologies Pty Ltd. Chairman of Indophil Resources N.L. Director of Coal & Allied Industries Ltd.
<b>Ronald Milne</b> <i>Non-Executive Director</i>	Member of the Australian Society of Certified Practising Accountants. Appointed to the Board in November 1995 with a management career extending through the manufacturing, merchant banking and oil exploration industries. A member of the Audit, Compensation, Finance and Safety, Health and Environment Committees.	Director of Brambles Industries Limited, Regis Nominees Pty Ltd, Utilux Holdings Pty Limited and OPSM Protector Limited.
<b>Ian Renard</b> <i>Non-Executive Director</i>	Bachelor of Arts and Master of Laws Degrees from the University of Melbourne. Consultant of Allens Arthur Robinson. Fellow of the Australian Institute of Company Directors. Appointed to the Board in May 1998. A member of the Audit Compensation and Finance Committees.	Deputy Chancellor of the University of Melbourne, Director of AMP Limited, CSL Limited, Hurstmead Pastoral Company Pty Ltd and Hillview Quarries Pty Ltd. Chairman of Melbourne Theatre Company.
<b>Nora Scheinkestel</b> <i>Non-Executive Director</i>	Bachelor of Laws Degree and Ph. D. from the University of Melbourne. Member of the Australian Institute of Company Directors. Appointed to the Board in August 2000 with a management background in international banking and project finance. An Associate Professor at the Melbourne Business School at the University of Melbourne. Member of the Compensation; Nomination & Governance and Finance Committees.	Director of PaperlinX Ltd, Docklands Authority, Hydro Tasmania, City West Water Ltd and IOOF Group of Companies.

## **Directors' and Senior Executives' Emoluments**

The Compensation Committee, consisting of the non-executive directors, is responsible for making recommendations to the Board on remuneration policies and practices generally, and makes special recommendations on remuneration packages and other terms of employment applicable to executive directors, senior executives and non-executive directors of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the persons' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive remuneration and other terms of employment are reviewed annually by the Compensation Committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, resignation and retirement entitlements, performance related bonuses and fringe benefits. Executives are also eligible to participate in the Company's Share Option Plans. The ability to exercise options is conditional on the Consolidated Entity achieving certain performance hurdles.

Remuneration and other terms of employment for the Managing Director and certain senior executives are formalised in service agreements.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. Non-executive directors do not receive any performance related remuneration. Non-executive directors are entitled to retirement benefits in accordance with a shareholder approved scheme.

Details of the nature and amount of each element of the emoluments of every director of Newcrest Mining Limited and each of the five officers of the Company and the Consolidated Entity receiving the highest emoluments are set out in the following tables.

### **DIRECTORS OF THE COMPANY**

<b>Name</b>	<b>Directors' Base Fee/Salary \$</b>	<b>Superannuation Contributions \$</b>	<b>Other Benefits \$</b>	<b>Options \$</b>	<b>Total \$</b>
I. R. Johnson Chairman and Non-Executive Director	150,000	12,000	-	-	162,000
R. C. Barwick Managing Director	566,218	7,948	33,611	67,500	675,277
R.B. Davis Non-Executive Director	114,166 <sup>(1)</sup>	15,133	4,667	-	133,966
R. C. Milne Non-Executive Director	85,000 <sup>(2)</sup>	6,800	-	-	91,800
I. A. Renard Non-Executive Director	70,000	5,600	-	-	75,600
N. L. Scheinkestel Non-Executive Director	60,171	4,814	-	-	64,985

<sup>(1)</sup> Includes remuneration as Managing Director for the period 1/7/2000 – 28/7/2000

<sup>(2)</sup> Includes a payment of \$15,000 for other duties performed as Chairman of the Newcrest Superannuation Fund.

## SENIOR EXECUTIVES OF THE COMPANY AND CONSOLIDATED ENTITY

Name	Base Salary \$	Other Benefits \$	Retrenchment and Retirement Payments \$	Options \$	Total \$
B. Price Executive General Manager Project Development	384,350	44,805	-	27,000	456,155
G. Scanlan Executive General Manager Finance	408,000	4,602	-	27,000	439,602
D. Wood Executive General Manager Exploration	360,500	1,970	-	27,000	389,470
B. Lavery Executive General Manager Corporate Services	324,350	4,602	-	27,000	355,952
G. Monkhouse General Manager Human Resources	262,450	4,602	-	18,900	285,952

The following executives are also disclosed as they fall within the top five remuneration category because of redundancy and retirement payments in the year following the suspension of Telfer operations and the corporate restructure:

P. Lester Former Executive General Manager Corporate Development	246,984	3,280	756,900	27,000	1,034,164
P. Greeff Former Executive General Manager Operations West	181,400	1,608	688,778	27,000	898,786
T. Moran Former General Manager – Telfer	98,333	11,529	433,857	-	543,719

Executives are officers who are involved in, concerned in, or who take part in, the management of the affairs of the Company and/or related bodies corporate.

### **Senior Management Employee Options**

"Employee Options" in the case of the Company refers to those options granted to senior management, including the Executive Director, pursuant to the Employee Share Option Plan and the Newcrest Executive Option Plan. No person entitled to exercise any of the options had or has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The Newcrest Executive Option Plan provides for the allocation of five year options with performance hurdles and exercise conditions. Options may not be exercised until after the second anniversary of the grant date and must be exercised as to not more than 25% of the options granted in each subsequent year to the exercise date. Where the previous year's maximum entitlement was not exercised, accumulated entitlements to that anniversary date may be exercised. The exercise price at which these options are issued is based on the weighted average of the prices at which the Company's shares were traded on the Australian Stock Exchange during the one week period prior to issue date.

Details of options issued under the Newcrest Executive Option Plan and the balance exercisable under the Newcrest Executive Option Plan and Employee Share Option Plan at balance date are detailed in Note 17 to the financial statements.

### **Share Options Granted to Directors and Most Highly Remunerated Officers**

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following directors and those of the other most highly remunerated executive officers as part of their remuneration:

	<b>Number of Options Granted</b>
<b>Directors</b>	
R. C. Barwick Managing Director and Chief Executive Officer	250,000
<b>Other Executive Officers</b>	
B. Price Executive General Manager Project Development	100,000
G. Scanlan Executive General Manager Finance	100,000
D. Wood Executive General Manager Exploration	100,000
B. Lavery Executive General Manager Corporate Services	100,000
G. Monkhouse General Manager Human Resources	70,000
P. Lester Former Executive General Manager Corporate Development	100,000
P. Greeff Former Executive General Manager Operations West	100,000

All options granted to executive officers during the financial year were granted under the Newcrest Executive Option Plan. No options have been granted since the end of the financial year.

The directors' assessment of the fair value of options granted, for the purpose of reporting emoluments of directors and executive officers, has been determined using a Black Scholes option valuation methodology. The valuation of the options granted required estimating the probability that options will vest, based on the performance criteria of the Plan.

### **Shares Issued on the Exercise of Options**

During the year an aggregate of 2,342,958 options were exercised, resulting in the issue of 2,342,958 ordinary shares of the Company at an aggregate consideration of \$5,958,000.

## **Directors' Interests**

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with Section 235 (1) of the Corporations Act (2001), at the date of this Report, is as follows:

<b>Name of Director</b>	<b>Chief Entity or Related Body Corporate</b>	<b>Number of Ordinary Shares</b>	<b>Nature of Interest</b>	<b>Number of Options Over Ordinary Shares</b>
<i>I. R. Johnson</i>	<i>Newcrest Mining Limited</i>	<i>15,128</i>	<i>Direct</i>	<i>Nil</i>
<i>R. C. Barwick</i>	<i>Newcrest Mining Limited</i>	<i>5,000</i>	<i>Direct</i>	<i>250,000</i>
<i>R. B. Davis</i>	<i>Newcrest Mining Limited</i>	<i>3,038</i>	<i>Indirect</i>	<i>Nil</i>
<i>R.C. Milne</i>	<i>Newcrest Mining Limited</i>	<i>5,000</i>	<i>Direct</i>	<i>Nil</i>
<i>I. A. Renard</i>	<i>Newcrest Mining Limited</i>	<i>8,102</i>	<i>Direct</i>	<i>Nil</i>
<i>N. L. Scheinkestel</i>	<i>Newcrest Mining Limited</i>	<i>10,300</i>	<i>Indirect</i>	<i>Nil</i>

The Newcrest Non-Executive Directors' Share Plan was approved by Shareholders on 28 October 1999. The Plan provides non-executive directors with an opportunity to receive, at their election, a portion of their annual remuneration in the form of shares in the Company rather than as fees. Shares acquired by a non-executive director under the Plan may not be sold for a period of ten years after they are acquired, except if the director retires from the Board or if the Board permits earlier sale.

## **Indemnification of Directors and Officers**

The Company has, pursuant to Article 35 of the Articles of Association of the Company, agreed to insure and fully indemnify the Directors named on page 1 of this Report, and the Secretary of the Company, Mr B.J. Lavery, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Under Article 35 of the Articles of Association the Company has also agreed to insure and fully indemnify :

- (a) all officers covering the areas of operations, development, exploration, finance and administration who are or have held, since the adoption of this Article 35, past or present office in the Company; and
- (b) all persons, who are or who have held, since the adoption of this Article 35, the office of or acted in the capacity of director or secretary of controlled entities listed in Note 25 of the financial statements, against:
  - (i) any liability for costs and expenses reasonably incurred by that person in defending any proceedings in which judgement is given in that person's favour or in which the person is acquitted or in connection with an application in relation to any proceedings in which the Court grants relief to the person under the Corporations Act (2001); and
  - (ii) any liability incurred by that person as an officer of the Company or a controlled entity to another person (other than the Company or related body corporate of the Company) unless the liability arises out of conduct involving a lack of good faith.

Each Director named on page 1 of this Report and the Secretary, has entered into a Deed of Indemnity with the Company on these terms.

### ***Insurance Premiums***

Since the end of the previous financial year the Company has paid an insurance premium in respect of a contract insuring against liability of:

- (a) Executive and General Managers covering the areas of operations, development, exploration, finance and administration; and
- (b) All persons, who are or have held the office of, or have acted in the capacity of Director, Secretary or General Manager of controlled entities listed in Note 25.

The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liability insured against. Each Director named on page 1 of this Report has paid the insurance premium in respect of cover afforded for liabilities outlined in Section 241A(1) of the Corporations Act (2001).

### ***Rounding of Amounts***

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission dated 10 July 1998, and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This Report has been made in accordance with a resolution of the Directors.

