



Market Release

Newcrest Mining Limited

14 February 2014



Half Year Financial Results and Resources and Reserves Update

Today Newcrest Mining Limited released its Financial Results for the six months ended 31 December 2013 (ASX Appendix 4D Half Year Financial Report) and its updated Mineral Resources and Ore Reserves estimates as at 31 December 2013 (Annual Mineral Resources and Ore Reserves Statement – 31 December 2013). This market release is a summary document and readers are directed to the full text of those releases on the ASX platform and which are also available on the Newcrest website.

Key points

- Statutory profit¹ of A\$40 million and Underlying profit^{2,4} of A\$207 million
- EBITDA^{3,4} of A\$731 million and EBIT^{3,4} of A\$404 million
- Cash flow from operating activities was an inflow of A\$228 million
- Free cash flow⁵ was an outflow of A\$229 million
- Cash flow from operating activities and free cash flow were adversely impacted by the reversal of favourable working capital balances at 30 June 2013 (approximately A\$200 million) and the tax payment relating to the voluntary amendment to research and development claims (approximately A\$70 million)
- Gearing⁶ of 30.5% at 31 December 2013
- A\$1,250 million⁷ in cash and undrawn, committed bank facilities at 31 December 2013⁸
- Gold production of 1,207,697 ounces and gold sales of 1,204,507 ounces
- All-In Sustaining Cost^{4,9} of A\$1,003/oz (US\$925/oz at an A\$:US\$ exchange rate of \$0.9227¹⁰)
- A\$47 million after tax impairment of West African exploration assets after assessing the carrying value of all assets, and after taking into account the December 2013 Resources and Reserves update¹¹
- No interim dividend
- Group Mineral Resources and Ore Reserves¹¹ are estimated to contain 150 million ounces of gold and 78 million ounces of gold respectively, a reduction of around 7% and 11% respectively compared with the previous estimate at 31 December 2012.

Newcrest Chief Executive Officer, Greg Robinson said, "Newcrest has made steady progress on producing lower cost, higher margin ounces, while reducing costs and capital expenditure across the business. Delivering the second block cave at Cadia and driving group costs lower remain key priorities. Overall, our focus remains on optimising our current operations, maintaining our growth options and maximising free cash flow to enable the Company to reduce gearing and return to paying dividends to shareholders."

Financial and Operating Overview

		For the six months ended 31 December				
	Footnote	Measure	2013	2012	Change	Change %
KEY FINANCIAL DATA						
Revenue		A\$ million	2,016	1,805	211	12%
EBITDA		A\$ million	731	783	(52)	(7%)
EBIT		A\$ million	404	472	(68)	(14%)
Statutory profit		A\$ million	40	323	(283)	(88%)
Underlying profit		A\$ million	207	323	(116)	(36%)
Cash flow from operating activities		A\$ million	228	428	(200)	(47%)
Cash flow from investing activities		A\$ million	(457)	(1,351)	894	66%
Sustaining capital		A\$ million	(135)	(240)	105	44%
Production stripping		A\$ million	(120)	(203)	83	41%
Major project (non-sustaining)	¹²	A\$ million	(166)	(833)	667	80%
Exploration expenditure		A\$ million	(36)	(84)	48	57%
Free cash flow		A\$ million	(229)	(923)	694	75%
Gearing		%	30.5	17.0	13.5	79%
EBITDA margin		%	36	43	(7)	(16%)
EBIT margin		%	20	26	(6)	(23%)
ROCE	¹³	%	2.8	2.7	0.1	4%
KEY OPERATIONAL DATA						
Total material mined		tonnes 000's	55,083	87,229	(32,146)	(37%)
Total material treated		tonnes 000's	30,242	27,530	2,712	10%
Gold produced		000's ounces	1,208	953	255	27%
Gold sales		000's ounces	1,205	956	249	26%
Realised gold price		A\$/ounce	1,405	1,618	(213)	(13%)
Copper produced		tonnes 000's	42.2	38.5	3.7	10%
Copper sales		tonnes 000's	40.5	36.7	3.8	10%
Realised copper price		A\$/pound	3.54	3.37	0.17	5%
All-In Sustaining Cost (A\$)		A\$ million	1,199	1,151	48	4%
All-In Sustaining Cost (A\$)		A\$/ounce sold	1,003	1,230	(227)	(18%)
All-In Sustaining Cost (US\$)		US\$/ounce sold	925	1,277	(352)	(28%)
Closing foreign exchange rate		AUD/USD	0.8948	1.0384	(0.143)	(14%)
Average foreign exchange rate		AUD/USD	0.9227	1.0386	(0.116)	(11%)
Average foreign exchange rate		PGK/AUD	2.165	2.164	0.001	0%
Average foreign exchange rate		IDR/AUD	10,270	9,930	340	3%

For additional group and asset operational information refer to Newcrest's quarterly report for the three months ended 31 December 2013, which is available on the Newcrest website.

