

NEWCREST



Financial Results

Six months ending 31 December 2001

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OVERVIEW

- Earnings before interest expense, depreciation and tax \$81.0M
- Operating profit before income tax \$28.4M
- Net profit after tax and minority interest \$18.0M
- Capital, feasibility, development and exploration expenditure \$188.2M
- Debt restructure and equity raising enhances financial position.
- Share purchase plan raises \$16M.

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A J Palmer
Managing Director and
Chief Executive Officer
27 February 2002

The continuing drive to reduce costs resulted in a \$50 an ounce reduction in the cash cost per ounce sold compared to the corresponding period last year. The result for the half year, compared to the corresponding period was marked by lower gold production following the suspension of Telfer and sale of New Celebration in the previous financial year and a further reduction in revenue due to a lower gold price outcome. The balance sheet was strengthened by the equity and long term debt raisings in the period.

Ridgeway commissioning remains on schedule and this operation is expected to make a significant contribution to earnings in the fourth quarter of the year. Additionally, the Telfer study is approaching finalisation of a mine planning reserve estimate.



FINANCIAL STATEMENTS

Statement of Financial Performance

6 Months Ending	31 Dec 2001 \$M	31 Dec 2000 \$M
Sales revenue	219.2	314.2
At Spot Net Mining Income	80.9	56.1
Gold/currency hedging	13.9	63.9
Copper hedging	(4.3)	(13.2)
Net Mining Income	90.5	106.8
Other Income	0.9	12.1
Exploration expense	(10.4)	(12.8)
EBITDA	81.0	106.1
Borrowing costs	(4.4)	(11.6)
Depreciation and amortisation	(48.2)	(53.6)
Net profit (loss) before income tax	28.4	40.9
Income tax (expense)/benefit	(8.8)	(11.6)
Net profit after tax	19.6	29.3
Outside equity interest in controlled entity	(1.6)	(0.3)
Net profit after tax attributable to members of the Company	18.0	29.0

Cashflow Statement

	31 Dec 2001 \$M	31 Dec 2000 \$M
Cashflow from operating activities		
Sales receipts	235.4	292.2
Payments to suppliers and employees	(193.6)	(225.5)
Interest received	1.0	2.5
Borrowing costs paid	(5.7)	(10.1)
Income taxes paid	(0.9)	-
Other	0.6	2.1
	36.8	61.2
Cashflow from investing activities		
Exploration	(26.0)	(20.6)
Fixed assets, evaluation and development	(162.2)	(68.8)
Proceeds on sale of non-current assets	13.2	7.4
	(175.0)	(82.0)
Cashflow from financing activities		
Proceeds from borrowings	159.5	-
Repayment of finance lease principal	(4.5)	(5.0)
Repayment of borrowings	(78.0)	(3.6)
Dividend paid	(12.3)	(8.8)
Proceeds from capital raising	152.6	3.6
	217.3	(13.8)
Net increase/(decrease) in cash	79.1	(34.6)

Statement of Financial Position

	31 Dec 2001 \$M	30 June 2001 \$M
Cash	127.1	48.0
Accounts receivable	66.2	93.8
Investments	0.1	0.2
Inventories	41.9	28.0
Other	12.6	11.1
Current assets	247.9	181.1
Accounts receivable	25.5	26.4
Inventories	9.3	9.7
Fixed assets net of depreciation	425.4	446.1
Exploration, evaluation and development	583.1	442.3
Other	148.6	111.1
Non-current assets	1,191.9	1,035.6
Accounts payable	85.8	110.5
Borrowings	66.5	111.7
Provisions	8.4	22.7
Other	26.2	8.0
Current liabilities	186.9	252.9
Borrowings	532.5	409.7
Deferred tax	66.9	59.0
Provisions	44.7	42.8
Other	1.5	4.1
Non-current liabilities	645.6	515.6
Net Assets	607.3	448.2
Share capital	509.5	370.0
Retained profits	88.7	70.7
Outside equity interest in controlled entity	9.1	7.5
Shareholders' equity	607.3	448.2



FINANCIALS

Profit After Tax

Operating profit after tax for the half year was \$18.0M (\$29.0M).