Ian R. Johnson  
Chairman

Russell C. Barwick  
Managing Director and Chief Executive Officer

29 August 2001  
Melbourne

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2001**

	Note	Consolidated		Parent	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Sales Revenue	2	581,106	697,487	80,837	166,155
Other revenues from ordinary activities	2	55,289	4,449	6,409	141,099
<b>Total Revenue</b>		<b>636,395</b>	<b>701,936</b>	<b>87,246</b>	<b>307,254</b>
Total Operating Costs		(401,338)	(441,823)	(48,973)	(101,846)
Written down value of assets sold		(7,032)	(279)	(4,838)	(157)
Provision for asset write-downs and provisions due to the suspension of Telfer operations		-	(92,824)	-	(64,977)
Expenses and written down value of net assets sold from the sale of the New Celebration Mine		(45,743)	-	-	-
<b>Operating Profit Before Depreciation, Amortisation, Interest and Income Tax</b>		<b>182,282</b>	<b>167,010</b>	<b>33,435</b>	<b>140,274</b>
Depreciation and Amortisation	2	(111,733)	(141,413)	(1,870)	(26,954)
Borrowing Costs	2	(18,573)	(27,394)	(225)	(261)
<b>Profit / (Loss) from ordinary activities before income tax expense</b>		<b>51,976</b>	<b>(1,797)</b>	<b>31,340</b>	<b>113,059</b>
Income tax (expense) benefit relating to ordinary activities	3	(12,087)	7,085	(8,977)	15,427
<b>Profit from ordinary activities after related income tax</b>		<b>39,889</b>	<b>5,288</b>	<b>22,363</b>	<b>128,486</b>
Net profit attributable to outside equity interest		(1,735)	(1,894)	-	-
<b>Net profit attributable to members of the parent entity</b>		<b>38,154</b>	<b>3,394</b>	<b>22,363</b>	<b>128,486</b>
Basic earnings per share (cents per share)	5	15.6	1.4	-	-

The accompanying notes form an integral part of this Statement of Financial Performance.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Note	Consolidated		Parent	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>CURRENT ASSETS</b>					
Cash assets	33	47,956	92,298	290	1,332
Receivables	6	93,881	53,327	263,778	142,708
Other financial assets	7	155	168	155	168
Inventories	8	28,034	49,663	3,079	20,733
Other	11	11,109	7,413	815	1,367
Total Current Assets		181,135	202,869	268,117	166,308
<b>NON-CURRENT ASSETS</b>					
Receivables	6	26,415	18,203	-	42
Other financial assets	7	-	-	288,162	288,162
Inventories	8	9,688	10,042	-	-
Property, plant and equipment	9	446,140	500,920	43,020	47,948
Exploration, evaluation and development	10	442,310	304,560	63,854	22,294
Other	11	111,040	94,915	-	211
Total Non-Current Assets		1,035,593	928,640	395,036	358,657
<b>TOTAL ASSETS</b>		<b>1,216,728</b>	<b>1,131,509</b>	<b>663,153</b>	<b>524,965</b>
<b>CURRENT LIABILITIES</b>					
Payables	12	110,482	74,113	142,775	21,380
Interest bearing liabilities	13	111,712	24,849	478	1,944
Provisions	16	22,678	35,752	17,501	26,911
Other	14	8,047	9,192	-	-
Total Current Liabilities		252,919	143,906	160,754	50,235
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	13	409,674	475,046	-	-
Deferred tax liabilities	15	58,985	46,898	13,009	4,032
Provisions	16	42,773	40,787	9,355	8,689
Other	14	4,178	12,225	-	-
Total Non-Current Liabilities		515,610	574,956	22,364	12,721
<b>TOTAL LIABILITIES</b>		<b>768,529</b>	<b>718,862</b>	<b>183,118</b>	<b>62,956</b>
<b>NET ASSETS</b>		<b>448,199</b>	<b>412,647</b>	<b>480,035</b>	<b>462,009</b>
<b>EQUITY</b>					
Contributed equity	17	370,017	360,299	370,017	360,299
Retained profits	18	70,643	46,544	110,018	101,710
Parent entity interest		440,660	406,843	480,035	462,009
Outside equity interest	19	7,539	5,804	-	-
<b>TOTAL EQUITY</b>		<b>448,199</b>	<b>412,647</b>	<b>480,035</b>	<b>462,009</b>

The accompanying notes form an integral part of this Statement of Financial Position.

**STATEMENTS OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	569,884	655,123	31,778	78,747
Payments to suppliers and employees	(419,315)	(432,619)	(60,501)	(93,673)
Interest received	3,468	4,211	119	12
Borrowing costs paid	(21,290)	(24,437)	(132)	(90)
Other	3,278	247	64	(37)
<b>Net cash provided by/(applied to) operating activities</b> <b>33(b)</b>	136,025	202,525	(28,672)	(15,041)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investment	-	3	-	3
Payments for property, plant and equipment	(17,550)	(54,549)	(1,399)	(10,078)
Proceeds from sale of non-current assets	8,651	254	6,225	273
Proceeds from sale of controlled entity <b>33(d)</b>	-	314	-	652
Exploration and evaluation expenditure	(51,421)	(65,028)	(14,749)	(11,939)
Payments in respect of mine development	(1,545)	(8,059)	-	-
Payments in respect of mines under construction	(89,276)	(30,532)	-	-
Feasibility expenditure	(36,362)	(15,871)	(24,837)	(11,110)
Payments of research and development costs	(794)	(694)	(794)	(694)
<b>Net cash provided by/(used in) investing activities</b>	(188,297)	(174,162)	(35,554)	(32,893)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	45,000	54,757	-	-
Repayment of loans from bullion banks	(7,458)	(6,953)	-	-
Repayment of gold loan	(14,566)	-	-	-
Loans from controlled entities	-	-	67,212	61,328
Lease payments including finance costs	(12,577)	(11,031)	(1,559)	(1,372)
Proceeds from share issues	6,324	579	6,324	579
Dividend paid	(8,793)	-	(8,793)	-
<b>Net cash provided by/(used in) financing activities</b>	7,930	37,352	63,184	60,535
Net increase/ (decrease) in cash held	(44,342)	65,715	(1,042)	12,601
Cash at the beginning of the financial year	92,298	26,583	1,332	(11,269)
<b>Cash at the end of the financial year</b> <b>33(a)</b>	47,956	92,298	290	1,332

The accompanying notes form an integral part of this Statement of Cash Flows.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are:

### **(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the AASB and the Corporations Act (2001).

They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied by each entity in the Consolidated Entity and, unless otherwise stated, are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

### **(b) Principles of Consolidation**

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (“the Consolidated Entity”). A list of controlled entities is presented in Note 25.

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

Where controlled entities have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition.

Outside interests in the equity and results of the entities that are controlled by the Consolidated Entity are shown as a separate item in the consolidated financial statements.

Investments in controlled entities are recorded at the lower of cost and recoverable amount. On the acquisition of assets, which include mineral reserves, their fair value is ascertained by valuing the presently identifiable after tax revenue streams of each mining operation and other net assets. Where adjustments have been made, these fair values are included in the balance sheet as of the date of acquisition.

Interests in entities which the Consolidated Entity does not control are included in the financial statements as other financial assets and recorded at the lower of cost and recoverable amount. Dividends are taken into profits of the investing entity on the date received.

### **(c) Interest in Joint Ventures**

Where the Consolidated Entity’s operations are conducted through unincorporated joint ventures with other parties, its share of the assets, liabilities, gold production and related operating costs is included in the financial statements using the proportional consolidation methodology specified in Accounting Standard AASB1006 “Interests in Joint Ventures”. Material interests of the Consolidated Entity in unincorporated joint ventures are listed in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS

### **(d) Inventories**

Gold in solution form, ore and work in progress are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable direct overhead expenditure, including depreciation and amortisation.

By-products inventory on hand obtained as a result of the production process to extract gold are valued at cost.

Materials and supplies are valued at cost with due allowance for obsolescence. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Insurance and capital spare parts are capitalised and depreciated over the same remaining life of the equipment with which they are associated.

### **(e) Other Financial Assets – Investments**

Interests in listed and unlisted securities, other than controlled entities, are carried at the lower of cost and recoverable amount and dividend income is brought to account in the Statement of Financial Performance when received.

### **(f) Property, Plant and Equipment**

Property, plant and equipment is carried at cost. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. The carrying value of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount (refer to Note 1(k)).

#### ***Depreciation and Amortisation***

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated/amortised over their estimated useful lives. Either the unit-of-production, straight line or diminishing balance method may be used. The unit-of-production basis results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located, and to possible future variations to those assessments. Estimates of remaining useful lives are made on a regular basis for all major items of plant and equipment.

The expected useful lives are as follows :

Plant and equipment -	Depreciated over the shorter of the mine life and 3 to 12 years, depending on the nature of the asset.
Underground development capital -	Amortised over the mine life.
Plant and equipment under lease -	Amortised over the shorter of the mine life and 3 to 12 years, depending on the nature of the asset.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Assets are depreciated or amortised from the date of acquisition, or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

## NOTES TO THE FINANCIAL STATEMENTS

### **(f) Property, Plant and Equipment (continued)**

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

#### ***Leased Plant and Equipment***

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the present value of the lease payments recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The borrowing cost component within the lease payments are expensed (refer Note 2).

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property (refer Note 2).

### **(g) Mines under Construction**

Mine development expenditure incurred by or on behalf of the Consolidated Entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of overheads. Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the costs of construction and classified under non-current assets.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of revenue from the sale of production, or from the sale of the property, is reasonably assured.

### **(h) Mine Development**

Mine development represents expenditure in respect of exploration, evaluation and development incurred by or on behalf of the Consolidated Entity in relation to areas of interest in which mining has commenced. Such expenditure comprises net direct costs and an appropriate allocation of related overhead expenditure.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production.

Amortisation of costs is provided using the unit-of-production method. The net carrying value of mine development expenditure carried forward is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, the excess is provided against in the year in which this is determined.

## NOTES TO THE FINANCIAL STATEMENTS

### **(i) Exploration, Evaluation and Feasibility Expenditure**

Exploration and evaluation expenditure capitalised and carried forward represents an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Consolidated Entity, together with an appropriate portion of related overhead expenditure, in relation to separate areas of interest in respect of which:

- (i) Rights of tenure are current; and
- (ii) Costs are expected to be recouped through exploitation or sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Feasibility expenditure represents costs related to the preparation of a feasibility study to enable a development decision to be taken in relation to an area of interest.

When an area of interest is abandoned or the Directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the extent they are not expected to be recoverable in the future. Details of the provision and of the amounts written off and provided for are disclosed in Notes 2 and 10.

### **(j) Deferred Mining Expenditure**

Certain mining costs incurred prior to mining the relevant ore are capitalised and included in the balance sheet as deferred mining expenditure. These costs are taken to cost of production to be matched against future revenue, as the relevant ore is milled.

### **(k) Non-Current Assets**

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The carrying amounts of non-current assets, other than exploration expenditure carried forward [refer Note 1(i)], are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to its recoverable amount. Where net cash flows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. In determining recoverable amounts the relevant cash flows have not been discounted to their present value.

### **(l) Employee Entitlements**

#### ***Wages, Salaries and Annual Leave***

Liabilities for employee entitlements to wages, salaries and annual leave represent the amount which the Consolidated Entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provision for employee entitlements has been calculated at nominal amounts based on current rates of remuneration. Related on-costs have also been included in the liability.

#### ***Long Service Leave***

The liability for long service leave represents the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the balance date.

## NOTES TO THE FINANCIAL STATEMENTS

### ***(l) Employee Entitlements (continued)***

Liabilities for long service leave entitlements not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates and the Consolidated Entity's experience with staff departures. Related on-costs have also been included in the liability.

#### ***Employee Share and Share Option Plans***

The Company has established the Newcrest Employee Share Acquisition Plan and the Newcrest Executive Option Plan. The Employee Share Acquisition Plan is a broad based employee share plan which offers fully paid shares to eligible employees on a tax exempt basis as directed by the Board.

The Executive Option Plan is limited to senior management and provides for the allocation of five year options with exercise conditions and a performance hurdle. Further information is set out in Note 17 to the financial statements. Other than the costs incurred in administering these schemes, which are expensed as incurred, there are no other costs borne by the Consolidated Entity.

#### ***Superannuation Funds***

The Company maintains a superannuation fund which provides benefits to a defined benefit and a defined contribution plan for employees and their dependants on retirement, disability or death. Management of the fund is by an independent company and contributions by the Consolidated Entity are charged to the Statement of Financial Performance.

#### ***Directors Retirement Allowance***

The Company provides retirement benefits to non-executive directors who have served in that capacity. Benefits payable on retirement are calculated as an amount equal to the sum of the fixed fees received by a director for the three years immediately preceding retirement from the Board.

The Company's liability for directors' retirement benefits, based on the number of years service provided at the balance date, has been included in provisions for employee entitlements.

### ***(m) Revenue Recognition and Receivables***

Sales revenue is brought to account in the month of sale, being the time when physical control moves away from the Consolidated Entity and selling prices are known or can be reasonably estimated.

Gold delivered against a gold loan indebtedness is brought to account as revenue at the historical rate at which the gold loan was recorded in the statement of financial position.

Bullion awaiting settlement is valued at the estimated net realisable value, taking into account hedge contracts where applicable, and is classified as a receivable in the statement of financial position.

Interest income is recognised as it accrues.

The gross proceeds from asset sales are included as revenue. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Revenue recognition policies for other financial assets are described in Note 1(e).

Trade receivables are recorded at the amount of contracted sale proceeds only when there has been a passing of risk to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off and a provision for doubtful debts is raised where doubt exists.

