

NEWCREST



Financial Results

Six months ending 31 December 2003

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OVERVIEW

	31 Dec 2003 \$M	31 Dec 2002 \$M
Operating profit before interest, depreciation, significant items and tax	107.1	70.4
Operating profit before significant items and tax	46.4	24.3
Significant items		
- Provision for surplus foreign currency (FX) contracts	9.2	(0.8)
- Provision for hedging contract restructures	(4.9)	(5.3)
- Unrealised FX gain on Nippon US\$ borrowing	3.9	3.6
Operating profit/(loss) before income tax	54.6	21.7
Net profit/(loss) after tax and minority interest	38.4	15.9

Net profit after tax was \$38.4M (\$15.9M) with operating profit before tax and significant items \$46.4M, an increase of \$22.1M. The significant items related to treatment of surplus FX, hedging restructures and restatement of the US\$ Nippon loan. The increase in operating earnings was due to:

- Ridgeway's production increasing to 231,253oz (150,084oz).
- Better copper production of 42,296t (30,547t) resulting in by-product revenue increasing to \$110.1M (\$90.8M).
- Cash costs for the period decreased to \$172/oz (\$245/oz) and total production costs were \$330/oz (\$381/oz).
- Improved outcomes on FX hedging positions.

Other Key Points

- Increase in sales revenue to \$315.0M (\$258.0M).
- Current drawdown of Telfer Debt at \$274.4M.
- Repayments of borrowings totalled \$44.5M.

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A J Palmer
Managing Director & CEO
27 February 2004

(Numbers in brackets reflect the comparable figures for the 2002 financial results, unless negative values).



FINANCIAL STATEMENTS

Statement of Financial Performance

6 Months Ending	31 Dec 2003 \$M	31 Dec 2002 \$M
Spot gold sales	193.1	160.6
Gold hedging	12.1	20.5
Currency hedging	(2.3)	(15.1)
By-Product sales	110.1	90.8
Copper hedging	2.0	1.2
Total Sales Revenue	315.0	258.0
Mine costs	(173.0)	(164.5)
Exploration expense	(15.4)	(12.6)
Administration costs	(8.9)	(9.3)
Other expenses	(14.5)	(3.9)
Other income	3.9	2.7
Operating EBITDA	107.1	70.4
Depreciation and amortisation	(54.5)	(37.6)
Borrowing costs	(6.2)	(8.5)
Operating profit before tax and significant items	46.4	24.3
Provision for surplus foreign currency contracts	9.2	(0.8)
Provision for hedging contract restructures	(4.9)	(5.3)
Unrealised FX gain on US\$ borrowing	3.9	3.5
Net profit/(loss) before income tax	54.6	21.7
Income tax (expense)/benefit	(17.3)	(6.1)
Net profit/(loss) after tax	37.3	15.6
Outside equity interest in controlled entity	1.1	0.3
Net profit after tax attributable to members of the Company	38.4	15.9
Cashflow Statement		
Cashflow from operating activities		
Sales receipts	314.1	291.4
Payments to suppliers and employees	(243.8)	(211.5)
Interest received	0.9	2.3
Borrowing costs paid	(6.2)	(9.0)
Income taxes paid	(0.6)	(15.7)
Other	(5.8)	(2.9)
	58.7	54.5
Cashflow from investing activities		
Exploration	(22.7)	(17.1)
Fixed assets, evaluation and development	(320.1)	(67.8)
Proceeds on sale of non-current assets	1.5	0.2
Other	-	(0.2)
	(341.3)	(17.1)

Cashflow from financing activities

Proceeds from borrowings	274.4	-
Repayment of finance lease principal	(8.6)	(6.0)
Repayment of borrowings	(35.9)	(47.5)
Dividend paid	(13.4)	(13.8)
Proceeds from capital raising and share issues	3.4	230.9
	220.0	163.6
Effects of exchange rate changes to cash	1.5	-
Net increase/(decrease) in cash	64.1	147.7

