

# ASX Appendix 4E Full Year Financial Results

30 June 2009



## NEWCREST MINING LIMITED AND CONTROLLED ENTITIES

ASX APPENDIX 4E  
FOR THE YEAR ENDED 30 JUNE 2009

ABN: 20 005 683 625

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

For the Year Ended 30 June 2009

|   | 30 June<br>2009<br>\$M | 30 June<br>2008<br>\$M | Percentage<br>increase/<br>(decrease) |
|---|------------------------|------------------------|---------------------------------------|
| <b>Sales Revenue</b>  | 2,530.8                | 2,363.1                | 7.1%                                  |
| <b>Profit after tax</b> before hedge restructure and close out adjustments attributable to members of the parent entity ("Underlying Profit") | 483.1                  | 493.9                  | (2.2%)                                |
| <b>Hedge restructure and close out impacts</b> after tax  | (235.0)                | (359.6)                | (34.6%)                               |
| <b>Profit</b> from continuing operations after tax attributable to members of the parent entity   | 248.1                  | 134.3                  | 84.7%                                 |
| <b>Net profit</b> attributable to members of the parent entity  | 248.1                  | 134.3                  | 84.7%                                 |

**Dividends**

|  |                   |
|--|-------------------|
| Interim dividend per share                                       | Nil               |
| Final dividend per share (unfranked)                             | 15.0 cents        |
| Record date for determining entitlement to dividend <sup>1</sup> | 25 September 2009 |
| Date dividend payable  | 16 October 2009   |

<sup>1</sup> Includes the last date for the receipt of an election notice for participation in the Newcrest Dividend Reinvestment Plan.

**Review of Results**

Refer to the Management Discussion and Analysis.

**Other Information Required by Listing Rule 4.3A**

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached additional information.

## ADDITIONAL INFORMATION

### Interest in Unincorporated Joint Venture Assets

The Group has an interest in the following unincorporated joint venture assets:

- Cracow Mining Joint Venture (70%). The principal activity of the joint venture is the production of gold and mineral exploration in Queensland, Australia.
- Morobe Mining Joint Venture (50%). The principal activity of the joint venture is the production of gold and mineral exploration in Papua New Guinea.
- Namosi Joint Venture (65%). Newcrest has also accepted an offer from joint venture partner Nittetsu to transfer an additional 4.94% interest, subject to Fiji Government approval. The principal activity of the joint venture is mineral exploration in Fiji.

During the year, the Group acquired a 50% interest in the Morobe Mining Joint Venture. Refer to Note 6 for details.

The contribution of the joint ventures to the consolidated result for the financial year ended 30 June 2009 is not material.

### Net Tangible Assets per Share (\$)

|                               | <u>30 June 2009</u> | <u>30 June 2008</u> |
|-------------------------------|---------------------|---------------------|
| Net tangible assets per share | \$8.95              | \$7.17              |

### Control Gained Over Entities Having Material Effect

Not applicable

### Loss of Control of Entities Having Material Effect

There was no loss of control over any entities in the Group during the year ended 30 June 2009.

### Audit Report

The audit report issued in relation to the 2009 full Financial Report is attached.



Bernard Lavery  
 Company Secretary  
 17 August 2009

## MANAGEMENT DISCUSSION AND ANALYSIS<sup>1</sup>

### 1. Overview

The 2009 financial year has been an eventful time with the global economic contraction and subsequent financial market destabilisation leading to extreme commodity price and currency fluctuations. During this period Newcrest remained unhedged to all major economic value drivers, namely gold, copper and oil prices and the AUD:USD exchange rate. Over the 2009 financial year Newcrest delivered a strong operational performance, completed the purchase of a 50% share of Papua New Guinea ('PNG') assets from Harmony, issued \$792.7 million in new equity and continued on schedule with all project construction. Newcrest finished the year with strong Underlying Profit<sup>2</sup> of \$483.1 million and operating cash flow<sup>3</sup> of \$1,024.1 million.

The record Statutory Profit<sup>4</sup> for the year of \$248.1 million was an increase of \$113.8 million on the prior year.

The production performance was robust and, overall, in line with expectations for gold, producing 1.631 million ounces, and higher for copper, producing 89,877 tonnes. The price for gold increased in both USD and AUD terms but copper prices were lower. Operating costs increased due in part to a falling AUD:USD exchange rate and input cost prices remaining at higher levels for most of the year. Although commodity prices and exchange rates adjusted quickly to the economic turmoil, most input costs adjust over a longer time period due to contract terms and lower market liquidity.

During February and March 2009, Newcrest raised \$792.7 million of equity. The equity placement was conducted at a fixed price of \$27.00 per share, which represented a 12.9% discount to Newcrest's closing price on 30 January 2009. The funds raised were used to reduce gearing. At the end of the financial year gearing reduced to 2%. Newcrest is now in a position to increase project expenditure and has some added capacity to consider growth opportunities.

During the year, Newcrest acquired a 50% interest in the Morobe Mining Joint Venture in PNG for total consideration of US\$532.1 million (A\$677.3 million). Combined with project spend, principally on Ridgeway Deeps, the full year investing cashflows were \$1,381.6 million. Both Ridgeway Deeps and Hidden Valley (PNG) are expected to be in production in the first quarter of the next financial year. The major projects in pre-feasibility also progressed well. The development of the second underground deposit at Gosowong (Kencana 2) was approved for execution and Cadia East has been advanced to feasibility. Prefeasibility and concept work for Namosi (Fiji) and Wafi-Golpu (PNG) respectively, continued with very positive results.

Exploration activity has increased during the year with more expenditure on existing province potential and greenfield investigation. There are many promising results that will require continued focus in the year ahead. Exploration activity is in Australia, Fiji, Indonesia, PNG, Peru, Canada and Nevada (USA).

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<sup>1</sup> All figures in this report relate to businesses of the Newcrest Mining Limited Group ("Newcrest" or "the Company") for the 12 months ended 30 June 2009 ("2009") compared with the 12 months ended 30 June 2008 (the "prior year" or "2008"), except where otherwise stated. All reference to \$ is a reference to Australian dollars unless specifically marked otherwise.

<sup>2</sup> Underlying Profit is profit after tax before hedge restructure and close out impacts attributable to members of the parent entity.

<sup>3</sup> Represents net cash provided from operating activities as disclosed in the Cash Flow Statement.

<sup>4</sup> Statutory Profit is profit after tax attributable to members of the parent entity. Record profit relates to continuing operations.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 2. Discussion and Analysis of Operating Results and the Income Statement

#### 2.1 Profit Overview

For the year ended 30 June 2009 Newcrest reported Underlying Profit of \$483.1 million, a decrease of 2% over the corresponding year result of \$493.9 million.

Statutory Profit for the year of \$248.1 million was a record for Newcrest and an increase of 85% on the corresponding year's result of \$134.3 million. The Statutory Profit includes hedge restructure and close out impacts resulting from Newcrest's September 2007 equity raising and subsequent hedge book close-out and debt repayment. These are non-cash items that accounting rules require to be amortised over the original hedge designation period.

Profit before tax, restructure and close out impacts of \$745.4 million was marginally higher than the prior year (\$713.7 million), however a higher effective tax rate in the current period resulted in the reduction in Underlying Profit after tax.

Revenue increased by 7% for the year to \$2,530.8 million, driven principally by higher gold prices. Gold revenue was 18% higher with higher gold prices compensating for lower production and sales. The average gold price for the current period of A\$1,169 per ounce was 28% higher than the same period last year. Copper revenue decreased by 18% to \$593.2 million. Overall copper sales were 11% higher than the previous year but prices were substantially lower. The average copper price for the year of A\$2.89 per pound was 26% lower than the corresponding period. The movement in USD prices for gold and copper were mixed in the current year. The average spot USD gold price was US\$934 per ounce (2008: US\$821 per ounce) while copper dropped to US\$2.36 per pound (2008: US\$3.53 per pound).

In the prior period, Newcrest incurred losses on delivered gold hedges of \$33.8 million. Newcrest closed out all of its remaining gold hedge contracts in the 2008 financial year and consequently there were no gold hedge impacts in Underlying Profit for the current year.

Mine production costs were higher mainly due to increased input costs and USD exchange effects. Many input costs did not immediately react to the global financial crisis due to contract terms and longer term pricing mechanisms. Diesel price fell immediately but the falling AUD reduced this benefit substantially. Other cost inputs increased with the dramatic slide in the AUD against the USD but are now starting to reduce as contract terms require repricing. The Varanus Island gas incident interrupted Telfer's contract gas supply resulting in an additional cost impact in the current period of \$8.6 million net of insurance proceeds.

Exploration expenditure charged to profit increased during the current period in line with Newcrest's greater exploration activity. During the period Newcrest increased the focus on PNG, Fiji, Cadia, Telfer and Gosowong.