## NOTES TO THE FINANCIAL STATEMENTS

### ***(n) Derivative Financial Instruments***

Derivative financial instruments are used by the Consolidated Entity to hedge exposures to commodity prices, exchange rates and interest rates. The instruments used by the Consolidated Entity include forward sale agreements, put and call options, gold lease rate and interest rate swaps. The gross value of the underlying derivative financial instruments entered into for hedging purposes are not recognised in the financial statements.

#### ***Gold and Copper Hedging (Commodity Hedging)***

Commodity hedging is undertaken in order to avoid or minimise possible adverse financial or cash flow effects of movements in the commodity price. Commodity hedge contracts are designated to specific years in accordance with the Consolidated Entity's projected future production. Premiums received or costs arising upon entering into forward sale, option or other derivative contracts intended to hedge specific production, together with subsequent realised and unrealised gains or losses, are deferred until the hedged production is delivered and included in the measurement of sale.

Where a hedging contract is terminated prior to maturity because the hedged production is no longer expected to be produced, any previously deferred gains, losses, premiums and discounts relating to the hedge contract are immediately recognised in the Statement of Financial Performance. If a hedging contract is terminated prior to its maturity and the underlying transaction is still expected to occur, then recognition of any gains, losses, premiums and discounts which arose prior to termination are deferred until the hedged transaction occurs.

If a hedge transaction relating to a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedge prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedge transaction is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Statement of Financial Performance at the date of the redesignation.

#### ***Currency Hedging***

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods, together with subsequent exchange gains or losses resulting from those transactions are deferred up to the date of the purchase or sale and included in the measurement of the purchase or sale. In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial year in which the exchange rates change. Gains or costs arising at the time of entering into such hedging transactions are brought to account in the Statement of Financial Performance over the lives of the hedges.

If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination continues and those gains and losses are included in the measurement of the hedged transaction. In those circumstances where a hedging transaction is terminated prior to maturity because the hedged transaction is no longer expected to occur, any previously deferred gains and losses are recognised in the Statement of Financial Performance on the date of termination. If the hedge transaction is redesignated as a hedge of another commitment, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Statement of Financial Performance at the date of the redesignation.

## NOTES TO THE FINANCIAL STATEMENTS

### **(o) Restoration, Rehabilitation and Environmental Costs**

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities incurred at the time of those activities are treated as exploration and evaluation expenditure.

Expenditure relating to ongoing rehabilitation and restoration programs necessitated by development and production activities is provided for or charged to costs of production as incurred. Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology, and include all costs related to reclamation, plant closure and removal. Changes in estimates are dealt with prospectively over the remaining mine life.

### **(p) Foreign Currency**

#### *Transactions*

Foreign currency transactions are initially translated into Australian currency at the exchange rate at the date of the transaction. The subsequent payment or receipt of funds relating to a transaction is translated at the rate applicable on the date of payment or receipt. Foreign currency monetary items outstanding at balance date are translated at exchange rates ruling at that date. Exchange differences are brought to account as realised and unrealised gains or losses in the Statement of Financial Performance in the year in which they arise.

#### *Translation of Controlled Foreign Entities*

The monetary assets and liabilities of controlled entities incorporated overseas (being integrated foreign operations) are translated into Australian currency at the rates of exchange ruling at balance date. Non-monetary items and revenue and expense items are translated at a weighted average rate of exchange for the year during which the transactions occurred. Exchange differences arising on translation are brought to account in the Statement of Financial Performance.

### **(q) Accounts Payable**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which remain unpaid at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(r) Borrowings**

Bank loans, except gold loans, are carried at principal amounts which represent the present value of future cash flows associated with servicing the debt.

Gold loans under the Consolidated Entity's debt facility are reflected at the realised gold price from the subsequent sale of gold borrowed. Gold borrowings are not revalued over the period of the loan to reflect the movement in the spot price of gold.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets (refer Note 10). Borrowing costs are accrued over the period it becomes due and is recorded as part of other creditors.

Interest earned on the temporary investment of funds specifically borrowed for mine development is deducted from borrowing costs on the borrowed funds in arriving at the amounts capitalised.

Following commencement of commercial operations, capitalised interest is amortised over the estimated useful life of the asset.

The amount of borrowing costs to be capitalised is based on the actual costs incurred during the year, net of interest earned on investment funds, specifically borrowed to develop the qualifying asset.

## NOTES TO THE FINANCIAL STATEMENTS

### **(r) Borrowings (continued)**

Borrowing costs include :

- lease finance charges;
- interest on long term borrowings; and
- amortisation of costs related to the negotiation of borrowings.

### **(s) Tax Effect Accounting**

The Consolidated Entity adopts a policy of tax-effect accounting using the liability method. The income tax expense in the Statement of Financial Performance represents the income tax on operating profit adjusted for permanent differences between taxable and accounting income. The income tax effect of significant permanent differences on the tax expense for the year is set out in Note 3. The tax effect of timing differences, which arise from items being brought to account in different years for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax. Future income tax benefits and deferred tax liabilities are carried forward at the rate of income tax applicable to the period in which the liability will become payable or the benefit will be received.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. The benefit arising from estimated carry forward tax losses is recognised where realisation of such benefit is considered to be virtually certain.

### **(t) Deferred Income**

Deferred income includes advances received from a bullion bank against forward sales contracts over trading stock. Income is recognised in the Statement of Financial Performance in accordance with the delivery of production under the forward sales contract. Refer Note 13(d) for details of advances from bullion banks, in this instance.

### **(u) Set-off of Debt**

Assets and liabilities are set-off where the Consolidated Entity intends to exercise a legal right of set-off.

### **(v) Cash Flows**

For the purposes of the Statements of Cash Flows, cash includes cash on hand, deposits held at call with banks, net of short term bank loans.

### **(w) Maintenance and Repairs**

Maintenance, repair costs and minor renewals are charged to the Statement of Financial Performance as incurred.

### **(x) Comparative Figures**

The consolidated entity has adopted the presentation and disclosure requirements of Accounting Standards AASB1018 “Statement of Financial Performance”, AASB1034 “Financial Report Presentation and Disclosure” and AASB1040 “Statement of Financial Position” for the first time in the preparation of this financial report. In accordance with the requirements of these Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or consolidated entity as reported in the prior year financial report.

## NOTES TO THE FINANCIAL STATEMENTS

### **(y) Earnings per Share**

#### ***Basic Earnings per Share***

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

#### ***Diluted Earnings per Share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share for those potential ordinary shares that have a dilutive impact on earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities after crediting the following revenues:	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>Sales Revenue</b>				
Sale of gold	347,963	469,335	66,338	150,652
Sale of gold/copper concentrate	233,143	228,152	14,499	15,503
	581,106	697,487	80,837	166,155
<b>Other Revenues</b>				
Dividend – wholly owned controlled entity	-	-	-	130,000
Interest from other persons	4,067	3,717	119	12
Revenue from the sale of the New Celebration Mine	36,497	-	-	-
Revenue from the sale of non-current assets	8,984	571	6,225	276
Debt forgiveness from controlled entity	-	-	-	10,811
Net foreign exchange gains	5,741	-	65	-
Other revenue items	-	161	-	-
	55,289	4,449	6,409	141,099
<b>Total Revenue</b>	636,395	701,936	87,246	307,254
<b>Total Operating Costs by Function:</b>				
Cost of Goods Sold	468,135	524,896	38,590	110,916
Exploration costs	22,366	37,654	3,067	8,074
Corporate administration and other costs	22,570	20,686	9,186	9,810
Written down value of assets sold	7,032	279	4,838	157
Provision for asset write-downs and provisions due to the suspension of Telfer Operations	-	92,824	-	64,977
Expenses from the sale of New Celebration Mine	45,743	-	-	-
<b>Total Operating Costs by Function</b>	565,846	676,339	55,681	193,934
<b>Profit from ordinary activities is after charging the following expenses:</b>				
Depreciation of property, plant and equipment	68,105	94,923	1,489	24,316
Amortisation:				
Plant and equipment under finance leases	7,327	7,294	-	493
Mine development	28,453	32,935	-	1,260
Mines under construction	1,804	-	-	-
Mine leases	1,923	1,871	-	-
Feasibility expenditure	544	1,264	381	885
Deferred expenditure	1,281	1,208	-	-
Royalties	2,296	1,918	-	-
<b>Total depreciation and amortisation</b>	111,733	141,413	1,870	26,954
Borrowing costs :				
Interest paid/payable	17,542	28,165	1,182	260
Finance charges relating to finance leases	3,862	4,008	93	261
Other borrowing costs	3,032	1,859	-	-
Less : Amount capitalised	(5,863)	(6,638)	(1,050)	(260)
<b>Total borrowing costs expensed</b>	18,573	27,394	225	261
Other expense items:				
Operating lease rentals	1,907	2,479	1,307	1,213
Government royalties	12,338	9,604	597	1,273
Research and development expenditure	794	694	794	694
Net foreign exchange loss	-	727	-	37
Provision for:				
Employee entitlements	5,471	7,413	2,133	3,135
Restoration and rehabilitation	4,841	6,573	72	327
Stores obsolescence	(559)	(279)	(512)	70
Other	753	178	527	-
<b>Sales of Assets</b>				
Sales of assets have given rise to the following profits and (losses)				
a) Revenue from the sale of the New Celebration Mine	36,497	-	-	-
Expenses from the sale of the New Celebration Mine	(45,743)	-	-	-
Loss on the sale of the New Celebration Mine	(9,246)	-	-	-
b) Proceeds from sale of property, plant and equipment	8,984	254	6,225	273
Expenses from sale of property, plant and equipment	(7,032)	(145)	(4,838)	(154)
<b>Profit on sale of property plant and equipment</b>	1,952	109	1,387	119
c) Revenue from sale of investments	-	476	-	3
Expenses from sale of investments	-	(134)	-	(3)
<b>Profit (Loss) on sale of investments</b>	-	342	-	-
d) Revenue from debt forgiveness from controlled entity	-	-	-	10,811

## NOTES TO THE FINANCIAL STATEMENTS

### 3. INCOME TAX

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

#### (a) Income Tax Expense

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Profit from ordinary activities	51,976	(1,797)	31,340	113,059
Prima facie income tax expense at 34% (2000:36%)	17,672	(647)	10,656	40,701
Tax effect of permanent differences:				
Overseas exploration	88	513	88	513
Amortisation of mine leases	654	674	-	-
Other non-deductible items	205	700	34	98
Non-assessable income	-	-	-	(3,662)
Research and development allowance	(1,700)	(900)	(340)	-
Recognition of prior year tax losses of an overseas controlled entity	(3,372)	(4,481)	-	-
Prior year deferred tax adjustment	(997)	7,398	(1,044)	(4,885)
Effect on provision for deferred income tax due to income tax rate changes	(463)	(10,342)	(417)	(1,392)
Rebateable dividends	-	-	-	(46,800)
<b>Total income tax expense/(benefit) attributable to profit from ordinary activities</b>	<b>12,087</b>	<b>(7,085)</b>	<b>8,977</b>	<b>(15,427)</b>

#### (b) Benefit of Tax Losses Not Brought to Account

As at 30 June 2001 a company within the Consolidated Entity has estimated unconfirmed unrecouped income tax losses of \$6,000,000 (2000: \$25,000,000) available to offset against future years' taxable income. The benefit of these losses of \$1,800,000 (2000: \$7,500,000) has not been brought to account as realisation is not virtually certain. The benefit will only be obtained if:

- (i) The company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- (ii) The company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. DIVIDENDS

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Dividends paid or proposed during the financial year:				
Fully Franked to 30% (2000 : 34%)	14,000	12,132	14,000	12,132
Final fully franked dividend for 30 June 2000 not previously provided for (Fully Franked to 34%)	55	-	55	-
Total Dividends	14,055	12,132	14,055	12,132
Franking credits available	41,652	49,998	37,724	46,400

The ability to utilise the franking account credits is dependent upon there being sufficient available profits of the Company to declare dividends.