Statement of Financial Position

	31 Dec 2003 \$M	30 June 2003 \$M
Cash	37.0	101.1
Accounts receivable	74.8	69.0
Investments	0.7	0.1
Inventories	26.6	16.8
Deferred foreign exchange loss	11.8	24.5
Other	28.4	26.4
Current assets	179.3	237.9
Accounts receivable	50.4	39.9
Inventories	8.3	8.9
Fixed assets net of depreciation	540.4	562.0
Exploration, evaluation and development	1,096.4	761.6
Deferred foreign exchange loss	4.6	65.1
Other	206.0	163.6
Non-current assets	1,906.1	1,601.1
Accounts payable	170.0	181.2
Borrowings	87.1	83.7
Provisions	9.3	9.1
Foreign exchange liabilities	12.2	35.5
Other	5.8	7.1
Current liabilities	284.4	316.6
Borrowings	667.9	401.4
Deferred tax	68.2	50.8
Provisions	55.7	48.5
Foreign exchange liabilities	4.5	65.1
Other	92.3	71.6
Non-current liabilities	888.6	637.4
Net Assets	912.4	885.0



Share capital	790.7	784.3
Retained profits	115.8	93.8
Outside equity interest in controlled entity	5.9	6.9
Shareholders' equity	912.4	885.0

FINANCIALS

Profit After Tax

Net profit after tax was \$38.4M (\$15.9M). Profit after tax but before significant items was \$32.7M, an increase of \$14.9M.

The profit before tax of \$54.6M included the following significant items:

- \$9.2M write-back of provision for surplus foreign currency contracts.
- (\$4.9M) provision for restructure of hedge contracts.
- \$3.9M unrealised gain on US\$ Nippon borrowing.

Revenue

Sales revenue increased to \$315.0M (\$258.0M) reflecting increased gold and copper production from Ridgeway, increased by-product revenue partly offset by lower achieved gold price of \$576/oz (\$600/oz).

The components of the gold price were:

	Dec 2003 \$/oz	Dec 2002 \$/oz
Gold hedge book	583	655
FX Book	(7)	(55)
Total	576	600

Increased production and timing of concentrate shipments resulted in increased sales of 351,922oz (276,804oz).

	Dec 2003 oz	Dec 2002 oz
Opening inventory	4,974	15,019
Gold production	360,658	320,465
Gold sold	351,922	276,804
Closing inventory	13,710	58,680

By-product contribution improved to \$110.1M (\$90.8M) reflecting increased copper production from Ridgeway and Cadia. The achieved copper price was \$1.21/lb (\$1.33/lb).

Mine Costs

Gross mine costs before copper credits increased to \$173.0M (\$164.5M) due to the higher sales volume however unit costs were lower compared to the previous period. The \$173.0M is before by-product credits. The reported costs per ounce including by-product credits were as follows:

	Dec 2003	Dec 2002
Total cash cost \$/oz	172	245
Total production cost \$/oz	330	381

Exploration

Exploration expenditure for the half year totalled \$22.7M. \$15.4M (\$12.6M) of this expenditure was expensed. Exploration expenditure capitalised related to Cadia Valley, Ridgeway Deeps, Cracow, Toguraci and Kencana.

Other Expenses

Other expenses included \$6.9M care and maintenance costs for Boddington and Gosowong and \$6.6M net FX loss mainly from concentrate receipts due to Australian dollar exchange rate movements.

Other Income

Other income was largely interest revenue and proceeds from minor asset sales.

Borrowing Costs

Borrowing costs expensed were \$6.2M (\$8.5M). This decrease reflects the capitalising of borrowings associated with the Telfer project.

Interest and other borrowing costs of \$8.2M, offset by net unrealised exchange gains on Telfer USD borrowings of \$5.8M, resulted in a net \$2.4M being capitalised.

Provision for Realised Surplus Foreign Currency

US\$30.5M surplus foreign currency exchange contracts matured or lapsed in the period resulting in a realised gain of \$4.1M compared with the 30 June 2003 FX provision.



Provision for Unrealised Surplus FX Contracts

Restatement of the US\$30.5M of residual surplus FX contracts resulted in a \$5.1M unrealised gain compared to the 30 June 2003 FX provision.