**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The table below outlines the key differences between the current year and the corresponding period last year, described in more detail later in this report.

|  | \$M     | \$M          |
|--|---------|--------------|
| <b>Underlying Profit for the year ended 30 June 2008</b> |         | <b>493.9</b> |
| <b>Changes in revenues:</b>                              |         |              |
| Volume:  |         |              |
| Gold   | (116.8) |              |
| Copper   | 79.5    |              |
| Price:   |         |              |
| Gold   | 413.3   |              |
| Copper   | (207.5) |              |
| Silver   | (0.8)   | 167.7        |
| <b>Changes in mine costs:</b>                            |         |              |
| Mine cost of sales:                                      |         |              |
| Mine production cost                                     | (78.4)  |              |
| Deferred mining and inventory movement                   | (63.7)  |              |
| Treatment, realisation and royalty                       | (0.7)   |              |
| Telfer gas disruption costs                              | (8.6)   |              |
| Depreciation   | 10.7    | (140.7)      |
| <b>Other costs:</b>                                      |         |              |
| Corporate administration                                 | (11.7)  |              |
| Exploration  | (11.4)  |              |
| Other revenue and Other income/(expense)                 | (14.5)  |              |
| Losses on delivered hedges                               | 33.8    |              |
| Finance costs – ordinary activities                      | 8.5     | 4.7          |
| <b>Tax and minority interest:</b>                        |         |              |
| Income tax expense                                       | (37.6)  |              |
| Minority interest  | (4.9)   | (42.5)       |
| <b>Underlying Profit for the year ended 30 June 2009</b> |         | <b>483.1</b> |

**2.2 Revenue**

|                            |            | 12 months to   |                | %          |
|----------------------------|------------|----------------|----------------|------------|
|                            |            | 30 June 2009   | 30 June 2008   | Change     |
| <b>Production volumes</b>  |            |                |                |            |
| Gold <sup>1</sup>          | oz         | 1,631,183      | 1,781,182      | (8.4)      |
| Copper                     | t          | 89,877         | 87,458         | 2.8        |
| <b>Sales volumes</b>       |            |                |                |            |
| Gold                       | oz         | 1,637,385      | 1,764,730      | (7.2)      |
| Copper                     | t          | 93,077         | 83,843         | 11.0       |
| <b>Realised prices</b>     |            |                |                |            |
| Gold                       | A\$/oz     | 1,169          | 912            | 28.2       |
| Copper                     | A\$/lb     | 2.89           | 3.88           | (25.9)     |
| <b>Average AUD:USD</b>     |            |                |                |            |
|                            |            | 0.7487         | 0.8964         | (16.5)     |
| <b>Revenue</b>             |            |                |                |            |
| Gold                       | \$m        | 1,914.4        | 1,617.9        | 18.3       |
| Copper                     | \$m        | 593.2          | 721.2          | (17.7)     |
| Silver                     | \$m        | 23.2           | 24.0           | (3.3)      |
| <b>Total Sales Revenue</b> | <b>\$m</b> | <b>2,530.8</b> | <b>2,363.1</b> | <b>7.1</b> |

1. Includes pre-production ounces from Morobe Mining JV (225 ozs).

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The USD gold price increases, coupled with a lower AUD:USD exchange rate, resulted in a significant increase in AUD gold revenue. USD copper prices were significantly lower, and while partly mitigated by the lower AUD:USD exchange rate still resulted in a decline in AUD copper revenue. Gold revenue represents 75.6% of Newcrest's overall sales revenue (2008: 68.5%).

Gold production and sales by site:

| Ounces           | 12 months to 30 June 2009 |                  | 12 months to 30 June 2008 |                  |
|------------------|---------------------------|------------------|---------------------------|------------------|
|                  | Gold Production           | Gold Sales       | Gold Production           | Gold Sales       |
| Cadia            | 297,889                   | 301,539          | 414,171                   | 409,316          |
| Ridgeway         | 234,298                   | 239,355          | 301,417                   | 294,384          |
| Gosowong         | 400,220                   | 401,160          | 400,202                   | 397,627          |
| Cracow           | 69,443                    | 67,326           | 75,175                    | 75,569           |
| Telfer           | 629,108                   | 628,005          | 590,217                   | 587,834          |
| Morobe Mining JV | 225                       | -                | -                         | -                |
| <b>Total</b>     | <b>1,631,183</b>          | <b>1,637,385</b> | <b>1,781,182</b>          | <b>1,764,730</b> |

Copper production and sales by site:

| Tonnes       | 12 months to 30 June 2009 |               | 12 months to 30 June 2008 |               |
|--------------|---------------------------|---------------|---------------------------|---------------|
|              | Copper Production         | Copper Sales  | Copper Production         | Copper Sales  |
| Cadia        | 28,083                    | 28,643        | 26,352                    | 25,731        |
| Ridgeway     | 28,889                    | 29,662        | 34,335                    | 33,323        |
| Telfer       | 32,905                    | 34,772        | 26,771                    | 24,789        |
| <b>Total</b> | <b>89,877</b>             | <b>93,077</b> | <b>87,458</b>             | <b>83,843</b> |

Total gold production decreased 8.4% to 1.631 million ounces, with a subsequent reduction of 7.2% in sales volumes to 1.637 million ounces. The overall production decrease of 149,999 ounces was in line with guidance and mine plan expectations. Movements by operation were:

- a 28.1% decrease of 116,282 ounces at Cadia Hill due to lower grades and lower recoveries, consistent with the mine plan. Cadia Hill open pit is expected to finish production in 2012;
- a 22.3% decrease of 67,119 ounces at Ridgeway due to lower grade and recoveries. As anticipated, grade has continued to decline with mine depth. The sub level cave is now almost exhausted and the ramp-up of Ridgeway Deeps has commenced;
- a 6.6% increase of 38,391 ounces from Telfer due to higher mill throughput and improved recoveries, especially in the second half of the year. Successful implementation of the shutdown optimisation project, debottlenecking components of the processing circuit and improved power station reliability resulted in higher mill utilisation and mill throughput;
- consistent production at Gosowong, with higher mill throughput due to improved mill utilisation and ongoing grinding circuit optimisation, offsetting lower grades and recovery. Significant recovery improvements were experienced in June, following the commissioning of the vertimill; and
- a 7.6% decrease of 5,732 ounces from Cracow due to lower grade ore, offset by improved recoveries.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Total gold revenue increased by 18.3% to \$1,914.4 million (2008: \$1,617.9 million) as a result of higher prices, partly offset by the lower sales volumes. The average gold price of A\$1,169 per ounce was 28.2% higher than the prior year (A\$912 per ounce).

Group copper production for the year was higher by 2.8% on the prior period. Telfer performed strongly, due to improved recoveries, however Cadia Valley had slightly lower production due to lower copper grades and associated recoveries.

Copper revenue reduced by 17.7% to \$593.2 million due to lower spot prices, partially offset by higher sales volumes from Telfer. The average copper price of A\$2.89 per pound was 25.9% lower than the A\$3.88 per pound in the prior year.

Silver revenue decreased by \$0.8 million.

### 2.3 Costs

#### Mine Production Costs – 2008/09

| \$M  | Financial Year<br>2008/2009 Half Year<br>Comparison |                     | Full Year<br>2008/2009 | %<br>Change    | %<br>Change     |
|--|---|---------------------|------------------------|----------------|-----------------|
|  | 31 Dec 2008<br>(H1)                                 | 30 Jun 2009<br>(H2) | 30 June<br>2009        | FY08 V<br>FY09 | FY09<br>H1 V H2 |
| <b>Mine production costs</b>               | <b>555.6</b>  | <b>542.1</b>        | <b>1,097.7</b>         | 7.7            | (2.4)           |
| • Employee Salaries                        | 93.6  | 85.4                | 179.0                  | 7.7            | (8.8)           |
| • Maintenance incl Contract Labour         | 134.4   | 129.2               | 263.6                  | 7.2            | (3.9)           |
| • Mining Contracts                         | 52.1  | 70.1                | 122.2                  | 4.7            | 34.5            |
| • Fuel & Lubes                             | 66.6  | 43.2                | 109.8                  | (8.5)          | (35.1)          |
| • Utilities & Power                        | 39.1  | 27.2                | 66.3                   | (2.1)          | (30.4)          |
| • Liners & Grinding Media                  | 34.8  | 48.3                | 83.1                   | 31.7           | 38.8            |
| • Other Input Costs                        | 135.0   | 138.7               | 273.7                  | 14.1           | 2.7             |
| Deferred mining costs                      | 50.4  | 10.1                | 60.5                   |                |                 |
| Inventory movements                        | (6.8)   | 5.8                 | (1.0)                  |                |                 |
| Telfer gas disruption costs <sup>(1)</sup> | 3.9   | 4.7                 | 8.6                    |                |                 |

<sup>(1)</sup> Net of insurance proceeds

Mine production costs increased 7.7% to \$1,097.7 million. Within the financial year there were two distinct periods; the first half year reflected an increasing cost environment whilst the second half showed the start of lower costs (overall 2.4% lower H2 v H1). In addition, the benefits of cost reduction initiatives implemented are evident in the second half.

Newcrest's cash costs continue to be in the lowest cost quartile for global gold producers. Newcrest cash costs for the year were US\$350 per ounce (\$A468 per ounce) compared with the recent global average of US\$489<sup>5</sup> per ounce (\$A653 per ounce).

<sup>5</sup> Source: GFMS Limited Precious Metals Cost Service

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The first half's costs reflected the previous financial year's agreed labour rate increases, cost increases for key inputs including diesel, power and maintenance coupled with the dramatic depreciation of the AUD. The second half of the financial year started to show a fall in most commodity cost inputs, with the exception of steel parts, liners and grinding media. The supplier agreements in place for these inputs generally take longer than six months to reflect current market price conditions.

Labour costs in the second half were 8.8% lower reflecting the discipline of managing workforce and contractor numbers. Partly offsetting these were increases in contract mining costs at Gosowong, Telfer and Ridgeway primarily due to increased mining and crushing activity.

Telfer's first half costs were impacted by increased maintenance in the process plant associated with the shutdown optimisation project. An additional shutdown in December 2008 allowed Telfer to adopt a new quarterly shutdown sequence which significantly improved mill utilisation in the second half.