### 5. EARNINGS PER SHARE

	Consolidated	
	2001	2000
Basic earnings per share (cents per share)	15.6	1.4
Weighted average number of ordinary shares used in calculation of basic earnings per share	244,442,730	242,475,072

Diluted earnings per share has not been disclosed as it is not materially different from basic earnings per share.

## NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>6. RECEIVABLES</b>				
<i>CURRENT</i>				
Accounts receivable - trade	68,693	42,417	1,530	2,991
Bullion awaiting settlement	25,188	10,910	-	-
Amounts receivable from controlled entities	-	-	262,248	139,717
	93,881	53,327	263,778	142,708
<i>NON-CURRENT</i>				
Loan in relation to outside equity interest in controlled entity	7,626	5,158	-	-
Accounts receivable – other	18,789	13,045	-	42
	26,415	18,203	-	42
<b>7. OTHER FINANCIAL ASSETS</b>				
<i>CURRENT</i>				
Securities quoted on prescribed stock exchanges:				
Shares in other corporations	155	168	155	168
	155	168	155	168
<i>NON-CURRENT</i>				
Shares in controlled entities at cost	-	-	592,761	592,761
Provision for diminution	-	-	(304,599)	(304,599)
	-	-	288,162	288,162
<b>8. INVENTORIES</b>				
<i>CURRENT</i>				
Metal	3,455	8,733	-	3,245
Concentrate	3,130	13,045	-	8,302
Work in progress - at net realisable value	1,075	677	-	-
Ore	5,789	8,935	-	3,320
Materials and supplies	18,910	23,431	5,674	8,973
Provision for obsolescence	(4,325)	(5,158)	(2,595)	(3,107)
	14,585	18,273	3,079	5,866
	28,034	49,663	3,079	20,733
<i>NON-CURRENT</i>				
Ore - at net realisable value	9,688	10,042	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 9. PROPERTY, PLANT & EQUIPMENT

	Consolidated					
	Freehold Land \$'000	Buildings, Plant & Equipment \$'000	Underground Capital \$'000	Leasehold Improvements \$'000	Equipment Under Finance Lease \$'000	Total \$'000
<b>Gross Carrying Amount</b>						
Balance at 30 June 2000 – at cost	19,442	755,374	130,159	1,484	79,947	986,406
Additions	103	13,244	4,066	39	98	17,550
Disposals	(6)	(110,301)	(17,369)	-	-	(127,676)
Transfer	(136)	(2,175)	2,311	-	-	-
Transfer from exploration, evaluation and development expenditure	1,260	28,064	-	-	-	29,324
Balance at 30 June 2001	20,663	684,206	119,167	1,523	80,045	905,604
<b>Accumulated Depreciation / Amortisation</b>						
Balance at 30 June 2000	-	(380,171)	(86,802)	(1,210)	(17,303)	(485,486)
Disposals	-	96,914	5,797	-	-	102,711
Depreciation expense	-	(58,622)	(9,237)	(246)	(7,327)	(75,432)
Transfer from exploration, evaluation and development expenditure	-	(1,752)	-	-	-	(1,752)
Other	-	495	-	-	-	495
Balance at 30 June 2001	-	(343,136)	(90,242)	(1,456)	(24,630)	(459,464)
<b>Net Book Value</b>						
As at 30 June 2000	19,442	375,203	43,357	274	62,644	500,920
As at 30 June 2001	20,663	341,070	28,925	67	55,415	446,140

	Parent					
	Freehold Land \$'000	Plant & Equipment \$'000	Underground Capital \$'000	Leasehold Improvements \$'000	Equipment Under Finance Lease \$'000	Total \$'000
<b>Gross Carrying Amount</b>						
Balance at 30 June 2000 – at cost	142	191,354	81,932	1,484	3,879	278,791
Additions	-	1,360	-	39	-	1,399
Disposals	(136)	(46,257)	(132)	-	-	(46,525)
Transfers	-	(1,617)	1,617	-	-	-
Balance at 30 June 2001	6	144,840	83,417	1,523	3,879	233,665
<b>Accumulated Depreciation / Amortisation</b>						
Balance at 30 June 2000	-	(165,731)	(60,023)	(1,210)	(3,879)	(230,843)
Disposals	-	41,555	132	-	-	41,687
Depreciation expense	-	2,035	(3,278)	(246)	-	(1,489)
Balance at 30 June 2001	-	(122,141)	(63,169)	(1,456)	(3,879)	(190,645)
<b>Net Book Value</b>						
As at 30 June 2000	142	25,623	21,909	274	-	47,948
As at 30 June 2001	6	22,699	20,248	67	-	43,020

# NOTES TO THE FINANCIAL STATEMENTS

## 10. CAPITALISED EXPLORATION, EVALUATION & DEVELOPMENT EXPENDITURES

	Consolidated					
	Mines Under Construction \$'000	Mine Development \$'000	Exploration and Evaluation Expenditure \$'000	Cadia Royalty \$'000	Deferred Feasibility Expenditure \$'000	Total \$'000
<b>Gross Carrying Amount</b>						
Balance at 30 June 2000	105,308	230,785	23,629	15,000	25,814	400,536
Expenditure during the year	124,655	1,545	51,421	-	42,391	220,012
Expenditure written off during the year	-	-	(22,366)	-	-	(22,366)
Capitalised borrowing costs	4,363	-	-	-	1,500	5,863
Transfer costs	-	6,004	(34,662)	-	28,658	-
Transfer to property, plant, equipment	(29,139)	(185)	-	-	-	(29,324)
Disposal	-	(20,075)	-	-	-	(20,075)
Other	-	1,564	-	-	-	1,564
Balance at 30 June 2001	205,187	219,638	18,022	15,000	98,363	556,210
<b>Accumulated Depreciation / Amortisation</b>						
Balance at 30 June 2000	-	(86,923)	-	(3,090)	(5,963)	(95,976)
Transfer to property, plant, equipment	984	768	-	-	-	1,752
Other	-	2,279	-	-	-	2,279
Disposals	-	11,123	-	-	-	11,123
Depreciation Expense	(1,804)	(28,453)	-	(2,277)	(544)	(33,078)
Balance at 30 June 2001	(820)	(101,206)	-	(5,367)	(6,507)	(113,900)
<b>Net Book Value</b>						
As at 30 June 2000	105,308	143,862	23,629	11,910	19,851	304,560
As at 30 June 2001	204,367	118,432	18,022	9,633	91,856	442,310

	Parent			
	Mine Development \$'000	Exploration and Evaluation Expenditure \$'000	Deferred Feasibility Expenditure \$'000	Total \$'000
<b>Gross Carrying Amount</b>				
Balance at 30 June 2000	22,356	8,379	17,441	48,176
Expenditure during the year	-	14,749	29,209	43,958
Expenditure written off during the year	-	(3,067)	-	(3,067)
Capitalised borrowing costs	-	-	1,050	1,050
Transfer costs	-	(20,061)	20,061	-
Balance at 30 June 2001	22,356	-	67,761	90,117
<b>Accumulated Depreciation / Amortisation</b>				
Balance at 30 June 2000	(22,356)	-	(3,526)	(25,882)
Depreciation Expense	-	-	(381)	(381)
Balance at 30 June 2001	(22,356)	-	(3,907)	(26,263)
<b>Net Book Value</b>				
As at 30 June 2000	-	8,379	13,915	22,294
As at 30 June 2001	-	-	63,854	63,854

## NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>11. OTHER</b>				
<i>CURRENT</i>				
Prepayments	5,477	7,247	815	1,367
Deferred Mining	5,632	166	-	-
	11,109	7,413	815	1,367
<i>NON-CURRENT</i>				
Deferred mining	105,198	83,992	-	3,856
Accumulated amortisation	(3,487)	(7,494)	-	(3,645)
	101,711	76,498	-	211
Deferred expenditure - other	950	962	-	-
Accumulated amortisation	(736)	(639)	-	-
	214	323	-	-
Mine leases	15,653	21,859	-	-
Accumulated amortisation	(12,433)	(15,799)	-	-
	3,220	6,060	-	-
Prepayments	5,895	12,034	-	-
	111,040	94,915	-	211
<b>12. PAYABLES</b>				
<i>CURRENT</i>				
Unsecured:				
Trade creditors	17,682	16,868	2,076	4,740
Other creditors and accruals	92,800	57,245	9,574	16,415
Amounts payable to controlled entities	-	-	131,125	225
	110,482	74,113	142,775	21,380
<b>13. INTEREST BEARING LIABILITIES</b>				
<i>CURRENT</i>				
Secured:				
Finance lease liabilities (c)	8,625	9,498	478	1,944
Unsecured:				
Bank gold loan (b)	58,087	15,351	-	-
Bank loan (a)	45,000	-	-	-
	111,712	24,849	478	1,944
<i>NON-CURRENT</i>				
Secured:				
Finance lease liabilities (c)	43,601	51,671	-	-
Unsecured:				
Bank gold loan (b)	366,073	423,375	-	-
	409,674	475,046	-	-

- (a) Bank loans are short term standby facilities provided by a number of banks at floating interest rates ranging from 5.36% to 5.79% for periods of 90 days from funds being drawn.
- (b) As at 30 June 2001 gold drawings total 869,949 (2000: 899,822) ounces at an equivalent Australian dollar amount of \$424,160,000 (2000: \$438,726,000) which expires in September 2011. The Consolidated Entity has entered into gold lease rate swap contracts to manage its exposure to gold lease rates in respect of the gold loans under the facility. Refer to Note 20 (c) for details of gold lease rate swaps and effective interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. INTEREST BEARING LIABILITIES (CONTINUED)

- (c) Lease liabilities are effectively secured as the right to the leased assets reverts to the lessor in the event of default.
- (d) As at 30 June 2001 the Company has borrowings of \$12,225,000 (2000: \$19,683,000) from a bullion bank by way of advances against forward sales contracts over trading stock. The forward sales contracts asset is non-interest bearing and the borrowings are subject to floating interest rates (refer Note 20 (c)). In accordance with a legal right of set off, assets, represented by the fair value of the forward sales contracts, have been offset against the borrowings in the presentation of these financial statements.

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>14. OTHER</b>				
<i>CURRENT</i>				
Deferred income	8,047	9,192	-	-
<i>NON-CURRENT</i>				
Deferred income	4,178	12,225	-	-
<b>15. DEFERRED TAX LIABILITIES</b>				
<i>NON-CURRENT</i>				
Deferred income tax*	58,985	46,898	13,009	4,032
<b>16. PROVISIONS</b>				
<i>CURRENT</i>				
Dividends	14,000	12,132	14,000	12,132
Employee entitlements	7,754	6,738	3,321	3,807
Rehabilitation and restoration	667	2,621	-	1,437
Telfer closure	-	13,622	-	9,535
Other	257	639	180	-
	22,678	35,752	17,501	26,911
<i>NON-CURRENT</i>				
Employee entitlements	213	2,662	75	989
Rehabilitation and restoration	42,560	38,054	9,280	7,700
Other	-	71	-	-
	42,773	40,787	9,355	8,689

\* The consolidated provision for deferred income tax has been reduced by \$91,795,000 (2000: \$58,141,000) in respect of future income tax benefits attributable to tax losses of approximately \$306,000,000 (2000: \$193,803,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 16. PROVISIONS (CONTINUED)

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following factors:

	Consolidated		Parent	
	2001	2000	2001	2000
Assumed rate of increase in wage and salary rates	4%	4%	4%	4%
Discount rate	6.0%	6.3%	6.0%	6.3%
Assumed average term to settlement	10 years	10 years	10 years	10 years
Number of employees at end of financial year	775	899	513	670

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>17. CONTRIBUTED EQUITY</b>				
Opening balance	360,299	359,720	360,299	359,720
Issues under the Employee Share Option Plan and Executive Option Plan (b)	5,958	579	5,958	579
Dividend Reinvestment Plan (c)	3,394	-	3,394	-
Share Top Up Plan (d)	366	-	366	-
	370,017	360,299	370,017	360,299
<b>MOVEMENT IN ISSUED ORDINARY SHARES FOR THE YEAR</b>	<b>NUMBER OF ORDINARY SHARES</b>			
Opening number of shares	242,648,141	242,318,441	242,648,141	242,318,441
Share issued under:				
• Employee Share Acquisition Plan (a)	84,108	106,500	84,108	106,500
• Employee Share Option Plan (b)	-	8,500	-	8,500
• Newcrest Executive Option Plan (b)	2,342,958	214,700	2,342,958	214,700
• Dividend Reinvestment Plan (c)	867,821	-	867,821	-
• Share Top Up Plan (d)	89,972	-	89,972	-
	246,033,000	242,648,141	246,033,000	242,648,141