Revenue

Gold and copper revenue decreased by \$95.0M to \$219.2M. A gold price of \$582/oz (\$651/oz) was recorded, \$45/oz above the spot price. Gold sold in both doré and concentrate form totalled 307,885 ounces (405,627 ounces) for the period.

Net Mining Income

Income from mining before depreciation, exploration, interest expense and other income was \$90.5M (\$106.8M). This decrease resulted primarily from lower gold sales due to the suspension of Telfer operations and sale of New Celebration, offset by additional contributions from Gosowong and Ridgeway.

The recorded gold price of \$582/oz was \$69/oz lower than the relatively high price of \$651/oz in the first half of the 2000/01 year. This decrease in the gold price was due to the combination of the following factors:

- The delivery of US\$59.8 million of foreign exchange contracts that matured in the period at an average rate of 74¢ resulted in a foreign exchange loss of \$37.3M (2000: \$17.4M).
- 59,650 ounces were repaid against the gold loan, which is recorded in the balance sheet at the historical rate of \$488/oz. Higher spot prices at the date of delivery against this gold loan resulted in a loss for the period of \$3.5M which is recorded against gold revenue. There were no gold loan repayments in the corresponding period. This loss is before taking into account the differential in borrowing costs. Interest savings have arisen from the restructure of the loan into fixed gold denominated debt.
- The result for the period includes an unrealised gain of \$8.9M before tax resulting from valuing surplus gold contracts for the six-month period to June 2002. The contracts were valued on the

basis of the average hedge price compared to the spot gold price at 31 December 2001. The final outcome of these surplus gold contracts is dependent upon the spot gold price at maturity of the gold contracts in the second half of the year.

- The \$8.9M unrealised gain represents \$29/oz for the period. The achieved gold price prior to this adjustment was \$553/oz. This was \$16/oz above the spot gold price after absorbing the foreign exchange loss of \$121/oz and the loss on the gold loan of \$11/oz.
- In accordance with UIG Abstract 25 "Redesignation of Hedges" an unrealised loss of \$1.5M was recorded relating to the restructure of a 30,000 ounce gold contract at \$474/oz. The forward sale had a maturity date of November 2001 and was restructured to maturity dates of February and May 2005.

However this adverse impact on earnings was substantially compensated by a \$50/oz reduction in the cash cost per ounce sold. This 16% reduction in unit costs was achieved notwithstanding the significant fall in the spot price of copper which reduced by-product credits to the mines. The margin for this half year was \$320/oz compared to \$339/oz for the comparative period.

Corporate expenditure was reduced by 38% over the period due to restructuring of the organisation.

Copper production for the period was 13,691t, down 5,187t due to lower head grade at Cadia and suspension of operations at Telfer. The achieved copper price for the period was \$1.23/lb (\$1.22/lb). Total by-product revenue was \$40.1M (\$50.3M) including the copper hedge loss of \$4.3M (loss: \$13.2M).

Depreciation and Amortisation

Depreciation and amortisation on fixed assets totalled \$48.2M. After adjusting for overhead allocations to inventory, this resulted in a rate of \$145/oz sold (\$138/oz).

Borrowing Costs

Borrowing costs expensed in the year amounted to \$4.4M (\$11.6M). The decrease was due to principal repayments on the gold



loan and finance leases and an increase in the amount of debt associated with major capital projects. Interest capitalised for the period was \$3.7M (\$2.2M).

Exploration

Exploration expenditure charged against income totalled \$10.4M in the period compared to \$12.8M in the previous period. Exploration expenditure capitalised at 31 December was \$24.7M, an increase in the period of \$6.7M relating to Cadia East, Cadia Far East, Cracow and Toguraci.