A significant contributor to the full year cost increase was the depreciation of the AUD against the USD. Gosowong's costs are predominantly USD based and around 25% of the Australian operations costs before realisation charges are USD based (FY08 average AUD:USD 0.90 versus FY09 average AUD:USD 0.75). The impact for the Group in FY09 is approximately \$50 million, including approximately \$20 million relating to Gosowong's costs.

The second half declining cost input trend is expected to continue for the remainder of 2009 calendar year as supplier agreements are progressively renewed to reflect current market prices.

Costs drawn from the deferred mining account were \$60.5 million in 2009 compared to \$24.5 million in 2008. This was the result of lower waste movements at Telfer from the open pit and an increased level of production from underground.

The inventory valuation credit of \$1.0 million was the combined impact of higher ore stockpiled from Telfer open pit offsetting the drawdown of concentrate inventory at year end.

The Varanus Island gas incident interrupted Telfer's contract gas supply resulting in an additional \$38.6 million cost for replacement gas and diesel in financial year 2009. The total cost of the incident which occurred on 3 June 2008 was \$44.9 million. The net impact after insurance proceeds is \$8.6M for the current financial year. Newcrest is working with its insurers to pursue recovery of the remaining costs associated with the incident.

### **Treatment, realisation and royalty costs**

Realisation costs for the year of \$153.6 million was an increase of \$2.4 million due to increased volumes of concentrate shipped and the depreciation of the AUD versus the USD. Realisation costs include shipping, TC/RCs, off the top metal deductions and price participation. All these costs are priced in USD and declined during the financial year. In AUD terms costs marginally increased.

Royalties of \$56.1 million for the year were \$1.7 million lower due mostly to the lower revenues at Cadia Valley offsetting the impact of the higher gold price.

### **Depreciation**

Depreciation expense, included in cost of sales, decreased by \$10.7 million to \$262.5 million, as the useful lives of assets at Cadia Valley and Gosowong were reviewed and increased in line with reserve increases. On a unit rate basis depreciation expense increased due to the lower production levels.

### **Corporate administration costs**

Corporate expenses of \$69.8 million (2008: \$58.1 million) were higher in the current year due to increased salary costs and implementation costs associated with two key company wide initiatives. The first initiative is a training program to lift the capability and competence of all employees. The second is the restructure and streamlining of the organisation's IT systems.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Exploration

Total exploration expenditure for the year was \$109.3 million (2008: \$76.8 million) with \$57.8 million charged against income compared to \$46.4 million in the prior year. (Details of the nature and location of exploration expenditure is provided below in the cash flow section.)

### Losses on delivered hedges

Due to Newcrest closing out its gold hedge book following the equity raising in September 2007, there were no losses incurred on delivered hedges in the current year. In the prior year, there was a loss of \$33.8 million relating to the period July 2007 to September 2007.

### 2.4 Other Revenue and Other Income/(Expense)

Other Revenue and Other Income/(Expense) was \$15.1 million (2008: \$29.6 million).

| \$M   | 12 months ended |             | 6 months ended |
|---|-----------------|-------------|----------------|
|   | 30 June 09      | 30 June 08  | 31 Dec 08      |
| <b>Other Income/(Expense)</b>                       |                 |             |                |
| Profit/(loss) on sale of non-current assets         | 0.9             | (0.6)       | 1.3            |
| Net foreign exchange gain/(loss)                    | (32.6)          | (20.3)      | 16.8           |
| Fair value gain/(loss) on gold & copper derivatives | 34.0            | 17.1        | (4.1)          |
| Fair value loss on gold lease rate swaps            | -               | 1.5         | -              |
| Royalty refund                                      | -               | 6.4         | -              |
| Other income/(expenses)                             | 4.5             | 5.1         | 4.3            |
|   | <b>6.8</b>      | <b>9.2</b>  | <b>18.3</b>    |
| <b>Other Revenue</b>                                | 8.3             | 20.4        | 3.2            |
| <b>Other Revenue and Other Income/(Expense)</b>     | <b>15.1</b>     | <b>29.6</b> | <b>21.5</b>    |

The foreign exchange loss of \$32.6 million is due to the effect of the AUD:USD exchange rate on USD denominated concentrate debtors. Newcrest recorded a foreign exchange gain of \$16.8 million for the first half of the financial year as the AUD depreciated against the USD. However, as the AUD strengthened in the second half a loss of \$49.4 million was incurred.

The fair value gain on gold and copper derivatives relates to the movements in spot prices impacting the quotational period adjustments in sales. Newcrest locks in the copper price for certain concentrate shipments at the time of sale to minimise this impact. Gold prices are not locked in at the time of shipment due to the shorter quotational period for gold (usually one month for gold versus three or four months for copper).

Other Revenue mainly comprises of interest revenue. The decrease was due to falling interest rates and a reduced amount of cash compared to the corresponding period.

### 2.5 Finance Costs

As a result of the Equity Raisings in February and March 2009, Newcrest reduced its debt levels resulting in lower gross borrowing costs of \$39.5 million (2008: \$45.6 million). Interest of \$34.9 million (2008: \$43.4 million) was expensed and \$4.6 million (2008: \$2.2 million) was capitalised. The interest capitalised in the current year relates to the Hidden Valley development project.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 2.6 Income Tax Expense

The income tax expense in the current year on Underlying Profit was \$228.3 million, resulting in an effective tax rate of 30.6%. The prior year tax expense on Underlying Profit was \$190.7 million with an effective tax rate of 26.7%. The effective tax rate in the prior year benefited from a higher research and development allowance.

### 2.7 Hedge Restructure and Close Out Impacts

#### Losses on Restructured and Closed out Hedges

During the 2008 financial year, Newcrest closed out its gold hedge book and realised the gold hedging losses and extinguished any future obligation with respect to the hedge contracts.

Accounting standards require the accumulated losses on the contracts closed out to remain deferred in the Hedge Reserve within equity. The losses in the Hedge Reserve will then be transferred to the Income Statement in future periods in line with the original sales to which they were designated. This resulted in a loss release profile as noted below. A pre-tax loss on restructured and closed out hedge contracts of \$352.0 million has been recognised in the year (2008: \$314.1 million).

There are no liabilities remaining for the closed out contracts and the profit impacts on the current and future periods are all non-cash.

| \$M                    | Current | To be released in future periods |        |       |         |
|------------------------|---------|----------------------------------|--------|-------|---------|
|                        | 2009    | 2010                             | 2011   | 2012  | Total   |
| Total hedge losses     | 352.0   | 294.9                            | 152.8  | 7.2   | 454.9   |
| Tax effect             | (105.6) | (88.5)                           | (45.8) | (2.2) | (136.5) |
| After tax hedge losses | 246.4   | 206.4                            | 107.0  | 5.0   | 318.4   |

#### Other close out related gains/(losses)

The other close out related impacts include:

- Fair value loss of \$25.1 million on gold put options (2008: \$39.0 million). Newcrest purchased the gold put options following the close out of the gold hedge book in September 2007 in order to manage its exposure to commodity price risk;
- In the prior year, there was a loss on gold forward sales contracts of \$178.7 million. These contracts were all closed out in 2008 and had no impact in the current year and will have no impact in future years; and
- A foreign exchange gain of \$41.4 million (2008: \$39.0 million) on US Dollar denominated borrowings designated as cash flow hedges. This relates to the gain crystallised on the repayment of US Dollar denominated borrowings using proceeds from the equity raising undertaken in September 2007. The total gain (some of which was released in prior years) is being released to the Income Statement over the original designated repayment profile, as shown below:

| \$M                              | Current | To be released in future periods |       |
|----------------------------------|---------|----------------------------------|-------|
|                                  | 2009    | 2010                             | Total |
| FX gains on US Dollar Borrowings | 41.4    | 12.0                             | 12.0  |
| Tax effect                       | (12.4)  | (3.6)                            | (3.6) |
| After tax deferred FX gains      | 29.0    | 8.4                              | 8.4   |

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 3. Discussion and Analysis of the Cash Flow Statement

#### 3.1 Cash Flow – Operating Activities

The Group generated operating cash flows in excess of \$1 billion for the second consecutive year. Strong operational performance and high gold prices drove the operating cash flow of \$1,024.1 million, which was slightly higher than the prior year (\$1,018.1 million). The falling copper price and higher cost environment partly mitigated this result.

Higher tax instalments have been paid in Indonesia during the year reflecting increased profitability from Gosowong.

#### 3.2 Cash Flow – Investing Activities

Net cash used in investing activities for the year of \$1,381.6 million was an increase of \$887.7 million on the prior year. The increased expenditure was associated with the acquisition of 50% of the Morobe Joint Venture from Harmony for \$677.3 million (US\$532.1 million), and construction in Cadia Valley of \$250.0 million. Both Hidden Valley and Ridgeway Deeps will be completed during the first half of the 2010 financial year. Gosowong's Kencana 2 project is now in construction and Cadia Underground is heading towards final feasibility approval. The investing cashflows during the year were:

| <b>12 months ended 30 June 2009</b> | <b>\$M</b>     |
|-------------------------------------|----------------|
| Capital Expenditure:                |                |
| Sustaining                          | 103.1          |
| Development                         | 25.5           |
| Projects – Constructions (i)        | 344.0          |
| Projects – Studies (ii)             | 136.4          |
|                                     | <hr/>          |
|                                     | 609.0          |
| Morobe Mining JV (iii):             |                |
| Acquisition payments                | 470.6          |
| Construction                        | 190.7          |
|                                     | <hr/>          |
|                                     | 661.3          |
| Exploration                         | 109.3          |
| Other investing activities          | 2.0            |
| <b>Total</b>                        | <b>1,381.6</b> |

- (i) Includes \$250.0 million for Ridgeway Deeps development and \$59.7 million on underground development at Kencana.
- (ii) Includes pre-feasibility and feasibility for the Cadia East project of \$115.1 million.
- (iii) Total payments of \$661.3 million (US\$520.8 million) represent Newcrest's investment in the Morobe Mining Joint Venture and for the Group's share of construction expenditure at Hidden Valley. The Group share of exploration expenditure of \$16.0 million (US\$11.3 million) is included in Exploration.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Exploration expenditure

In line with guidance provided by Newcrest for FY2009, exploration expenditure has increased over the prior period. Greenfield exploration has focused on areas in USA, Australia, Fiji and PNG. The brownfields exploration effort included \$13.4 million in the Gosowong area and \$4.7 million in the Morobe province in PNG.