- (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 84,108 (2000: 106,500) shares issued.
- (b) The Newcrest Executive Option Plan for senior management, including the Executive Director, issued 2,942,000 (2000: 2,740,000) new options during the year. This Plan replaced the Employee Share Option Plan which ceased to exist during the year as the last options under the Plan were exercised or lapsed.
- (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.
- (d) The Share Top Up Plan allows shareholders, at the time dividends are paid, to round-up unmarketable parcels of ordinary shares by subscribing for additional fully paid ordinary shares. The operation of the plan is assessed on an annual basis. It is not envisaged that the Plan will operate in the 2001/02 year.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. CONTRIBUTED EQUITY (CONTINUED)

Detailed information of the employee options is set out below:

Year of Issue	During Year Ended 30 June 2001				Balance exercisable as at 30 June 2001		Exercise Price \$	Expiry Date
	Granted		Exercised		Directors	Other		
	Directors	Other	Directors	Other				
September 1997	-	-	-	194,350	-	407,600	2.72	3 September 2001
November 1997	-	-	-	141,800	-	267,600	2.08	5 November 2001
July 1998	-	-	-	25,000	-	75,000	2.00	6 July 2003
September 1998	-	-	-	490,000	-	1,132,500	1.69	7 September 2003
October 1998	-	-	490,000	-	-	-	1.93	29 October 2003
November 1998	-	-	250,000	-	-	-	2.52	5 November 2003
September 1999	-	-	250,000	301,808	-	1,958,192	3.73	7 September 2004
November 2000	250,000	2,592,000	-	200,000	250,000	2,132,000	3.87	3 November 2005
April 2001	-	100,000	-	-	-	100,000	3.72	2 April 2006
Total	250,000	2,692,000	990,000*	1,352,958	250,000	6,072,892		

Newcrest employee options are unlisted and not available to be exercised by any person other than the employee to whom they were issued. Consequently, options granted and still to be exercised as at 30 June 2001 have no market value. The issue price of shares issued on the exercise of options is recognised as share capital at the date of issue.

\* The 990,000 director options exercised during the year relate to Mr G T Galt who resigned as a director on 31 March 2000.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. RETAINED PROFITS

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance at beginning of financial year	46,544	55,282	101,710	(14,644)
Net profit	38,154	3,394	22,363	128,486
Dividends provided for or paid	(14,055)	(12,132)	(14,055)	(12,132)
Balance at end of financial year	70,643	46,544	110,018	101,710

### 19. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITY

	Consolidated	
	2001 \$'000	2000 \$'000
Outside equity interest in a controlled entity at balance date:		
Share capital	5,158	5,158
Retained earnings	2,381	646
	7,539	5,804

PT Aneka Tambang Tbk holds a 17.5% equity interest in PT Nusa Halmahera Minerals, a controlled entity. The development of the Gosowong project, held in the Contract of Work in Indonesia by PT Nusa Halmahera Minerals, has been funded by the Consolidated Entity. PT Aneka Tambang Tbk will pay for their equity interest through future dividend payments. On this basis, the outside equity interest in PT Nusa Halmahera Minerals has given rise to a non-current receivable (refer Note 6).

### 20. 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. The derivative financial instruments used by the Consolidated Entity are explained below.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Commodity Contracts

##### (i) Gold Hedging

#### Forward Sale Agreements and Purchased Put Options

Hedged ounces of gold by maturity purchased band (after post balance date adjustment to close-out New Celebration hedging) are as follows:

	30 June 2001		30 June 2000	
	Ozs	Average Price/Oz	Ozs	Average Price/Oz
2000/01				
AUD	-	-	793,000	607
USD	-	-	209,200	441
Total Ounces	-	-	1,002,200	-
2001/02				
AUD	715,000	638	817,000	638
USD	100,000	491	100,000	491
Total Ounces	815,000	-	917,000	-
2002/03				
AUD	685,000	622	822,000	623
USD	100,000	496	100,000	496
Total Ounces	785,000	-	922,000	-
2003/04				
AUD	861,000	604	757,000	613
USD	100,000	501	100,000	501
Total Ounces	961,000	-	857,000	-
2004/05				
AUD	728,000	592	538,000	582
USD	30,000	506	30,000	506
Total Ounces	758,000	-	568,000	-
2005/06				
AUD	718,000	592	605,000	572
2006/07				
AUD	726,000	617	602,500	606
2007/08				
AUD	681,000	647	520,000	646
2008/09				
AUD	653,000	717	450,000	668
2009/10				
AUD	375,000	826	300,000	733
2010/11				
AUD	250,000	809	250,000	809
<b>Total forward sales and purchased put options</b>				
AUD	6,392,000	646	6,454,500	629
USD	330,000	496	539,200	475

This table does not include the gold loan over 869,949 ounces at a draw down price of \$488 per ounce.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Commodity Contracts (cont.)

##### (i) Gold Hedging (cont.)

The overall gold hedge position comprises the following forward sales and purchased options products (after post balance date adjustment to close out New Celebration hedging):

	30 June 2001		30 June 2000	
	000'oz	Average A\$/oz*	000'oz	Average A\$/oz*
<b>Australian Dollar</b>				
1. Forward sales	1,864	731	603	569
2. Purchased put options	4,528	611	5,852	636
	6,392	646	6,455	629
<b>US Dollar</b>				
3. Forward sales	-	-	39	483
4. Purchased put options	330	496	500	475
	330	496	539	475
<b>Total ounces hedged</b>	<b>6,722</b>	<b>-</b>	<b>6,994</b>	<b>-</b>

\* The average hedge price per ounce in respect of 6,722,000 ounces (2000: 6,994,000 ounces) represents the estimated achieved gold price, which includes a lease rate allowance of approximately 1.8% (2000: approximately 1.7%). Lease rates are subject to market fluctuations and vary over time.

The Consolidated Entity has also entered into gold lease rate swap contracts in respect of gold hedging (refer Note 20 (c)).

(1&3) Forward sales represent future production sold under contract at specific prices in Australian or US dollars. They include:

- 520,000oz of Australian Dollar denominated Convertible Forwards;
- 750,000oz of Australian Dollar denominated Convertible Puts;
- 340,000oz of Australian Dollar denominated Variable Priced Forwards; and
- 254,000oz of Australian Dollar denominated Forwards.

Convertible forwards are forward sales that convert to purchased put options if gold does not exceed defined prices, or trigger additional granted call options if gold reaches defined high prices.

Convertible Puts are purchased put options that become forward sales if gold reaches defined gold prices.

Variable Priced Forwards have a realisable value that is dependent upon the spot price at maturity.

(2&4) Purchased put options provide the right but not the obligation to deliver gold at specific prices in Australian and US dollars.

300,000oz of USD Knock-out Purchased put options have been excluded on the basis that at current market prices the options would be 'knocked-out'. Knock-out put options are put options that are extinguished if spot gold prices are below the approximate knock-out price of US\$330 an ounce in the three months prior to expiry.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Commodity Contracts (cont.)

##### (i) Gold Hedging (cont.)

#### Committed Ounces

Committed ounces (granted call options, forward sales and gold loans) by maturity band, are as follows:

	30 June 2001		30 June 2000	
	Ozs	Price/Oz	Ozs	Price/Oz
2000/01				
AUD	-	-	705,000	539
USD	-	-	9,200	406
<b>TOTAL OUNCES</b>	-	-	714,200	-
2001/02				
AUD	658,000	610	572,000	550
2002/03				
AUD	766,000	562	881,800	539
2003/04				
AUD	1,009,000	533	808,200	531
2004/05				
AUD	717,000	573	615,000	546
USD	-	-	30,000	506
<b>TOTAL OUNCES</b>	717,000	-	645,000	-
2005/06				
AUD	607,000	579	522,000	566
2006/07				
AUD	647,000	610	592,000	606
2007/08				
AUD	535,000	636	490,000	657
2008/09				
AUD	553,000	714	350,000	684
2009/10				
AUD	375,000	792	300,000	736
2010/11				
AUD	250,000	733	250,000	809
<b>TOTAL COMMITMENTS</b>				
AUD	6,117,000	612	6,086,000	588
USD	-	-	39,200	483
Gold Loans [Note 13(b)]	869,949	488	899,822	488
<b>TOTAL OUNCES</b>	6,986,949	-	7,025,022	-

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Commodity Contracts (cont.)

#### (ii) Copper Hedging

#### Copper Forward Sale Agreements

Copper forward sale contracts by maturity band are as follows :

Year	30 June 2001		30 June 2000	
	Tonnes	Price \$/lb	Tonnes	Price \$/lb
2000/01	-	-	13,960	1.31
2001/02	18,370	1.33	14,670	1.33
2002/03	27,400	1.34	27,400	1.34
2003/04	31,175	1.33	31,175	1.33
2004/05	26,075	1.33	26,075	1.34
<b>Total</b>	<b>103,020</b>	<b>1.33</b>	<b>113,280</b>	<b>1.33</b>

Included in the 103,020 tonnes are a total of 32,400 tonnes of copper forwards maturing between 2002/03 and 2004/05 that are subject to knock-out barriers where the contracts are extinguished if copper spot prices are below \$1.29/lb.

#### Copper Options

Year	30 June 2001		30 June 2000	
	Purchased Put Tonnes	Granted Call Tonnes	Purchased Put Tonnes	Granted Call Tonnes
2000/01	-	-	13,200	16,200
2001/02	13,200	16,200	13,200	16,200
2002/03	13,200	16,200	13,200	16,200
2003/04	13,200	16,200	13,200	16,200
2004/05	6,600	8,100	6,600	8,100
<b>Total</b>	<b>46,200</b>	<b>56,700</b>	<b>59,400</b>	<b>72,900</b>

The exercise price on purchased put and granted call options is contingent upon defined spot gold prices or spot AUD/USD currency rates being breached. The exercise price may range from A\$1.01/lb to A\$1.31/lb depending on contingency levels being breached.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Foreign Exchange Contracts

##### Revenue Hedging

The Consolidated Entity has entered into forward foreign currency exchange contracts, put option contracts and call option contracts to hedge potential forward sales commitments denominated in US dollars.

US dollar financial instruments by maturity band are as follows:

Year	Product	30 June 2001		30 June 2000	
		Principal US\$'000	Average Rate	Principal US\$'000	Average Rate
2000/01	Forward contracts	-	-	36,900	.6710
	Purchased call options	-	-	118,000	.6756
	Contingent granted puts	-	-	100,000	.7397
2001/02	Forward contracts	19,600	.7579	19,600	.7579
	Purchased call options	80,000	.7259	80,000	.7259
	Contingent granted puts	75,000	.7397	100,000	.7397
	Vanilla granted puts	25,000	.7397	-	-
2002/03	Forward contracts	19,800	.7657	19,800	.7657
	Purchased call options	80,000	.7259	80,000	.7259
	Contingent granted puts	160,000	.7454	160,000	.7454
2003/04	Purchased call options	60,000	.7218	60,000	.7218
	Contingent granted puts	120,000	.7570	120,000	.7570
2004/05	Purchased call options	60,000	.7218	60,000	.7218
	Contingent granted puts	120,000	.7570	120,000	.7570
2005/06	Purchased call options	52,500	.7232	52,500	.7232
	Contingent granted puts	120,000	.7570	120,000	.7570
2006/07	Purchased call options	15,000	.7225	15,000	.7225
	Contingent granted puts	90,000	.7577	90,000	.7577
2007/08	Contingent granted puts	20,000	.7590	20,000	.7590
2008/09	Contingent granted puts	10,000	.7590	10,000	.7590
<b>Total</b>	<b>Forward contracts</b>	<b>39,400</b>	<b>.7618</b>	<b>76,300</b>	<b>.7150</b>
	<b>Granted put options*</b>	<b>740,000</b>	<b>.7522</b>	<b>840,000</b>	<b>.7507</b>
	<b>Purchased call options</b>	<b>347,500</b>	<b>.7239</b>	<b>465,500</b>	<b>.7110</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Foreign Exchange Contracts (continued)

\* The granted put options include US\$715 million of contingent granted put options that only exist if barrier levels are breached within specific time frames for each separate contract. The table below illustrates these barriers.