Half Year Results

Statutory profit of A\$40 million for the six months ended 31 December 2013 (corresponding prior period A\$323 million) included the previously announced increase in income tax expense of A\$120 million relating to the Company's voluntary amendment of its Australian research and development claims with respect to the 2009 to 2011 financial years¹⁴ and a A\$47 million impairment of exploration assets in West Africa.

Underlying profit for the six months ended 31 December 2013 was A\$207 million (corresponding prior period A\$323 million). The benefit of a 26% increase in gold sales volume was largely offset by a 13% lower average realised gold price compared to the corresponding prior period.

EBITDA of A\$731 million and EBIT of A\$404 million for the current period represent EBITDA and EBIT margins of 36% and 20% respectively.

Free cash flow, being cash flow from operating activities less cash flow from investing activities, for the six months ended 31 December 2013 was an outflow of A\$229 million, A\$694 million lower than the corresponding prior period (outflow of A\$923 million).

Cash flow from operating activities for the six months ended 31 December 2013 was A\$228 million, A\$200 million lower than the corresponding prior period (A\$428 million). The reduction in cash flow from operating activities reflects:

- The impact of 13% lower A\$ average realised gold prices compared to the corresponding prior period, notwithstanding the 26% increase in gold sales volume
- The reversal of favourable working capital balances as at 30 June 2013 of approximately A\$200 million, primarily due to payments made to suppliers in the current period in relation to higher levels of mining, maintenance and capital activity in the preceding six month period, particularly at Lihir and Telfer. Other elements include the timing of concentrate shipments and debtor receipts, as well as payments in the current period of approximately A\$50 million pertaining to the Brisbane office closure and redundancies across the business which were provided for at 30 June 2013
- An increase in interest paid of A\$54 million associated with higher average debt levels, and
- The tax payment of approximately A\$70 million as a result of the Company's voluntary amendment in the current period of its Australian research and development claims with respect to the 2009 to 2011 financial years.

Cash flow from investing activities in the current period comprised:

- Capital expenditure¹⁵ of A\$421 million - A\$855 million lower than the corresponding prior period (A\$1,276 million). The reduction in capital expenditure in the current period primarily relates to the completion of major projects which were still in construction in the corresponding prior period, lower sustaining capital and completion of major production stripping programs at Telfer and Bonikro, and
- Exploration expenditure of A\$36 million - A\$48 million lower than the corresponding prior period (A\$84 million).

In the current period gold production increased by 27% to 1,207,697 ounces, and All-In Sustaining Cost reduced by 18% to A\$1,003 per ounce sold, compared with the corresponding prior period (953,331 ounces and A\$1,230 per ounce). These outcomes are the result of the transition of major projects to operations at Cadia Valley and Lihir in early calendar year 2013, combined with improved operating performance at Telfer, Lihir and Hidden Valley, and a consistent focus on cost reduction initiatives.

Initiatives undertaken during the six months ended 31 December 2013 to maximise free cash flow included reduced mining activity and increased stockpile processing at Lihir, cessation of processing low-grade stockpiles at Cadia Valley and reduced open pit activity at Telfer. These initiatives, combined with the completion of major production stripping programs at Telfer and Bonikro, resulted in a reduction in open pit material movements across the Company.

Following an assessment of carrying values of assets, there has been a A\$47 million after tax impairment of West African exploration assets. The assessment of carrying value of assets took into account the December 2013 Resources and Reserves update.

Capital structure

As at 31 December 2013, Newcrest's gearing level was 30.5%. The Board is comfortable with gearing being at higher than target levels in the short to medium term, but will remain focussed on effecting a progressive reduction in gearing over time, subject to market and operating conditions.

As at 31 December 2013 Newcrest had an equivalent of A\$1,250 million in cash and undrawn, committed bank facilities. As announced on 14 January 2014 Newcrest signed documentation with a new bank to provide a bilateral loan facility for an additional US\$200 million for a period of three years⁸. This is not included in the amount referenced as at 31 December 2013 above.

The Newcrest Board has determined there will be no interim dividend due to the reduced level of profitability in the current period, the level of gearing at 31 December 2013, and the planned application of operating cash flow to completion of the Cadia East Panel Cave 2 in the 2015 financial year. This is consistent with the Company's dividend policy, with dividend levels set having regard to profitability, balance sheet strength, and reinvestment options in the business.

Annual Mineral Resources and Ore Reserves Statement – 31 December 2013

Newcrest Mining Limited has updated its Mineral Resource and Ore Reserve estimates for the twelve month period ending 31 December 2013. For the purposes of this update, Newcrest has completed a detailed review of all production sources to take into account long term metal price, foreign exchange and cost assumptions, and mining and metallurgy performance to inform cut-off grades and physical mining parameters. This has resulted in the most marginal ounces being removed from the portfolio and these are reflected in changes to Mineral Resources and Ore Reserves.