Reserve definition expenditure is focused on opportunities to improve existing resource positions and converting these resources to reserves. During the year this included:

- Cadia - Exploration drilling to extend the Cadia East mineralisation and drilling of the Ridgeways Deeps Lift 2 to confirm the mineralisation below the current block cave;
- Telfer - Underground drilling on the Vertical Stockwork Corridor and further drilling of the O'Callaghans deposit (tungsten/molybdenum); and
- Gosowong - Continued drilling at Kencana to extend mineralisation below the existing mine and north of the K1 deposit.

A breakdown of exploration expenditure by nature was:

| 12 months ended 30 June 2009 | \$M          |
|------------------------------|--------------|
| Greenfields                  | 25.4         |
| Brownfields                  | 37.5         |
| Reserve Definition           |              |
| - Cadia                      | 11.4         |
| - Cracow                     | 2.2          |
| - Telfer                     | 8.9          |
| - Gosowong                   | 8.6          |
| - Marsden                    | 1.2          |
| - Namosi, Fiji               | 7.7          |
| - Morobe, PNG                | 6.4          |
| <b>Total</b>                 | <b>109.3</b> |

A breakdown of exploration expenditure by region was:

| 12 months ended 30 June 2009 | \$M          |
|------------------------------|--------------|
| Australia                    | 51.8         |
| Indonesia                    | 22.1         |
| Papua New Guinea             | 16.0         |
| Fiji                         | 9.9          |
| Americas                     | 9.5          |
| <b>Total</b>                 | <b>109.3</b> |

### 3.3 Cash Flow – Financing Activities

Cash flows from financing activities were \$634.2 million inflow (2008: \$480.3 million outflow) with major movements in cash flows including:

- \$792.7 million net proceeds from the equity raising in February and March 2009; and
- \$40.1 million dividend payment to members of Newcrest and \$19.9 million dividend payment to the minority interest.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 4. Discussion and Analysis of the Balance Sheet

#### 4.1 Net Assets and Total Equity

Newcrest's Net Assets and Total Equity increased during the period by \$1,106.5 million to \$4,358.4 million. This was mostly due to the proceeds from the equity raising and the net profit for the year.

Property, plant and equipment and exploration, evaluation and development had a combined value on the balance sheet of \$3,911.2 million as at 30 June 2009 representing an increase of \$1,036.0 million on the prior year. This was mostly due to the assets acquired as part of the Morobe Mining Joint Venture and expenditure on construction of the Ridgeway Deeps mine.

Total deferred mining expenditure on the balance sheet at 30 June 2009 was \$302.8 million with the majority relating to the Cadia Hill open pit, which is expected to amortise over the next three years.

Newcrest also has carry forward tax losses of \$403.5 million recognised as an asset as at balance date. This is a reduction of \$87.2 million from last year. These relate to the Australian tax-consolidated group and include the hedge losses realised with the close out of the hedge book and gold bullion forward sales contracts in the 2008 financial year. At the current level of profitability, we expect operating tax losses to be fully utilised in the next three to four years.

#### 4.2 Net Debt and Gearing

Net debt, comprising total borrowings less cash, of \$84.1 million (30 June 2008: \$291.1 million) decreased by \$207.0 million as shown below:

|                                 | <b>\$M</b>   |
|---------------------------------|--------------|
| <b>Net debt at 30 June 2008</b> | <b>291.1</b> |
| Retranslation of USD debt       | 68.4         |
| Increase in cash balances       | (288.9)      |
| Net movement in finance leases  | 13.5         |
| <b>Net debt at 30 June 2009</b> | <b>84.1</b>  |

The increase in cash balances was as a result of the Equity Raising in February and March 2009. A portion of these funds was used to repay the draw down on the USD Bilateral Loan which was used to fund the acquisition of the Morobe Mining Joint Venture.

The gearing ratio of net debt to net debt plus equity decreased to 2% (30 June 2008: 8%) as shown below:

| <b>\$M</b>                             | <b>30 June<br/>2009</b> | <b>30 June<br/>2008</b> |
|--|-------------------------|-------------------------|
| Total debt                             | 450.5                   | 368.6                   |
| Less cash and cash equivalents         | (366.4)                 | (77.5)                  |
| Net debt                               | 84.1                    | 291.1                   |
| Equity                                 | 4,358.4                 | 3,251.9                 |
| Net debt and equity                    | 4,442.5                 | 3,543.0                 |
| Gearing (net debt/net debt and equity) | 2%                      | 8%                      |

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **4.3 Liquidity and Debt Facilities**

As at 30 June 2009, Newcrest has undrawn bilateral debt facilities of US\$969.0 million (30 June 2008: US\$969.0 million) with 14 banks. These facilities mature in the second half of the 2010 financial year. Refinancing these loans will commence during the first half of the 2010 financial year. The facility and number of banks will be reduced due to an assessment of required liquidity, the conservative balance sheet structure and the cost of undrawn facilities. Newcrest aims to effectively "roll over" these debt facilities (subject to market pricing) maintaining them as bilateral facilities, predominantly with existing bilateral banks.

Newcrest has US\$350 million of long term senior unsecured notes issued into the North American Private Placement market. The notes, comprising 5 tranches, have a repayment profile from May 2012 to May 2020. The current plan is for this facility to continue until maturity.

**INCOME STATEMENT**

For the year ended 30 June 2009

|   |             | <b>Consolidated</b> |                     |
|---|-------------|---------------------|---------------------|
|   | <b>Note</b> | <b>2009</b>         | <b>2008</b>         |
|   |             | <b>\$M</b>          | <b>\$M</b>          |
| Operating sales revenue   | 3(a)        | 2,530.8             | 2,363.1             |
| Cost of sales   | 3(b)        | (1,638.0)           | (1,497.3)           |
| Gross profit  |             | <u>892.8</u>        | <u>865.8</u>        |
| Exploration expenses  |             | (57.8)              | (46.4)              |
| Corporate administration expenses   | 3(c)        | (69.8)              | (58.1)              |
| <b>Operating Profit</b>   |             | <b><u>765.2</u></b> | <b><u>761.3</u></b> |
| Other revenue   | 3(d)        | 8.3                 | 20.4                |
| Other income/(expenses)   | 3(e)        | 6.8                 | 9.2                 |
| Losses on delivered hedges  | 3(f)        | -                   | (33.8)              |
| Finance costs – ordinary activities   | 3(g)        | (34.9)              | (43.4)              |
| <b>Profit before tax, restructure and close out impacts</b>   |             | <b><u>745.4</u></b> | <b><u>713.7</u></b> |
| Losses on restructured and closed out hedge contracts   | 3(k)        | (352.0)             | (314.1)             |
| Other close out related costs   | 3(l)        | (25.1)              | (217.7)             |
| Finance costs – close out and restructure   | 3(m)        | -                   | (20.9)              |
| Foreign exchange gain on US Dollar borrowings   | 3(n)        | 41.4                | 39.0                |
| <b>Profit before income tax</b>   |             | <b><u>409.7</u></b> | <b><u>200.0</u></b> |
| Income tax expense  |             | (127.6)             | (36.6)              |
| <b>Profit after income tax</b>  |             | <b><u>282.1</u></b> | <b><u>163.4</u></b> |
| Attributable to:  |             |                     |                     |
| Minority interest   |             | 34.0                | 29.1                |
| Members of the parent entity  |             | 248.1               | 134.3               |
|   |             | <b><u>282.1</u></b> | <b><u>163.4</u></b> |
| <b>Profit after tax attributable to members of the parent entity comprises:</b>   |             |                     |                     |
| Profit after tax attributable to members of the parent entity   |             | 248.1               | 134.3               |
| Losses on restructured and closed out hedge contracts (after tax)   | 3(k)        | 246.4               | 219.9               |
| Other close out related costs (after tax)   | 3(l)        | 17.6                | 152.4               |
| Finance costs - close out and restructure (after tax)   | 3(m)        | -                   | 14.6                |
| Foreign exchange gain on USD borrowings (after tax)   | 3(n)        | (29.0)              | (27.3)              |
| <b>Profit after tax before hedge restructure and close out impacts attributable to members of the parent entity (“Underlying Profit”)</b> |             | <b><u>483.1</u></b> | <b><u>493.9</u></b> |
| <b>Earnings per share (EPS) (cents per share)</b>   | <b>4</b>    |                     |                     |
| Basic earnings per share  |             | 53.0                | 30.8                |
| Diluted earnings per share  |             | 52.9                | 30.7                |
| Earnings per share on Underlying Profit:  |             |                     |                     |
| Basic earnings per share  |             | 103.2               | 113.2               |
| Diluted earnings per share  |             | 103.0               | 112.9               |
| Dividends per share (cents per share)   | 2           | 15.0                | 10.0                |

The Income Statement is to be read in conjunction with the Management Discussion and Analysis.