Unrealised FX Gain – US\$ Loan

During the period the Company adopted natural hedge accounting which offsets (hedges) gains and losses between US\$ concentrate sales and US\$ borrowings.

The US\$ Nippon loan was revalued at US\$/A\$0.69 (rate on adoption of this policy) resulting in an FX gain of \$3.9M. Subsequent unrealised gains and losses on revaluation of the loan to the period end exchange rate are deferred and will be released to profit in line with repayments and matched against anticipated hedged concentrate sales. At 31 December 2003 the unrealised gain deferred was \$8.2M.

Hedge Contracts Restructure Provision

Ongoing accounting treatment of the previous year's hedging restructures resulted in a charge to the Statement of Financial Performance of \$4.9M. \$0.3M was released to operating revenue resulting in a net increase to the provision of \$4.6M.

Cash Flow – Operating Activities

Cash flow from operations is consistent with the previous period. Increased sales receipts were offset by mine care and maintenance costs and reduction in creditors.

Cash Flow – Investing Activities

Cash used in investing activities amounted to a net \$341.3M.

Major areas of expenditure were:

	\$M
Telfer Project (including Telfer Deeps)	300.6
Cadia, Ridgeway, Cadia East	14.6
Exploration	22.7
Cracow mine development	3.8
Proceeds from sale of assets	(1.5)
Other	1.1
	<u>341.3</u>

A breakdown of exploration expenditure was:

	\$M
- Greenfields	9.2
- Brownfields	5.6
- Project resource definition	
- Cracow	1.2
- Indonesia	3.8
- Cadia Valley	2.4
- Other	0.5
	<u>22.7</u>

Cash Flow – Financing Activities

Borrowings

Proceeds from the drawdown of the syndicated loan facility were:

	A\$M
A\$ Telfer Debt	183.0
US\$ Telfer Debt	91.4
	<u>274.4</u>

Major debt repayments consisted of:

	A\$M
Gold loan	24.6
Nippon US\$ borrowing	11.3
Finance leases	8.6
	<u>44.5</u>

Dividend Payment

The Dividend Reinvestment Plan (DRP) reduced the net payout of the 2003 dividend of \$16.4M to \$13.4M.

Dividends

The Company paid a fully franked dividend of 5¢ per share on 17 October 2003 relating to the 30 June 2003 financial year.

No interim dividend has been declared.



HEDGING

The mark to market position at 31 December 2003 was:

	Dec 2003 \$M	June 2003 \$M
Gold	(357)	182
Currency	(37)	(91)
Copper	(30)	(7)
Total	(424)	84

The mark to market of the gold loan swap contracts are as follows:

	Dec 2003 \$M	June 2003 \$M
Gold Loan Swap Contracts	(53)	(46)

A summary of the hedge position over future production (excluding spot deferreds of 568Koz) at 31 December 2003 is as follows:

Hedging Product	A\$ Hedges '000 oz	US\$ Hedges '000 oz	A\$ /oz*	US\$ /oz*
Standard put options	3,295	80	614	503
Standard forward sales	1,254	1,413	640	344
Convertible put options	875		693	
Variable priced forwards	250		542-1200	
Purchased forwards	(159)		594	
Total	5,515	1,493	632	353
Granted call options	2,692		566	

* Estimated average deliverable price, which is subject to gold lease rate exposure. These values include a lease rate allowance of approximately 1.6%.

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

CORPORATE INFORMATION

Directors

Ian Johnson	Non-executive Chairman
Tony Palmer	Managing Director & CEO
Bryan Davis	Non-executive Director
Ron Milne	Non-executive Director
Mick O'Leary	Non-executive Director
Ian Renard	Non-executive Director
Nora Scheinkestel	Non-executive Director

Company Secretary

Bernard Lavery

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Stock Exchange Listings

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New York ADR's (Ticker NWCNY)

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Substantial Shareholders at 31 December 2003

Merrill Lynch & Co	6.2%
ING Group	5.7%
Barclays Bank	5.3%

Issued Share Capital

At 31 December 2003 issued capital was 328,396,781 ordinary shares.

Half Year Share Price Activity

	High	Low	Last
July to Dec 2003	\$13.50	\$7.72	\$12.95