	<b>Barriers</b>	<b>30 June 2001 Principal US\$'000</b>	<b>30 June 2000 Principal US\$'000</b>
2000/01	Less than 60¢	-	90,000
	Between 60¢ and 64¢	-	10,000
		-	100,000
2001/02	Less than or equal to 60¢	60,000	80,000
	Between 60.01¢ and 64¢	15,000	20,000
		75,000	100,000
2002/03	Less than or equal to 60¢	60,000	60,000
	Between 60.01¢ and 64¢	100,000	100,000
		160,000	160,000
2003/04	Between 60.01¢ and 64¢	120,000	120,000
2004/05	Between 60.01¢ and 64¢	110,000	110,000
	Between 64.01¢ and 68¢	10,000	10,000
		120,000	120,000
2005/06	Between 60.01¢ and 64¢	100,000	100,000
	Between 64.01¢ and 68¢	20,000	20,000
		120,000	120,000
2006/07	Between 60.01¢ and 64¢	50,000	50,000
	Between 64.01¢ and 68¢	40,000	40,000
		90,000	90,000
2007/08	Between 64.01¢ and 68¢	20,000	20,000
2008/09	Between 64.01¢ and 68¢	10,000	10,000
<b>Total</b>		<b>715,000</b>	<b>840,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Interest Rate Risk

The Consolidated Entity is exposed to interest rate risk in respect of primary financial assets and liabilities, managed through derivative financial instruments such as gold lease rate swaps.

The Consolidated Entity's interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised as follows :

30 June 2001	Fixed interest rate maturing in :					Total \$'000	Average Interest Rate	
	Floating interest rate \$'000	1 Year or less \$'000	Over 1-5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000		Floating (*) %	Fixed %
<b>Financial Assets</b>								
Cash	33,956	14,000	-	-	-	47,956	5.95	5.14
Bullion awaiting settlement	-	-	-	-	25,188	25,188	-	-
Accounts receivable – trade & other	-	-	-	-	87,482	87,482	-	-
Investments in other corporations	-	-	-	-	155	155	-	-
Outside equity interest loan receivable	-	-	-	-	7,626	7,626	-	-
<b>Financial Liabilities</b>								
Trade and other creditors	-	-	-	-	110,482	110,482	-	-
Finance lease liabilities	41,429	478	8,173	2,146	-	52,226	5.84	0.24
Bank loan	-	58,087	181,983	184,090	-	424,160	-	2.60
Standby loan	45,000	-	-	-	-	45,000	5.67	-
Bullion bank borrowings	12,225	-	-	-	-	12,225	5.08	-

30 June 2000	Fixed interest rate maturing in :					Total \$'000	Average Interest Rate	
	Floating interest rate \$'000	1 Year or less \$'000	Over 1-5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000		Floating (*) %	Fixed %
<b>Financial Assets</b>								
Cash	15,298	77,000	-	-	-	92,298	5.95	6.24
Bullion awaiting settlement	-	-	-	-	10,910	10,910	-	-
Accounts receivable – trade & other	-	-	-	-	55,462	55,462	-	-
Investments in other corporations	-	-	-	-	168	168	-	-
Outside equity interest loan receivable	-	-	-	-	5,158	5,158	-	-
<b>Financial Liabilities</b>								
Trade and other creditors	-	-	-	-	74,113	74,113	-	-
Finance lease liabilities	49,115	1,944	549	9,561	-	61,169	6.63	6.97
Bank loan	-	15,351	245,439	177,936	-	438,726	-	4.84
Bullion bank borrowings	19,683	-	-	-	-	19,683	6.33	-

(\*) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### *(c) Interest Rate Risk (cont.)*

##### **Gold Hedging Lease Rate Swaps**

As at 30 June 2001 gold lease rate swap contracts in respect of gold hedging with a notional principal of 935,000 (2000: 1,128,750) ounces were in place. These contracts mature in 1 to 5 years. The Consolidated Entity pays a net weighted average fixed rate of 1.3% (2000: 1.3%).

#### *(d) Credit Risk*

Credit exposure represents the extent of credit related losses that the Consolidated Entity may be subject to on amounts to be exchanged with counterparties under derivative financial instruments, or to be received from financial assets.

Credit risk is reported net by counterparty, provided a legally enforceable master netting agreement exists, and is netted across products.

#### **(i) On-Balance Sheet**

The credit risk in respect of financial assets, excluding investments in shares, of the Consolidated Entity recognised on the balance sheet, is the carrying amount.

Bills of exchange, which have been purchased at a discount to face value, are carried on the balance sheet at an amount realisable at maturity. The total credit risk exposure of the Consolidated Entity is the carrying amount.

#### **(ii) Off-Balance Sheet**

The Consolidated Entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any of its counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the net fair value of contracts with a positive fair value.

The Consolidated Entity's aggregate exposure on derivative financial instruments with a net positive fair value is:

	<b>30 June 2001</b> <b>\$'000</b>	30 June 2000 \$'000
Australian Dollars	36,700	170,800

#### **(iii) Concentrations of Credit Risk**

The Consolidated Entity endeavours to minimise credit risk by undertaking transactions with a range of counterparties. Concentrations of credit risk that arise from derivative financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (e) *Net fair value*

##### (i) On-Balance Sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at balance date.

The aggregate net fair values of on-balance sheet financial instruments held at reporting date are:

On-Balance Sheet Financial Instruments	30 June 2001		30 June 2000	
	Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Carrying Amount \$'000	Aggregate Net Fair Value \$'000
<b><i>Financial Assets</i></b>				
Cash and assets	47,956	47,956	92,298	92,298
Accounts receivable – trade	68,693	68,693	42,417	42,417
Accounts receivable – other	18,789	18,789	13,045	13,045
Accounts receivable – outside equity interest	7,626	7,626	5,158	5,158
Bullion awaiting settlement	25,188	25,188	10,910	10,910
Listed investments	155	155	168	168
<b>Total Financial Assets</b>	<b>168,407</b>	<b>168,407</b>	<b>163,996</b>	<b>163,996</b>
<b><i>Financial Liabilities</i></b>				
Trade and other creditors	110,482	110,482	74,113	74,113
Finance lease liabilities	52,226	50,297	61,169	61,169
Bank loan	424,160	424,160	438,726	439,400
Standby Lines	45,000	45,000	-	-
Bullion bank borrowings	12,225	12,225	19,683	19,683
<b>Total Financial Liabilities</b>	<b>644,093</b>	<b>642,164</b>	<b>593,691</b>	<b>594,365</b>

##### (ii) Off-Balance Sheet

The valuation of off-balance sheet financial instruments reflects the estimated net realisable value or replacement value of the instruments, assuming an orderly execution in normal market conditions. Fair value is based on either listed market prices or quotes from external counterparties.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### (ii) Off-Balance Sheet (continued)

The aggregate net fair values of off-balance sheet financial instruments held at the reporting date (after post balance date adjustment to close out New Celebration hedging) are:

Off-Balance Sheet Financial Instruments	30 June 2001 \$'000	30 June 2000 \$'000
Gold hedge contracts	(217,500)	61,800
Copper hedge contracts	(85,000)	(49,200)
Foreign currency contracts over revenue hedging	(435,900)	(191,300)
Gold loan swaps	(68,000)	-
<b>Total</b>	<b>(806,400)</b>	<b>(178,700)</b>

Net fair value of hedge contracts is reported net of deferred income (refer Note 14) and includes the fair value of gold lease rate contracts. Amounts in brackets indicate a net unrealised loss position if these contracts were extinguished at balance date. These positions have been designated against future production. The net unrealised loss positions reflect the opportunity cost of the financial instruments relative to the prevailing market as at balance date. The unrealised loss also reflects the estimated cost of unwinding the financial instruments in the event that production does not occur as planned, again relative to the prevailing market as at balance date. Unrealised losses will change over time as underlying market rates change.

Foreign currency hedge contracts have been entered into to convert anticipated future net USD income into AUD. Copper and gold hedge contracts are employed to secure future commodity prices in either AUD or USD terms. The use of option based hedge contracts introduces a degree of variability in outcome, with ultimate hedge rates being determined over time and prevailing market rates.

#### (f) Hedges of Anticipated Future Transactions

The following table summarises deferred realised gains and losses on foreign currency and forward commodity contracts entered as hedges of future anticipated purchases and sales, showing the periods in which they are expected to be recognised as income or expense. Deferred gains and losses are recognised as a component of the purchase or sale transaction when it occurs.

Expected recognition period	2001		2000	
	Gains \$000	Losses \$000	Gains \$000	Losses \$000
Within one year	-	-	11,031	9,297

### 21. NON-HEDGED FOREIGN CURRENCY BALANCES

The Australian dollar equivalent of foreign currency balances in the financial statements which are not effectively hedged are as follows:

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>US Dollars</b>				
Cash	3,076	4,595	-	-
Current Receivables	23,452	9,248	-	-
Non-Current Receivables	3,781	11,949	-	-
	30,309	25,792	-	-
Current Payables	12,396	9,604	-	-
Non-Current Payables	3,963	2,483	-	-
	16,359	12,087	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 22. COMMITMENTS

	Consolidated		Parent	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
(i) Operating lease expenditure contracted for is payable as follows:				
Not later than one year	1,454	1,703	974	1,270
Later than one year but not later than five years	2,597	4,970	2,183	3,949
Later than five years	1,204	1,546	1,174	1,543
	5,255	8,219	4,331	6,762
(ii) Finance lease expenditure contracted for is payable as follows:				
Not later than one year	10,937	12,958	478	2,063
Later than one year but not later than five years	45,968	41,519	-	-
Later than five years	6,994	22,498	-	-
Minimum lease payments	63,899	76,975	478	2,063
Less: Future lease finance charges	(11,673)	(15,806)	-	(119)
<b>Net finance lease liability</b>	<b>52,226</b>	<b>61,169</b>	<b>478</b>	<b>1,944</b>
Reconciled to :				
Current liability (note 13)	8,625	9,498	478	1,944
Non-current liability (note 13)	43,601	51,671	-	-
	52,226	61,169	478	1,944
(iii) Capital expenditure contracted but not provided for, all of which is payable as follows:				
Through joint venture interests :				
Not later than one year	149	335	-	-
Other:				
Not later than one year	54,401	27,472	622	2,050
Later than one year but not later than five years	-	14,000	-	-
	54,550	41,807	622	2,050
(iv) Mineral and exploration leases Expenditure of \$6,739,000 is required in the next financial year to satisfy mineral leases and exploration licences conditions. These amounts are subject to negotiation depending on exploration results and are cancellable at any time by the Consolidated Entity at no cost.				
(v) Other commitments The Consolidated Entity has contractual obligations for various expenditures such as royalties, exploration and the cost of goods and services supplied to the Group. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.				

Finance leases were entered into as a means of financing the acquisition of mining equipment. Rental payments are fixed and no leases have escalation clauses. No lease arrangements create restrictions on other financing transactions.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. CONTINGENT LIABILITIES

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 indemnity guarantees with banks in favour of various government authorities and service providers. The total value of these guarantees at balance date was \$20,199,821 (2000: \$27,711,275).

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 2001 as there is no certainty of their exercise. The total value of unexpired land options at 30 June 2001 is \$2,960,000 (2000: \$4,225,000).

Under the terms of a Deed of Cross Guarantee, described in Note 26, the Company has guaranteed any deficiency which might arise in relation to entities participating in 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 2001 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 2001 the Consolidated Entity's share of the maximum liability is estimated at \$368,630 (2000: \$325,190).