**BALANCE SHEET**

As at 30 June 2009

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | <b>2009</b>         | <b>2008</b>    |
|   | <b>\$M</b>          | <b>\$M</b>     |
| <b>Current Assets</b>                   |                     |                |
| Cash and cash equivalents               | 366.4               | 77.5           |
| Trade and other receivables             | 272.6               | 218.2          |
| Inventories                             | 272.8               | 219.6          |
| Financial derivative assets             | 13.5                | 6.9            |
| Other                                   | 156.0               | 161.5          |
| <b>Total Current Assets</b>             | <b>1,081.3</b>      | <b>683.7</b>   |
| <b>Non-Current Assets</b>               |                     |                |
| Other receivables                       | 9.1                 | 0.3            |
| Inventories                             | -                   | 1.4            |
| Property, plant and equipment           | 1,470.0             | 1,405.0        |
| Exploration, evaluation and development | 2,441.2             | 1,470.2        |
| Intangible assets                       | 32.5                | -              |
| Deferred tax assets                     | 403.5               | 490.7          |
| Financial derivative assets             | 14.8                | 37.6           |
| Other                                   | 163.6               | 235.0          |
| <b>Total Non-Current Assets</b>         | <b>4,534.7</b>      | <b>3,640.2</b> |
| <b>Total Assets</b>                     | <b>5,616.0</b>      | <b>4,323.9</b> |
| <b>Current Liabilities</b>              |                     |                |
| Trade and other payables                | 212.6               | 177.7          |
| Borrowings                              | 5.0                 | 2.6            |
| Financial derivative liabilities        | 6.8                 | 6.1            |
| Income tax payable                      | 1.1                 | 21.5           |
| Provisions                              | 93.9                | 43.3           |
| Other                                   | 1.1                 | -              |
| <b>Total Current Liabilities</b>        | <b>320.5</b>        | <b>251.2</b>   |
| <b>Non-Current Liabilities</b>          |                     |                |
| Borrowings                              | 445.5               | 366.0          |
| Deferred tax liabilities                | 414.5               | 385.4          |
| Provisions                              | 76.6                | 62.5           |
| Other                                   | 0.5                 | 6.9            |
| <b>Total Non-Current Liabilities</b>    | <b>937.1</b>        | <b>820.8</b>   |
| <b>Total Liabilities</b>                | <b>1,257.6</b>      | <b>1,072.0</b> |
| <b>Net Assets</b>                       | <b>4,358.4</b>      | <b>3,251.9</b> |
| <b>Equity</b>                           |                     |                |
| Issued capital                          | 3,641.6             | 2,857.4        |
| Retained earnings                       | 1,031.8             | 829.0          |
| Reserves                                | (357.4)             | (461.2)        |
| <b>Parent entity interest</b>           | <b>4,316.0</b>      | <b>3,225.2</b> |
| <b>Minority interest</b>                | <b>42.4</b>         | <b>26.7</b>    |
| <b>Total Equity</b>                     | <b>4,358.4</b>      | <b>3,251.9</b> |

The Balance Sheet is to be read in conjunction with the Management Discussion and Analysis.

**STATEMENT OF CASH FLOWS**  
 For the year ended 30 June 2009

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | <b>2009</b>         | <b>2008</b>    |
| <b>Note</b>   | <b>\$M</b>          | <b>\$M</b>     |
| <b>Cash Flows from Operating Activities</b>                       |                     |                |
| Receipts from customers   | 2,517.0             | 2,456.8        |
| Payments to suppliers and employees                               | (1,368.2)           | (1,295.6)      |
| Losses on delivered hedges  | -                   | (52.5)         |
| Interest received   | 7.7                 | 18.9           |
| Interest paid   | (29.9)              | (50.8)         |
| Income taxes paid   | (102.5)             | (58.7)         |
| <b>Net cash provided by operating activities</b>                  | <b>1,024.1</b>      | <b>1,018.1</b> |
| <b>Cash Flows from Investing Activities</b>                       |                     |                |
| Payments for property, plant and equipment                        | (114.3)             | (111.2)        |
| Mine under construction and development expenditure               | (533.3)             | (174.9)        |
| Feasibility expenditure   | (123.8)             | (49.6)         |
| Exploration and evaluation expenditure                            | (109.3)             | (76.8)         |
| Software expenditure  | (28.3)              | -              |
| Acquisition of interest in joint venture                          | 6(c) (470.6)        | -              |
| Interest capitalised to development projects                      | (4.6)               | (2.2)          |
| Proceeds from sale of non-current assets                          | 2.6                 | 0.3            |
| Purchase of gold put options                                      | -                   | (79.5)         |
| <b>Net cash (used in) investing activities</b>                    | <b>(1,381.6)</b>    | <b>(493.9)</b> |
| <b>Cash Flows from Financing Activities</b>                       |                     |                |
| Proceeds from borrowings:   |                     |                |
| • US Dollar Bilateral debt  | 570.1               | 70.1           |
| Repayment of borrowings:  |                     |                |
| • Gold loan   | -                   | (150.6)        |
| • US Dollar Bilateral debt  | (647.0)             | (825.4)        |
| Repayment of finance lease principal                              | (2.8)               | (1.1)          |
| Proceeds from equity issue net of costs                           | 792.7               | 2,014.4        |
| Proceeds from other share issues                                  | 6.3                 | 4.9            |
| Share buy-back  | (25.1)              | (6.6)          |
| Dividends paid:   |                     |                |
| • Members of the parent entity                                    | (40.1)              | (14.9)         |
| • Minority interests  | (19.9)              | (21.8)         |
| Purchase of gold to close out gold forward contracts              | -                   | (1,549.3)      |
| <b>Net cash (used in)/provided by financing activities</b>        | <b>634.2</b>        | <b>(480.3)</b> |
| Net increase/(decrease) in cash and cash equivalents              | 276.7               | 43.9           |
| Cash and cash equivalents at the beginning of the financial year  | 77.5                | 34.3           |
| Effects of exchange rate changes on cash held                     | 12.2                | (0.7)          |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>366.4</b>        | <b>77.5</b>    |

The Statement of Cash Flows is to be read in conjunction with the Management Discussion and Analysis.



## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

| Consolidated   | Attributable to Equity Holders of the Parent |                               |                      |                                   |                          |                | Minority Interest<br>\$M | Total<br>\$M   |
|--|--|-------------------------------|----------------------|-----------------------------------|--------------------------|----------------|--------------------------|----------------|
|  | Issued Capital<br>\$M                        | FX Translation Reserve<br>\$M | Hedge Reserve<br>\$M | Equity Settlements Reserve<br>\$M | Retained Earnings<br>\$M | Total<br>\$M   |                          |                |
| <b>Balance at 1 July 2008</b>  | <b>2,857.4</b>                               | <b>(20.0)</b>                 | <b>(460.8)</b>       | <b>19.6</b>                       | <b>829.0</b>             | <b>3,225.2</b> | <b>26.7</b>              | <b>3,251.9</b> |
| Foreign exchange gain/(loss) on US Dollar debt cash flow hedge deferred in equity                    | -  | -                             | (68.4)               | -                                 | -                        | (68.4)         | -                        | (68.4)         |
| Foreign exchange gain/(loss) on foreign currency contract cash flow hedge deferred in equity         | -  | -                             | (0.3)                | -                                 | -                        | (0.3)          | -                        | (0.3)          |
| Losses on restructured hedge contracts transferred to the Income Statement (refer note 3(k))         | -  | -                             | 352.0                | -                                 | -                        | 352.0          | -                        | 352.0          |
| Foreign exchange gains on US Dollar borrowings transferred to the Income Statement (refer note 3(n)) | -  | -                             | (41.4)               | -                                 | -                        | (41.4)         | -                        | (41.4)         |
| Foreign currency translation   | -  | (4.4)                         | -                    | -                                 | -                        | (4.4)          | 1.6                      | (2.8)          |
| Net gain/(loss) on hedge of net investment   | -  | (76.9)                        | -                    | -                                 | -                        | (76.9)         | -                        | (76.9)         |
| Deferred tax on items taken directly to/transferred from equity                                      | -  | 7.7                           | (72.5)               | -                                 | -                        | (64.8)         | -                        | (64.8)         |
| <b>Total income/(expense) recognised directly in equity</b>  | <b>-</b>                                     | <b>(73.6)</b>                 | <b>169.4</b>         | <b>-</b>                          | <b>-</b>                 | <b>95.8</b>    | <b>1.6</b>               | <b>97.4</b>    |
| Net profit for the year  | -  | -                             | -                    | -                                 | 248.1                    | 248.1          | 34.0                     | 282.1          |
| <b>Total recognised income/(expense) for the year</b>  | <b>-</b>                                     | <b>(73.6)</b>                 | <b>169.4</b>         | <b>-</b>                          | <b>248.1</b>             | <b>343.9</b>   | <b>35.6</b>              | <b>379.5</b>   |
| Share-based payments   | -  | -                             | -                    | 8.0                               | -                        | 8.0            | -                        | 8.0            |
| Exercise of options  | 6.3  | -                             | -                    | -                                 | -                        | 6.3            | -                        | 6.3            |
| Shares issued - Dividend reinvestment plan   | 5.2  | -                             | -                    | -                                 | -                        | 5.2            | -                        | 5.2            |
| Shares issued - Equity Raising   | 797.8  | -                             | -                    | -                                 | -                        | 797.8          | -                        | 797.8          |
| Share buy-back   | (25.1)                                       | -                             | -                    | -                                 | -                        | (25.1)         | -                        | (25.1)         |
| Dividends paid   | -  | -                             | -                    | -                                 | (45.3)                   | (45.3)         | (19.9)                   | (65.2)         |
| <b>Balance at 30 June 2009</b>   | <b>3,641.6</b>                               | <b>(93.6)</b>                 | <b>(291.4)</b>       | <b>27.6</b>                       | <b>1,031.8</b>           | <b>4,316.0</b> | <b>42.4</b>              | <b>4,358.4</b> |

The Statement of Changes in Equity should be read in conjunction with the Management Discussion and Analysis.