Cashflow – Investing Activities

Cash used in investing activities amounted to \$188.2M. Major areas of expenditure were:

	<u>\$M</u>
Ridgeway	121.8
Telfer feasibility studies and exploration	31.7
Generative and general mine resource exploration	19.0

Proceeds of \$13.2M were received in the period primarily relating to the receipt of funds from the sale of New Celebration.

Cashflow - Financing Activities

Liquidity in the balance sheet has improved during the six month period as a result of capital raising and restructure of debt. Net current assets have improved from a deficiency of \$71.8M at 30 June 2001 to a surplus of \$61.0M at 31 December 2001.

Details of the financing activities that contributed to this improved balance sheet position are as follows.

Capital Raising

- The company's equity placement with financial institutions resulted in 33,750,000 new shares being issued, raising a net \$136.3M.
- A share purchase plan was concluded in January 2002 raising \$16M. \$14.8M of these proceeds were received in December 2001 and were recorded within other current liabilities at balance date pending the shares being issued in January 2002.

Long Term Borrowings

A US\$80 million (A\$159.5M) loan from Nippon Mining & Metals Co Limited was drawn down in October 2001. The loan principal is to be repaid in instalments of US\$16M per annum commencing in July 2003 and concluding in June 2008.

Major debt repayments in the period consisted of:

- \$45.0M repayment of short term debt.
- \$29.1M repayment of the gold loan.
- \$4.5M repayment under finance leases.

Dividend Payment

A final dividend payment of 5¢ per share was paid to shareholders on 19 October 2001 in respect of the year ended 30 June 2001.

The Dividend Reinvestment Plan (DRP) reduced the net payout of the 2001 dividend of \$14.0M to \$12.3M.

Subsequent Events

The achieved gold price and the financial results in the second half of the year will be impacted by the level of production, the exchange rate and the spot Australian dollar price. At 31 December 2001 the Australian dollar gold price was trading at \$540/oz. Since that time the gold price has increased to above \$600/oz in early February and during the week prior to signing the accounts traded in the range of \$560/oz to \$585/oz. The impact of a continuing higher Australian gold price in the second half of the year will have a material effect on reported revenues resulting in a lower achieved gold price compared to the first half of the year.

The potential impact of changes in the spot gold price are as follows:

- The final outcome of the 31 December valuation of surplus gold contracts in the second half of the year is dependant upon the spot price at maturity of the gold contracts. A continuing higher gold price than that prevailing at 31 December 2001 will result in a lower profit being realised on these surplus gold contracts than that recognised at 31 December 2001.



- The higher gold price since 31 December has also resulted in the “knock-in” of 63,700 ounces of contingent sold call option contracts at prices ranging between \$500-\$520/oz. These calls will realise a loss on maturity during the period to 30 June 2002 assuming the gold price remains at its current level. There are a further 136,300 ounces of contingent sold call options that may “knock-in” prior to 30 June 2002, based on a trading range of \$550/oz-

\$580/oz. These contracts are at prices ranging from \$500/oz to \$520/oz.

There are no other matters or circumstances which have arisen since 31 December 2001 that has significantly affected or may significantly affect the operation of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

CORPORATE INFORMATION

Directors

Ian Johnson Non-executive Chairman
 Tony Palmer Managing Director and CEO
 Bryan Davis Non-executive Director
 Ron Milne Non-executive Director
 Ian Renard Non-executive Director
 Nora Scheinkestel Non-executive Director

Company Secretary

Bernard Lavery

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Stock Exchange Listings

Australian Stock Exchange (Ticker NCM)
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Web Site

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Substantial Shareholders at 31 December 2001

Maple Brown Abbott	9.1%
Perpetual Investments	6.6%
Deutsche Asset Management	6.3%
AMP	5.2%
ING Group	5.0%

Issued Share Capital

At 31 December 2001, issued capital was 280,950,885 ordinary shares.

Half Year Share Price Activity

	High	Low	Last
July to December 2001	\$4.68	\$3.26	\$4.14