### 24. FINANCING ARRANGEMENTS

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
The Consolidated Entity has access to the following financing facilities with a number of financial institutions:				
• Bank overdrafts	1,500	1,500	1,500	1,500
• Bank gold loan	424,160	438,726	-	-
• Bank loan – standby facility	150,000	-	-	-
• Finance lease	52,226	61,169	-	-
	627,886	501,395	1,500	1,500
Facilities utilised at balance date:				
• Bank overdrafts	-	-	-	-
• Bank gold loan	424,160	438,726	-	-
• Bank loan – standby facility	45,000	-	-	-
• Finance lease	52,226	61,169	-	-
	521,386	499,895	-	-
Facilities not utilised at balance date:				
• Bank overdrafts	1,500	1,500	1,500	1,500
• Bank gold loan	-	-	-	-
• Bank loan – standby facility	105,000	-	-	-
• Finance lease	-	-	-	-
	106,500	1,500	1,500	1,500

# NOTES TO THE FINANCIAL STATEMENTS

## 25. CONTROLLED ENTITIES

ENTITY	Notes	PLACE OF INCORPORATION	PERCENTAGE HOLDING	
			2001 %	2000 %
<b>Newcrest Mining Limited</b>		Australia (Vic)		
Newcrest Operations Limited	(a)	Australia (WA)	100	100
Cadia Mines Pty Ltd	(e)	Australia (Vic)	100	100
Cadia Holdings Pty Ltd	(a)	Australia (NSW)	100	100
Contango Agricultural Co. Pty Ltd	(a)	Australia (NSW)	100	100
Newcrest Finance Pty Ltd	(a)	Australia (Vic)	100	100
Horskar Pty Limited	(b)	Australia (Vic)	100	100
Australmin Holdings Limited	(a)	Australia (ACT)	100	100
Australmin Pacific NL	(a)	Australia (WA)	100	100
Nauclar NL	(a)	Australia (WA)	100	100
Australmin Phosphate Limited	(f)	United Kingdom	-	100
Newcrest International Pty. Ltd.	(a)	Australia (Vic)	100	100
Newcrest Resources Inc	(b)	USA	100	100
Newroyal Resources Inc	(b)	USA	100	100
600 Holdings Inc	(b)	USA	100	100
Newmont Pty Ltd	(b)	USA	100	100
Durandal Trading Ltd	(b)(e)	Cyprus	100	100
Newcrest Exploration (Philippines) Inc.	(b)(e)	Philippines	100	100
Newcrest Maluku Pty Ltd	(a)	Australia (Vic)	100	100
PT Citra Palu Minerals	(c)	Indonesia	100	100
Sulawesi Investments Pty Ltd	(a)	Australia (Vic)	100	100
Pt Newcrest Nusa Sulawesi	(c)	Indonesia	90	90
Newcrest Investments Singapore Pte Limited	(d)	Singapore	100	100
Pt Newcrest Sumbawa Jaya	(c)	Indonesia	90	90
Newcrest Singapore Holdings Pte Limited	(d)	Singapore	100	100
Pt Nusa Halmahera Minerals	(c)	Indonesia	82.5	82.5
Newcrest Singapore Exploration Pte Limited	(d)	Singapore	100	100
PT Newcrest Sumatra Minerals	(c)(e)	Indonesia	90	90
PT Puncakbaru Jayatoma	(c)	Indonesia	100	100
Woyla Aceh P.L.	(b)	Cayman Islands	100	100
PT Barrick Mutiara Woyla	(c)	Indonesia	80	80

### Notes

- (a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. Refer Note 26 for further information.
- (b) Do not require audited accounts.
- (c) Audited by affiliates of the parent entity auditors.
- (d) Not audited by auditors of parent entity or their affiliates.
- (e) These companies are currently in the process of being liquidated.
- (f) This company was liquidated during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. CONTROLLED ENTITIES (CONTINUED)

#### **Uncontrolled majority-owned entities**

Newcrest Mining Limited indirectly holds a 100% interest in the ordinary capital of Newcrest Employees' Superannuation Fund Pty Ltd and Newcrest Occupational Superannuation Pty Ltd (dormant), the corporate trustees of The Newcrest Employees' Superannuation Fund and the former Newcrest Group Occupational Superannuation Fund. The companies are not controlled entities as the structure of the board of directors and the trustee obligations imposed by the trust deeds does not provide the capacity to dominate decision making over operating and financing activities.

### 26. DEED OF CROSS GUARANTEE

The companies that are parties to the Deed of Cross Guarantee are detailed in Note 25. These companies have entered into a Deed of Cross Guarantee, dated 6 November 1992, with Newcrest Mining Limited which provides that parties to the Deed will guarantee to each creditor payment in full of any debt of companies participating in the Deed on winding up of that company.

These companies represent a 'closed group' for the purposes of the Class Order 98/1418. The consolidated statement of financial performance and statement of financial position of all entities included in the 'closed group' are set out below:

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2001	Consolidated	
	2001 \$'000	2000 \$'000
Sales Revenue	466,756	579,462
Other revenues from ordinary activities	61,868	5,772
<b>Total Revenue</b>	<b>528,624</b>	<b>585,234</b>
Total operating costs	(351,874)	(393,618)
Written down value of assets sold	(7,032)	(11,596)
Provision for asset write-downs and provisions due to the suspension of Telfer operations	-	(92,824)
Expenses and written down value of net assets sold from the sale of New Celebration Mine	(45,743)	-
<b>Operating profit before depreciation amortisation and interest</b>	<b>123,975</b>	<b>87,196</b>
Depreciation and amortisation	(69,156)	(87,513)
Borrowing Costs	(14,885)	(20,879)
<b>Profit / (Loss) from ordinary activities before income tax expense</b>	<b>39,934</b>	<b>(21,196)</b>
Income tax relating to ordinary activities	(11,434)	7,085
<b>Profit / (Loss) from ordinary activities after related income tax</b>	<b>28,500</b>	<b>(14,111)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26. DEED OF CROSS GUARANTEE (continued)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001	Consolidated	
	2001 \$'000	2000 \$'000
<b>CURRENT ASSETS</b>		
Cash assets	44,344	87,385
Receivables	122,260	129,020
Other financial assets	155	168
Inventories	16,973	42,233
Other	5,010	6,582
<b>Total Current Assets</b>	<b>188,742</b>	<b>265,388</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	14,702	43
Other financial assets	74,862	73,418
Inventories	9,688	10,042
Property, plant and equipment	419,472	449,711
Exploration, evaluation and development expenditure	415,016	278,680
Other	110,981	82,524
<b>Total Non-Current Assets</b>	<b>1,044,721</b>	<b>894,418</b>
<b>Total Assets</b>	<b>1,233,463</b>	<b>1,159,806</b>
<b>CURRENT LIABILITIES</b>		
Payables	116,823	90,236
Interest bearing liabilities	111,712	24,849
Provisions	21,864	23,194
Other	8,047	9,192
<b>Total Current Liabilities</b>	<b>258,446</b>	<b>147,471</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	409,674	475,046
Deferred tax liabilities	58,332	46,898
Provisions	38,809	38,305
Other	4,178	12,225
<b>Total Non-Current Liabilities</b>	<b>510,993</b>	<b>572,474</b>
<b>Total Liabilities</b>	<b>769,439</b>	<b>719,945</b>
<b>Net Assets</b>	<b>464,024</b>	<b>439,861</b>
<b>EQUITY</b>		
Contributed equity	370,017	360,299
Retained profits	94,007	79,562
<b>Total Equity</b>	<b>464,024</b>	<b>439,861</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 27. INTERESTS IN JOINT VENTURE OPERATIONS

The Consolidated Entity has an interest in an unincorporated joint venture whose principal activities are the production of gold and mineral exploration.

Included in the assets and liabilities of the Consolidated Entity are the following items which represent the Consolidated Entity's material interest in the assets and liabilities employed in the joint venture, recorded in accordance with the accounting policy described in Note 1(c).

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Joint Venture interest in:				
Boddington Gold Mine 22.22% (2000: 22.22%)	(10,296)	(3,977)	-	-
	(10,296)	(3,977)	-	-
<i>CURRENT ASSETS</i>				
Cash assets	256	251	-	-
Accounts receivable	439	299	-	-
Inventories	951	1,203	-	-
	1,646	1,753	-	-
<i>NON-CURRENT ASSETS</i>				
Inventory - ore	-	102	-	-
Property, plant and equipment	4,876	6,717	-	-
Exploration, evaluation and development	4,487	8,502	-	-
	9,363	15,321	-	-
<i>CURRENT LIABILITIES</i>				
Payables	2,187	2,173	-	-
Provision for rehabilitation	667	568	-	-
Provision for employee entitlements	1,013	283	-	-
	3,867	3,024	-	-
<i>NON-CURRENT LIABILITIES</i>				
Provision for rehabilitation	17,438	17,358	-	-
Provision for employee entitlements	-	669	-	-
	17,438	18,027	-	-
<b>NET ASSETS / (LIABILITIES)</b>	<b>(10,296)</b>	<b>(3,977)</b>	<b>-</b>	<b>-</b>

For operating and capital expenditure commitments and contingent liability disclosures relating to the Boddington Gold Mine Joint Venture refer to Note 22 and Note 23 respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. SEGMENT INFORMATION

#### *Industry Segments*

The Consolidated Entity operates predominantly in the gold mining industry.

#### *Geographical Segments*

2001	Australia \$'000	Asia \$'000	Consolidated \$'000
Segment revenue	524,032	112,363	636,395
Segment result	40,700	11,276	51,976
Segment assets	1,104,275	112,453	1,216,728

2000	Australia \$'000	Asia \$'000	Consolidated \$'000
Segment revenue	580,113	121,823	701,936
Segment result	(11,369)	9,572	(1,797)
Segment assets	1,011,729	119,780	1,131,509

### 29. REMUNERATION OF DIRECTORS AND EXECUTIVES AND SUPERANNUATION

The number of Directors of the parent entity, whose total income from the Company, or any related parties, was within the specified bands presented below. Income includes remuneration, salaries, superannuation contributions, brokerage, commissions, bonuses and retirement payments directly or indirectly from the Company or any related entity.

#### Remuneration of Directors

		Parent	
\$	\$	2001 Number	2000 Number
60,000	- 69,999	1	-
70,000	- 79,999	1	1
80,000	- 89,999	-	1
90,000	- 99,999	1	-
130,000	- 139,999	1	-
160,000	- 169,999	1	1
240,000	- 249,999 *	-	2
670,000	- 679,999	1	-
2,010,000	- 2,019,999 *	-	1
<b>Total number of directors</b>		<b>6</b>	<b>6</b>

\* These bands include retirement and resignation payments.

## NOTES TO THE FINANCIAL STATEMENTS

### 29. REMUNERATION OF DIRECTORS AND EXECUTIVES AND SUPERANNUATION (CONTINUED)

	Consolidated		Parent	
	2001 \$	2000 \$	2001 \$	2000 \$
Total remuneration (including retirement benefits) paid or payable, or otherwise made available, to all Directors from the Company or related parties.	1,203,628	2,830,191	1,203,628	2,830,191
Resignation benefits paid to Directors included in total remuneration.	-	1,365,992	-	1,365,992

Options were granted to the Managing Director pursuant to an approval given by shareholders at the 2000 Annual General Meeting, details of which are set out in Note 17.

The Directors named in the Directors' Report, with the exception of Mr R. C. Barwick, have each entered into a Deed of Retirement Benefits with the Company detailing the benefit payable to Directors upon death, resignation and retirement. Benefits provided are within the limits specified by the Corporations Act (2001) and the Company's Constitution.