**STATEMENT OF CHANGES IN EQUITY (Continued)**

For the year ended 30 June 2009

| Consolidated   | Attributable to Equity Holders of the Parent |                               |                      |                                   |                          |                | Minority Interest<br>\$M | Total<br>\$M   |
|--|--|-------------------------------|----------------------|-----------------------------------|--------------------------|----------------|--------------------------|----------------|
|  | Issued Capital<br>\$M                        | FX Translation Reserve<br>\$M | Hedge Reserve<br>\$M | Equity Settlements Reserve<br>\$M | Retained Earnings<br>\$M | Total<br>\$M   |                          |                |
| <b>Balance at 1 July 2007</b>  | <b>834.5</b>                                 | <b>(10.6)</b>                 | <b>(630.2)</b>       | <b>14.1</b>                       | <b>711.5</b>             | <b>919.3</b>   | <b>21.5</b>              | <b>940.8</b>   |
| Foreign exchange gain/(loss) on US Dollar debt cash flow hedge deferred in equity                    | -  | -                             | 78.5                 | -                                 | -                        | 78.5           | -                        | 78.5           |
| Net fair value gains/(losses) on gold forward cash flow hedges deferred in equity                    | -  | -                             | (205.7)              | -                                 | -                        | (205.7)        | -                        | (205.7)        |
| Net impact of prior period restructures transferred to equity  | -  | -                             | 57.8                 | -                                 | -                        | 57.8           | -                        | 57.8           |
| Losses on restructured hedge contracts transferred to the Income Statement (refer note 3(k))         | -  | -                             | 314.0                | -                                 | -                        | 314.0          | -                        | 314.0          |
| Foreign exchange gains on US Dollar borrowings transferred to the Income Statement (refer note 3(n)) | -  | -                             | (39.0)               | -                                 | -                        | (39.0)         | -                        | (39.0)         |
| Net cash flow hedge losses transferred to the Income Statement (refer note 3(f))                     | -  | -                             | 33.8                 | -                                 | -                        | 33.8           | -                        | 33.8           |
| Foreign currency translation   | -  | (13.5)                        | -                    | -                                 | -                        | (13.5)         | (2.9)                    | (16.4)         |
| Deferred tax on items taken directly to/transferred from equity                                      | -  | 4.1                           | (70.0)               | -                                 | -                        | (65.9)         | 0.9                      | (65.0)         |
| <b>Total income/(expense) recognised directly in equity</b>  | <b>-</b>                                     | <b>(9.4)</b>                  | <b>169.4</b>         | <b>-</b>                          | <b>-</b>                 | <b>160.0</b>   | <b>(2.0)</b>             | <b>158.0</b>   |
| Net profit for the year  | -  | -                             | -                    | -                                 | 134.3                    | 134.3          | 29.1                     | 163.4          |
| <b>Total recognised income/(expense) for the year</b>  | <b>-</b>                                     | <b>(9.4)</b>                  | <b>169.4</b>         | <b>-</b>                          | <b>134.3</b>             | <b>294.3</b>   | <b>27.1</b>              | <b>321.4</b>   |
| Share-based payments   | -  | -                             | -                    | 5.5                               | -                        | 5.5            | -                        | 5.5            |
| Exercise of options  | 4.9  | -                             | -                    | -                                 | -                        | 4.9            | -                        | 4.9            |
| Shares issued - Dividend reinvestment plan   | 2.0  | -                             | -                    | -                                 | -                        | 2.0            | -                        | 2.0            |
| Shares issued - Equity Raising   | 2,022.6                                      | -                             | -                    | -                                 | -                        | 2,022.6        | -                        | 2,022.6        |
| Share buy-back   | (6.6)  | -                             | -                    | -                                 | -                        | (6.6)          | -                        | (6.6)          |
| Dividends paid   | -  | -                             | -                    | -                                 | (16.8)                   | (16.8)         | (21.9)                   | (38.7)         |
| <b>Balance at 30 June 2008</b>   | <b>2,857.4</b>                               | <b>(20.0)</b>                 | <b>(460.8)</b>       | <b>19.6</b>                       | <b>829.0</b>             | <b>3,225.2</b> | <b>26.7</b>              | <b>3,251.9</b> |

The Statement of Changes in Equity should be read in conjunction with the Management Discussion and Analysis.

**NOTES TO THE FINANCIAL INFORMATION**

For the year ended 30 June 2009

**1 Accounting Policies**

The Appendix 4E has been prepared in accordance with the ASX Listing Rules. Information included in the Appendix 4E has been extracted from the Group's full financial report, and is presented in Australian dollars.

A full description of the accounting policies adopted by the Group can be found in the Group's full financial report. These accounting policies have been consistently applied by each entity in the Group.

The full financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report of the Group also complies with International Financial Reporting Standards ('IFRSs') including interpretations as issued by the International Accounting Standards Board.

**2 Dividends**

|  | <b>Cents per<br/>share</b> | <b>Total<br/>amount \$M</b> | <b>Franked/<br/>unfranked</b> | <b>Date of<br/>payment</b> |
|--|----------------------------|-----------------------------|-------------------------------|----------------------------|
| Dividends recognised in the current year by the Company are:                         |                            |                             |                               |                            |
| <b>2009 – Dividend paid during the year for the 30 June 2008 year</b>                |                            |                             |                               |                            |
| Final – ordinary   | 10.0                       | <u>45.3</u>                 | Unfranked                     | 17 Oct 2008                |
| <b>2008 – Dividend paid during the year for the 30 June 2007 year</b>                |                            |                             |                               |                            |
| Final – ordinary   | 5.0                        | <u>16.8</u>                 | Unfranked                     | 27 Sep 2007                |
| <b>Subsequent events</b>   |                            |                             |                               |                            |
| <b>Dividend proposed and not recognised as a liability:</b>                          |                            |                             |                               |                            |
| Since the end of the financial year, the Directors declared the following dividends: |                            |                             |                               |                            |
| Final – ordinary   | 15.0                       | <u>72.5</u>                 | Unfranked                     | 16 Oct 2009                |
| <b>Dividend franking account balance</b>   |                            |                             |                               |                            |
|  |                            | <b>Consolidated</b>         |                               |                            |
|  |                            | <b>2009</b>                 | <b>2008</b>                   |                            |
|  |                            | <b>\$M</b>                  | <b>\$M</b>                    |                            |
| Franking credits at 30% available for the subsequent financial year                  |                            | 0.0                         | 0.1                           |                            |

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**3. Revenue and Expenses**

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | <b>2009</b>         | <b>2008</b>    |
|  | <b>\$M</b>          | <b>\$M</b>     |
| <b>Specific items</b>  |                     |                |
| Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group: |                     |                |
| <b>(a) Sales Revenue</b>   |                     |                |
| Gold   | 1,914.4             | 1,617.9        |
| Copper   | 593.2               | 721.2          |
| Silver   | 23.2                | 24.0           |
| <b>Total Operating Sales Revenue</b>   | <b>2,530.8</b>      | <b>2,363.1</b> |
| <b>(b) Cost of Sales</b>   |                     |                |
| Mine production costs  | 1,097.7             | 1,019.3        |
| Royalty  | 56.1                | 57.8           |
| Concentrate treatment and realisation  | 153.6               | 151.2          |
| Depreciation   | 262.5               | 273.2          |
| Deferred mining adjustment   | 60.5                | 24.5           |
| Inventory movements  | (1.0)               | (28.7)         |
| Gas disruption costs <sup>(1)</sup>  | 8.6                 | -              |
| <b>Total Cost of Sales</b>   | <b>1,638.0</b>      | <b>1,497.3</b> |
| <b>(c) Corporate Administration Expenses</b>   |                     |                |
| Corporate costs  | 57.5                | 47.2           |
| Corporate depreciation   | 4.3                 | 5.4            |
| Equity settled share-based payments  | 8.0                 | 5.5            |
| <b>Total Corporate Administration Expenses</b>   | <b>69.8</b>         | <b>58.1</b>    |
| <b>(d) Other Revenue</b>   |                     |                |
| Interest from other persons  | 7.7                 | 18.9           |
| Joint venture management fees  | 0.6                 | 1.5            |
| <b>Total Other Revenue</b>   | <b>8.3</b>          | <b>20.4</b>    |
| <b>(e) Other Income/(Expenses)</b>   |                     |                |
| Profit/(loss) on sale of non-current assets  | 0.9                 | (0.6)          |
| Net foreign exchange gain/(loss)   | (32.6)              | (20.3)         |
| Royalty refund   | -                   | 6.4            |
| Fair value gain on gold lease rate swaps   | -                   | 1.5            |
| Fair value gain on gold and copper derivatives   | 34.0                | 17.1           |
| Other  | 4.5                 | 5.1            |
| <b>Total Other Income/(Expenses)</b>   | <b>6.8</b>          | <b>9.2</b>     |

<sup>(1)</sup> Represents the additional costs, net of insurance proceeds, associated with securing alternative sources of gas for Telfer as a result of the Varanus Island gas plant explosion in June 2008.

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**3. Revenue and Expenses (Continued)**

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2009</b>         | <b>2008</b>   |
|   | <b>\$M</b>          | <b>\$M</b>    |
| <b>(f) Losses on Delivered Hedges <sup>(1)</sup></b>  |                     |               |
| Gold hedge losses   | -                   | (33.8)        |
| <b>Total Losses on Delivered Hedges</b>   | <b>-</b>            | <b>(33.8)</b> |
| <br>  |                     |               |
| <sup>(1)</sup> These relate to losses realised on hedge contracts that were settled by physical delivery prior to the hedge book close out in September 2007. |                     |               |
| <b>(g) Finance Costs – Ordinary Activities</b>  |                     |               |
| Interest Costs:   |                     |               |
| Interest on loans   | 31.8                | 38.1          |
| Finance leases  | 0.2                 | 0.7           |
| Other:  |                     |               |
| Facility fees and other costs   | 3.7                 | 2.7           |
| Discount unwind on provisions   | 3.8                 | 4.1           |
|   | <u>39.5</u>         | <u>45.6</u>   |
| Less: Capitalised borrowing costs   | (4.6)               | (2.2)         |
| <b>Total Finance Costs – Ordinary Activities</b>  | <b>34.9</b>         | <b>43.4</b>   |
| <br>  |                     |               |
| <b>(h) Depreciation and Amortisation</b>  |                     |               |
| Property, plant and equipment   | 151.0               | 150.4         |
| Mine development  | 130.5               | 128.1         |
| Intangible assets   | 0.9                 | -             |
|   | <u>282.4</u>        | <u>278.5</u>  |
| Add/(Less):   |                     |               |
| Capitalised to inventory on hand or mines under construction  | (15.6)              | 0.1           |
| <b>Total Depreciation and Amortisation Expense</b>  | <b>266.8</b>        | <b>278.6</b>  |
| <br>  |                     |               |
| Included in:  |                     |               |
| Cost of Sales Depreciation  | 262.5               | 273.2         |
| Corporate Depreciation  | 4.3                 | 5.4           |
| <b>Total Depreciation and Amortisation Expense</b>  | <b>266.8</b>        | <b>278.6</b>  |
| <br>  |                     |               |
| <b>(i) Employee Benefits Expense</b>  |                     |               |
| Defined benefit plan expense  | 0.8                 | 0.5           |
| Equity settled share-based payments   | 8.0                 | 5.5           |
| Termination benefits expense  | 1.6                 | -             |
| Defined contribution plan expense   | 18.3                | 20.9          |
| Other employment benefits   | 219.7               | 199.6         |
| <b>Total Employee Benefits Expense</b>  | <b>248.4</b>        | <b>226.5</b>  |
| <br>  |                     |               |
| <b>(j) Other Items:</b>   |                     |               |
| Operating lease rentals   | 5.4                 | 6.8           |
| Stores obsolescence   | 0.6                 | 0.4           |
|   | <u>6.0</u>          | <u>7.2</u>    |

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**3. Revenue and Expenses (Continued)**

|   | <b>Consolidated</b> |              |
|---|---------------------|--------------|
|   | <b>2009</b>         | <b>2008</b>  |
|   | <b>\$M</b>          | <b>\$M</b>   |
| <b>(k) Losses on Restructured and Closed out Hedge contracts</b>                |                     |              |
| Losses on restructured and closed out hedge contracts transferred from reserves | 352.0               | 314.1        |
| Applicable income tax (benefit)   | (105.6)             | (94.2)       |
| <b>Total Losses on Restructured and Closed Out Hedges (after tax)</b>           | <b>246.4</b>        | <b>219.9</b> |
| <b>(l) Other Close Out Related Costs</b>  |                     |              |
| Fair value loss on gold forward sales contracts                                 | -                   | 178.7        |
| Fair value loss on gold put options   | 25.1                | 39.0         |
| <b>Total Other Close Out Related Costs</b>                                      | <b>25.1</b>         | <b>217.7</b> |
| Applicable income tax (benefit)   | (7.5)               | (65.3)       |
| <b>Total Other Close Out Related Costs (after tax)</b>                          | <b>17.6</b>         | <b>152.4</b> |
| <b>(m) Finance Costs - Close Out and Restructure</b>                            |                     |              |
| Gold loan break costs   | -                   | 13.1         |
| Discount unwind - hedge restructure liability <sup>(1)</sup>                    | -                   | 7.8          |
| <b>Total Finance Costs - Close Out and Restructure</b>                          | <b>-</b>            | <b>20.9</b>  |
| Applicable income tax (benefit)   | -                   | (6.3)        |
| <b>Total Finance Costs - Close Out and Restructure (after tax)</b>              | <b>-</b>            | <b>14.6</b>  |
| <b>(n) Foreign Exchange Gain on US Dollar Borrowings</b>                        |                     |              |
| Foreign exchange gain on US Dollar borrowings transferred from reserves         | 41.4                | 39.0         |
| Applicable income tax (expense)   | (12.4)              | (11.7)       |
| <b>Total Foreign Exchange Gain on US Dollar Borrowings (after tax)</b>          | <b>29.0</b>         | <b>27.3</b>  |

<sup>(1)</sup> This relates to the unwind of the discount on the hedge restructure liability, established as part of the November 2006 hedgebook restructure, from 1 July 2007 – 10 September 2007.

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**4 Earnings Per Share (EPS)**

|  | <b>Consolidated</b> |       |
|--|---------------------|-------|
|  | <b>2009</b>         | 2008  |
| <b>EPS (cents per share)</b>                 |                     |       |
| Basic EPS                                    | 53.0                | 30.8  |
| Diluted EPS                                  | 52.9                | 30.7  |
| <br>Earnings per share on Underlying Profit: |                     |       |
| Basic EPS                                    | 103.2               | 113.2 |
| Diluted EPS                                  | 103.0               | 112.9 |

|  | <b>Consolidated</b> |       |
|--|---------------------|-------|
|  | <b>2009</b>         | 2008  |
|  | <b>\$M</b>          | \$M   |
| The following reflects the income used in the calculation of basic and diluted EPS:                      |                     |       |
| Profit after income tax attributable to ordinary equity holders of the parent                            | 248.1               | 134.3 |
| Earnings attributable to ordinary equity holders of the parent used in calculating basic and diluted EPS | 248.1               | 134.3 |

|   |       |       |
|---|-------|-------|
| The following reflects the income used in the calculation of basic and diluted EPS on Underlying Profit:            |       |       |
| Profit after tax before hedge restructure and close out impacts   | 483.1 | 493.9 |
| Earnings attributable to ordinary equity holders of the parent used in calculating underlying basic and diluted EPS | 483.1 | 493.9 |

|   | <b>No. of shares</b> | <b>No. of shares</b> |
|---|----------------------|----------------------|
| The following reflects the share data used in the calculation of basic and diluted EPS: |                      |                      |
| Weighted average number of ordinary shares used in calculating basic EPS:               | 467,951,049          | 436,396,091          |
| Effect of dilutive securities:  |                      |                      |
| Share options   | 1,167,735            | 1,108,181            |
| Adjusted weighted average number of ordinary shares used in calculating diluted EPS     | 469,118,784          | 437,505,082          |

**Restatement of comparatives**

The EPS calculations for the 2008 financial year have been restated to include the impact of the Equity Raising undertaken in February 2009, in accordance with accounting standards.

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**5. Segment Information**

The Group's primary segment reporting format is geographical segments as the Group's risk and rates of return are affected predominantly by the location of the mine sites. The operating businesses are organised and managed separately according to their location. Cadia Valley Operations, Telfer and Cracow are located in Australia. Gosowong is located in Indonesia and Morobe is located in Papua New Guinea.

**Geographical Segments (Primary Reporting Format based on location of mine sites)**

| 2009                                   | Cadia Valley<br>Operations<br>\$M | Gosowong<br>\$M | Telfer <sup>(iii)</sup><br>\$M | Cracow<br>\$M | Morobe<br>\$M | Group and<br>Unallocated <sup>(i)</sup><br>\$M | 2009<br>Total<br>\$M |
|--|-----------------------------------|-----------------|--------------------------------|---------------|---------------|--|----------------------|
| External Sales revenue <sup>(ii)</sup> | 991.5                             | 473.6           | 985.4                          | 80.3          | -             | -  | 2,530.8              |
| Other revenue                          | -                                 | -               | -                              | -             | -             | 8.3  | 8.3                  |
| <b>Total segment revenue</b>           | <b>991.5</b>                      | <b>473.6</b>    | <b>985.4</b>                   | <b>80.3</b>   | <b>-</b>      | <b>8.3</b>                                     | <b>2,539.1</b>       |
| Segment EBITDA                         | 474.5                             | 332.3           | 302.8                          | 44.9          | -             | (443.1)  | 711.4                |
| Depreciation and amortisation          | (53.0)                            | (40.8)          | (162.4)                        | (13.8)        | -             | 3.2  | (266.8)              |
| Segment result <sup>(ii)</sup>         | 421.5                             | 291.5           | 140.4                          | 31.1          | -             | (439.9)  | 444.6                |
| Finance costs                          |                                   |                 |                                |               |               | (34.9)   | (34.9)               |
| Income tax expense                     |                                   |                 |                                |               |               | (127.6)  | (127.6)              |
| <b>Consolidated net profit</b>         |                                   |                 |                                |               |               |  | <b>282.1</b>         |
| Segment assets                         | 1,571.4                           | 314.0           | 2,135.2                        | 75.9          | 749.6         | 769.9  | 5,616.0              |
| Segment liabilities                    | 102.0                             | 71.1            | 100.9                          | 6.8           | 65.7          | 911.1  | 1,257.6              |
| <b>Other segment information</b>       |                                   |                 |                                |               |               |  |                      |
| Acquisition of segment assets          | 388.6                             | 131.4           | 82.4                           | 35.4          | 740.4         | 46.1   | 1,424.3              |

**Notes:**

- (i) Includes eliminations, hedging, interest, income tax, financing, restructure and close out impacts.  
 (ii) Segment sales revenue and segment results by mine location includes gold and copper sales at unhedged prices. Mine results do not include allocation of hedging and interest costs. These are included in Group and Unallocated.  
 (iii) Includes gas disruption costs of \$8.6 million.