#### **Remuneration of Executives**

Remuneration received, or due and receivable, from entities in the Consolidated Entity and related parties by Australian based executive officers (including directors) whose remuneration was at least \$100,000 are shown in the following bands:

## NOTES TO THE FINANCIAL STATEMENTS

### 29. REMUNERATION OF DIRECTORS AND EXECUTIVES AND SUPERANNUATION (CONTINUED)

		Consolidated		Parent	
		2001 Number	2000 Number	2001 Number	2000 Number
\$	\$				
120,000	-	129,999	1	-	1
140,000	-	149,999	-	1	-
160,000	-	169,999	2	-	2
170,000	-	179,999	-	1	-
180,000	-	189,999	1	1	1
190,000	-	199,999	2	-	2
200,000	-	209,999	2	-	2
210,000	-	219,999	3	1	3
220,000	-	229,999	2	1	2
230,000	-	239,999	2	-	2
240,000	-	249,999	-	1	-
250,000	-	259,999	2	3	2
260,000	-	269,999	1	3	1
270,000	-	279,999	-	-	3
280,000	-	289,999	1	1	-
290,000	-	299,999	-	1	1
300,000	-	309,999	-	1	-
310,000	-	319,999	-	1	1
330,000	-	339,999	-	1	-
350,000	-	359,999	1	1	1
380,000	-	389,999	1	-	1
420,000	-	429,000	-	2	-
430,000	-	439,999	1	-	2
450,000	-	459,999	1	-	-
470,000	-	479,999	-	1	1
480,000	-	489,999	-	1	-
500,000	-	509,999	-	2	1
540,000	-	549,999	1	-	-
670,000	-	679,999	1	-	1
890,000	-	899,999*	1	-	-
1,030,000	-	1,030,999*	1	-	1
2,010,000	-	2,019,999*	-	1	-
<b>Total number of executives</b>			27	25	27
			\$	\$	\$
The aggregate remuneration of executives referred to above			8,862,480	9,458,336	8,862,480
					9,458,336

\* This band includes retirement and resignation benefits.

Options were granted to executive officers under the Newcrest Executive Option Plan, details of which are set out in Note 17. The remuneration bands and aggregate remuneration include the value of options granted in the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 29. REMUNERATION OF DIRECTORS AND EXECUTIVES AND SUPERANNUATION (CONTINUED)

#### **Superannuation**

The Consolidated Entity contributes to the Newcrest Superannuation Plan, which provides benefits to a defined benefit plan and a defined contribution plan. The Newcrest Employees Superannuation Fund was closed on 30 June 2000 and members' benefits were transferred to the Newcrest Superannuation Plan, a sub-plan of the Plum Superannuation Fund.

Contributions to the defined benefits plan by the Consolidated Entity are based upon advice from actuary. The most recent actuarial assessment of the Fund occurred as at 1 July 2000 by D. O'Keefe, FIAA of KPMG Actuaries Pty Limited.

Fund assets at net market value and vested benefits were calculated at 30 June 2000, being the date of the most recent financial statements of the Fund. Accrued benefits have been obtained based on an actuarial review performed as at 1 July 2000 and their value was \$22,803,000 at this date.

The fund assets at net market value and vested benefits of the defined benefit section of the Newcrest Superannuation Plan at 30 June 2001 were:

	\$'000
Net market value of Fund assets	24,313
Vested benefits	24,058

### 30. RELATED PARTIES

#### **Directors**

The following persons held the position of Director of Newcrest Mining Limited during all or part of the financial year ended 30 June 2001:

R. Bryan Davis	Russell C. Barwick	Nora L. Scheinkestel
Ronald C. Milne	Ian A. Renard	Ian R. Johnson

Directors' shareholdings are disclosed in the Directors' Report and no amounts were paid to the Directors other than disclosed in Note 29, Remuneration of Directors, and this note, other than for reimbursement of expenses.

#### **(a) Transactions with Directors and Director-related entities**

##### **Share and Share Options**

Aggregate number of shares and share options issued to directors of the Company and their director-related entities by the Company were as follows:

	Parent	
	30 June 2001 Number	30 June 2000 Number
Fully paid ordinary shares in the Company on the exercise of options	-	10,000
Share options over ordinary shares in the Company (note 17)	250,000	250,000

## NOTES TO THE FINANCIAL STATEMENTS

### 30. RELATED PARTIES (CONTINUED)

There were no shares or share options disposed of by directors of the Company and their director-related entities during the year.

Aggregate number of shares and share options held directly, indirectly or beneficially by directors of the Company and their director-related entities, as at balance date were as follows:

	Parent	
	30 June 2001 Number	30 June 2000 Number
Fully paid ordinary shares in the Company	46,568	26,000
Share options over ordinary shares in the Company	250,000	990,000*

\* The 990,000 Director options relate to Mr G. T. Galt who resigned as a director on 31 March 2000. These options were exercised during the year.

#### ***Loans to Directors***

There are no loans made to directors, or their director-related entities, by the Company and its controlled entities.

#### ***Other transactions of Directors and Director-Related Entities***

Directors of the Consolidated Entity and directors of its related entities, or their director-related entities, conduct transactions with entities within the Consolidated Entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of these financial statements:

- (a) Mr I A Renard, during the year, was a partner in the firm Arthur Robinson & Hedderwicks which provided legal services to the Company in the ordinary course of business on normal commercial terms during the year. The payments for legal services made by the Company to Arthur Robinson & Hedderwicks during the year ended 30 June 2001 amounted to \$100,303 (2000: \$135,512).
- (b) Mr R B Davis provided consulting services to the Consolidated Entity in the ordinary course of business on normal commercial terms during the year. No payments for these services were made during the year ended 30 June 2001 (2000 : \$42,000).

#### ***(b) Transactions with controlled entities***

The Company is the ultimate parent entity and is the chief entity of all entities detailed in Note 24, undertaking transactions with those controlled entities, the effects of which are eliminated in the consolidated financial statements. Details of transactions with controlled entities are given in Note 2 to these financial statements. Details of loans with controlled entities are disclosed in Notes 6 and 12.

## NOTES TO THE FINANCIAL STATEMENTS

### 31. REMUNERATION OF AUDITORS

	Consolidated		Parent	
	2001	2000	2001	2000
(a) Auditor of the Parent Entity and its affiliates:	\$	\$	\$	\$
Audit or review of the financial statements	412,221	369,272	150,000	150,000
Other Services	414,906	784,873	327,661	479,370
	827,127	1,154,145	477,661	629,370
(b) Other Auditors:				
Audit of the financial statements	21,388	19,135	-	-
	848,515	1,173,280	477,661	629,370

### 32. SUBSEQUENT EVENTS

On 16 August 2001, the company made a placement of 33,750,000 new ordinary shares raising approximately \$138,000,000. The new shares rank equally with existing shares and are eligible for all future dividends. The provision for dividend included in financial statements at 30 June 2001 includes a provision for dividend on these new shares.

On 27 August 2001, the company announced a new long term concentrate sales agreement with, and a new US\$80 million loan from Nippon Mining and Metals Co. Limited. The loan principal is to be repaid in instalments of US\$16 million per annum, commencing in July 2003 and concluding in June 2008.

There are no other matters or circumstance which has arisen since 30 June 2001 that has 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.

### 33. NOTES TO THE STATEMENTS OF CASH FLOWS

For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks, deposits at call, deposits with banks or financial institutions, money market investments and short term bank loans. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Parent	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
<b>(a) RECONCILIATION OF CASH</b>				
Cash	33,956	15,298	290	1,332
Short term bank deposits (a)	14,000	77,000	-	-
	47,956	92,298	290	1,332

(a) Short-term deposits with banks are paying interest at current bank deposit rates. At year end the average rate was 5.14%.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

<b>(b) RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY/(APPLIED TO) OPERATING ACTIVITIES</b>				
	<b>Consolidated</b>		<b>Parent</b>	
	<b>2001 \$'000</b>	<b>2000 \$'000</b>	<b>2001 \$'000</b>	<b>2000 \$'000</b>
Net profit after income tax	39,889	5,288	22,363	128,486
Non-cash flows in operating profit/(loss):				
Depreciation and amortisation	111,733	141,413	1,870	26,954
Provision for Telfer writedown	-	92,824	-	64,977
Inventory adjustments	16,946	1,858	14,833	3,706
Provision for rehabilitation	4,841	6,303	72	327
Deferred mining adjustments	(47,541)	(39,443)	211	(1,684)
Exploration expenditure provided for & written off	22,366	37,654	3,068	8,074
Profit on disposal of property, plant and equipment	(1,952)	(109)	(1,387)	(119)
(Profit)/Loss on disposal of investment	-	(342)	-	25
Finance costs on leased assets	3,862	4,043	93	226
Revaluation of loans and investments	(2,455)	-	13	-
Other non-cash items	(9,624)	3,133	794	76
Non-cash transactions with controlled entities	-	-	(60,044)	(232,945)
Loss on sale of New Celebration (33(e))	9,246	-	-	-
Changes in assets and liabilities:				
(Increase)/Decrease in:				
Accounts receivable	4,916	(20,532)	1,503	(730)
Bullion awaiting settlement	(14,278)	(9,385)	-	174
Inventories	1,837	(5,580)	2,820	(1,591)
Prepayments current	1,770	4,499	552	(556)
Prepayments non-current	6,139	(12,979)	-	-
(Decrease)/Increase in:				
Trade creditors	(7,664)	4,376	(13,726)	5,120
Provisions current	(2,169)	256	(10,206)	(1,075)
Provisions non-current	(12,190)	738	(478)	941
Provision for deferred income tax	12,087	(7,085)	8,977	(15,427)
Other liabilities	(1,734)	(4,405)	-	-
<b>Net cash provided by/(applied to) operating activities</b>	<b>136,025</b>	<b>202,525</b>	<b>(28,672)</b>	<b>(15,041)</b>
<b>(c) NON-CASH FINANCING AND INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment by means of finance leases	-	6,732	-	-
Acquisition of investment	-	168	-	-
Dividends paid by the issue of shares under the Dividend Reinvestment Plan	3,394	-	3,394	-

These transactions are not reflected in the Statements of Cash Flows.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

<b>(d) DISPOSAL OF CONTROLLED ENTITIES</b>		
	<b>Consolidated</b>	
	<b>2001 \$'000</b>	<b>2000 \$'000</b>
Proceeds on disposal:		
- Shares	-	162
- Cash	-	314
Carrying amounts of assets and liabilities disposed of are:		
- Receivables	-	-
- Property Plant & Equipment	-	134
Net assets of entity sold	-	134
Profit / (loss) on disposal	-	342
Inflow of cash on disposal of entities, net of cash disposed:		
Cash proceeds	-	314
Cash balance disposed	-	-
Inflow of cash	-	314
<b>(e) BUSINESS DISPOSED</b>		
During the financial year, the consolidated entity disposed of its New Celebration Mine. Details of the disposal are as follows:		
Consideration:		
Debtors (cash received subsequent to year end)	11,800	-
	11,800	-
Book value of net assets sold:		
Inventories	(3,200)	-
Property, plant and equipment	(43,187)	-
Employee entitlements	470	-
Provision for rehabilitation	2,463	-
Other expenses of sale and redundancy payments	(2,289)	-
Net assets disposed	(45,743)	-
Profit on close out of surplus hedge contracts relating to the New Celebration Mine	24,697	-
Loss on disposal	(9,246)	-

## **DIRECTORS' DECLARATION**

The director's declare that:

- (a) the financial statements and associated notes comply with the accounting standards and Urgent Issues Group Consensus Views;
- (b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2001 and performance of the Company and Consolidated Entity for the year then ended;
- (c) in the director's opinion:
  - (i) there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable, and the companies and parent entity who are party to the Deed described in Note 26, will together be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the Deed of Cross Guarantee dated 6 November 1992; and
  - (ii) the financial statements and notes are in accordance with the Corporations Act (2001), including sections 296 and 297.

Made in accordance with a resolution of the directors.

Ian R. Johnson  
Chairman

Russell C. Barwick  
Managing Director and Chief Executive Officer

29 August, 2001  
Melbourne, Victoria

## **INDEPENDENT AUDIT REPORT**

To the members of Newcrest Mining Limited

### **Scope**

We have audited the financial report of Newcrest Mining Limited for the financial year ended 30 June 2001, as set out on pages 11 to 58. The financial report includes the consolidated financial statements of the Consolidated Entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards, so as to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### **AUDIT OPINION**

In our opinion, the financial report of Newcrest Mining Limited is in accordance with:

- (a) the Corporations Act (2001), including:
  - (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations (2001); and
- (b) other mandatory professional reporting requirements.

Arthur Andersen  
Chartered Accountants

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Tim Wallace  
Partner

29 August, 2001  
Melbourne, Victoria