**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**5. Segment Information (continued)**

| <b>2008</b>                            | <b>Cadia Valley<br/>Operations<br/>\$M</b> | <b>Gosowong<br/>\$M</b> | <b>Telfer<br/>\$M</b> | <b>Cracow<br/>\$M</b> | <b>Morobe<br/>\$M</b> | <b>Group and<br/>Unallocated <sup>(i)</sup><br/>\$M</b> | <b>2008<br/>Total<br/>\$M</b> |
|--|--|-------------------------|-----------------------|-----------------------|-----------------------|---|-------------------------------|
| External Sales revenue <sup>(ii)</sup> | 1,166.9                                    | 376.8                   | 749.6                 | 69.8                  | -                     | -   | 2,363.1                       |
| Other revenue                          | 2.9  | 4.4                     | -                     | -                     | -                     | 13.1  | 20.4                          |
| <b>Total segment revenue</b>           | <b>1,169.8</b>                             | <b>381.2</b>            | <b>749.6</b>          | <b>69.8</b>           | <b>-</b>              | <b>13.1</b>   | <b>2,383.5</b>                |
| Segment EBITDA                         | 665.9                                      | 275.3                   | 164.8                 | 33.0                  | -                     | (596.1)   | 542.9                         |
| Depreciation and amortisation          | (69.2)                                     | (36.9)                  | (153.6)               | (13.5)                | -                     | (5.4)   | (278.6)                       |
| <b>Segment result <sup>(ii)</sup></b>  | <b>596.7</b>                               | <b>238.4</b>            | <b>11.2</b>           | <b>19.5</b>           | <b>-</b>              | <b>(601.5)</b>  | <b>264.3</b>                  |
| Finance costs                          |  |                         |                       |                       |                       | (64.3)  | (64.3)                        |
| Income tax expense                     |  |                         |                       |                       |                       | (36.6)  | (36.6)                        |
| <b>Consolidated net profit</b>         |  |                         |                       |                       |                       |   | <b>163.4</b>                  |
| Segment assets                         | 1,284.3                                    | 216.2                   | 2,172.1               | 73.7                  | -                     | 577.6   | 4,323.9                       |
| Segment liabilities                    | 259.5                                      | 65.4                    | 104.7                 | 5.2                   | -                     | 637.2   | 1,072.0                       |
| <b>Other segment information</b>       |  |                         |                       |                       |                       |   |                               |
| Acquisition of segment assets          | 209.0                                      | 58.0                    | 52.8                  | 8.4                   | -                     | 55.3  | 383.5                         |

Notes:

- (i) Includes eliminations, hedging, interest, income tax, financing, restructure and close out impacts.
- (ii) Segment sales revenue and segment results by mine location includes gold and copper sales at unhedged prices. Mine results do not include allocation of hedging and interest costs. These are included in Group and Unallocated.

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**5. Segment Information (continued)**
***Geographical Segments (based on location of customers)***

|                            | <b>Sales Revenue from<br/>External Customers</b> |                |
|----------------------------|--|----------------|
|                            | <b>2009</b>                                      | <b>2008</b>    |
|                            | <b>\$M</b>                                       | <b>\$M</b>     |
|                            |  |                |
| <b><i>Bullion</i></b>      |  |                |
| Australia                  | 858.2  | 752.3          |
| Other Asia                 | 1.8  | 12.2           |
| <b><i>Concentrate</i></b>  |  |                |
| Japan                      | 989.7  | 919.1          |
| Korea                      | 134.6  | 95.2           |
| China                      | 103.8  | 18.3           |
| Europe <sup>(1)</sup>      | 364.2  | 360.2          |
| USA <sup>(1)</sup>         | 78.5   | 205.8          |
| <b>Total Sales Revenue</b> | <b>2,530.8</b>                                   | <b>2,363.1</b> |

<sup>(1)</sup> The majority of concentrate sales to customers in Europe and the USA are shipped to smelters in Japan, Korea and China.

***Business Segments (Secondary Reporting Format)***

The Group operates predominantly in one business segment being the gold mining industry and derives its revenue from the sale of gold and gold/copper concentrate.

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**6. Acquisition of Interest in the Morobe Mining Joint Venture**
**(a) Details of Acquisition**

During the year Newcrest acquired a 50% interest in the Papua New Guinea ("PNG") gold assets of Harmony Gold Mining Ltd ("Harmony") via unincorporated joint venture structures. The joint venture assets comprise:

- The Hidden Valley mining operation, a gold and silver project, expected to produce over 250,000 ounces of gold and 4 million ounces of silver per annum over a 14-year mine life;
- The highly-prospective Wafi-Golpu gold-copper deposit and its surrounding exploration tenements; and
- Extensive exploration tenements in the Morobe province of PNG.

The acquisition of the interest in the joint venture comprised two stages:

- In the first stage, which was completed on 7 August 2008, Newcrest acquired an initial 30.01% interest for cash consideration of US\$228.0 million (A\$249.4 million) consisting of an initial payment of US\$180.0 million together with a reimbursement to Harmony of US\$48.0 million in project expenditure incurred between 1 January 2008 and 7 August 2008.
- The second stage represented a farm-in commitment for the remaining 19.99% interest. In this stage, Newcrest solely funded all project expenditure up to 30 June 2009 which totalled US\$297.7 million (A\$420.8 million).

**(b) Interest in the Joint Venture as at the Acquisition Date**

Newcrest's 50% interest in the net assets of the Morobe Mining Joint Venture at 7 August 2008 is detailed below.

|  | <b>7 Aug 2008</b> |
|--|-------------------|
|  | <b>\$M</b>        |
| <b>Current Assets</b>                          |                   |
| Trade and other receivables                    | 0.6               |
| Inventory                                      | 1.6               |
| <b>Non-Current Assets</b>                      |                   |
| Exploration, evaluation and development assets | 441.3             |
| Property, plant & equipment                    | 45.7              |
| <b>Current Liabilities</b>                     |                   |
| Borrowings                                     | 3.3               |
| Provisions                                     | 0.9               |
| <b>Non-Current Liabilities</b>                 |                   |
| Borrowings                                     | 13.7              |
| Provisions                                     | 0.7               |
| <b>Net Assets</b>                              | <b>470.6</b>      |

**NOTES TO THE FINANCIAL INFORMATION (Continued)**

For the year ended 30 June 2009

**6. Acquisition of interest in the Morobe Mining Joint Venture (Continued)**
**(c) Cash Outflow**

Cash outflow from the acquisition of and subsequent expenditure on the Morobe Mining JV is reconciled to the Cash Flow Statement as follows:

|  | <b>30 Jun 2009</b> |
|--|--------------------|
|  | <b>\$M</b>         |
| <b>Cash Outflow</b>                                    |                    |
| Stage 1 Payments                                       | (249.4)            |
| Stage 2 Payments                                       | (420.8)            |
| Stamp duty and acquisition costs                       | (7.1)              |
| Total cash outflow                                     | <b>(677.3)</b>     |
| <b>Included in the Cash Flow Statement as follows:</b> |                    |
| Acquisition of interest in joint venture               | (470.6)            |
| Payments for mines under construction and development  | (190.7)            |
| Exploration and evaluation expenditure                 | (16.0)             |
|  | <b>(677.3)</b>     |

**7. Events Subsequent to Reporting Date**

In the 2008 financial year, the NSW Supreme Court found in favour of Newcrest as plaintiff with respect to the obligation to pay mineral royalties on production from the Cadia Valley operations. The Supreme Court ordered the State of NSW to refund Newcrest \$10.9 million in royalty and interest payments relating to the 2008 and prior financial years. The decision was appealed by the State of NSW and the matter went to the NSW Court of Appeal ("the Court"). Subsequent to year end, the Court upheld the State of NSW's appeal. Newcrest has sought leave to appeal this matter in the High Court of Australia. The financial impact of the Court's decision is considered to be a 2010 financial year transaction and has not been provided for in the 30 June 2009 financial statements, but instead has been disclosed as a contingent liability.

On 17 August 2009, the Directors of Newcrest Mining Limited declared a final unfranked dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is \$72.5 million, which represents an unfranked dividend of 15 cents per share. The dividend has not been provided for in the 30 June 2009 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2009 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## Independent auditor's report to the members of Newcrest Mining Limited

### Report on the Financial Report

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The directors are also responsible for the remuneration disclosures contained in the directors' report.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

### **Auditor's Opinion**

In our opinion:

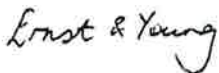
1. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of Newcrest Mining Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's Opinion**

In our opinion the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Rodney Piltz  
Partner  
Melbourne  
17 August 2009