As at 31 December 2013, Group Mineral Resources are estimated to contain 150 million ounces of gold, 21 million tonnes of copper and 130 million ounces of silver. This represents a decrease of approximately 11 million ounces of gold (~7%), 0.24 million tonnes of copper (~1%) and 8 million ounces of silver (~6%), compared with the estimate at 31 December 2012. The change in Group Mineral Resources includes estimated mining depletion of approximately 3 million ounces of gold, 0.1 million tonnes of copper and 2 million ounces of silver. In all circumstances Mineral Resources are reported inclusive of Ore Reserves.

The Group Mineral Resources as at 31 December 2013 includes material changes for the Telfer and Lihir Mineral Resource estimates, as against the 31 December 2012 estimate, of approximately 5.2 million ounces of gold at Telfer and 4.5 million ounces of gold at Lihir.

As at 31 December 2013, Group Ore Reserves are estimated to contain 78 million ounces of gold, 12 million tonnes of copper and 77 million ounces of silver. This represents a decrease of approximately 9 million ounces of gold (~11%), 0.34 million tonnes of copper (~3%) compared with the estimate at 31 December 2012. Silver Ore Reserves decreased by less than one per cent. The change in Group Ore Reserves includes estimated depletion of approximately 3 million ounces of gold and 0.1 million tonnes.

The Group Ore Reserves as at 31 December 2013 includes a material change for the Telfer (Telfer open pits) and Lihir Ore Reserves estimates, as against the 31 December 2012 estimate, of approximately 5.3 million ounces of gold for Telfer and 3.7 million ounces of gold for Lihir.

Long term metal price and foreign exchange assumptions for Mineral Resources and Ore Reserves are unchanged for both Newcrest and the Morobe Mining Joint Ventures (MMJV) managed sites from those adopted for the 31 December 2012 estimates, other than for Gosowong for which Newcrest has now adopted the same assumptions. The long term gold price assumption for the purposes of estimating gold resources is US\$1,350 per ounce and for the purpose of estimating gold reserve is US\$1,250 per ounce. The long term AUD:USD exchange rate assumption of Newcrest is 80 cents (MMJV price and exchange rate assumptions vary from those used by Newcrest).

Outlook¹⁶

Newcrest has previously stated it is managing the business to be free cash flow positive in the 2014 financial year (after all capital, exploration and corporate expenditure) at an average realised gold price of A\$1,450 per ounce.

Newcrest had a production and cost performance better than plan in the first half of the 2014 financial year, and continues to focus on being free cash flow positive in the 2014 financial year at an average realised gold price lower than A\$1,450 per ounce (after taking into account all capital, exploration and corporate costs, including tax and interest), subject to market and operating conditions.

Newcrest's cash flow varies throughout the year, impacted by factors such as shipping schedules, working capital movements, capital projects and tax payments. Subject to market and operating conditions, Newcrest expects free cash flow to be higher in the second half of the 2014 financial year than the six months ended 31 December 2013 which was adversely impacted by the reversal of favourable working capital balances at 30 June 2013 and the previously announced tax payment in relation to the Company's amendment of its Australian research and development claims of approximately A\$70 million.

Full year production guidance is maintained for both gold and copper, with gold production expected to be around the top end of the guidance range (2.3 million ounces), subject to market and operating conditions.

Newcrest's All-In Sustaining Cost (in A\$ million terms), and exploration, production stripping and capital expenditure are all expected to be around the lower end of the guidance range, subject to market and operating conditions.

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Notes

- ¹ Statutory profit is profit after tax attributable to owners of the parent.
- ² Underlying profit is profit after tax before significant items attributable to owners of the parent. Refer to section 7 of the Management Discussion and Analysis included in the ASX Appendix 4D.
- ³ EBITDA is 'Earnings before interest, tax, depreciation and amortisation, and significant items'. EBIT is 'Earnings before interest, tax and significant items'. Both EBITDA and EBIT are used to measure segment performance and have been extracted from the 'Segment information' note to the financial statements.
- ⁴ EBITDA, EBIT, Underlying profit and All-In Sustaining Cost are non-IFRS financial information and have not been subject to review by the Company's external auditor. Refer to section 7 of the Management Discussion and Analysis included in the ASX Appendix 4D.
- ⁵ Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities. Free cash flow is non-IFRS financial information and has not been subject to review by the Company's external auditor – refer to section 4 of the Management Discussion and Analysis included in the ASX Appendix 4D.
- ⁶ Gearing is calculated as net debt to net debt and equity. Refer to section 6 of the Management Discussion and Analysis included in the ASX Appendix 4D.
- ⁷ Comprises undrawn bilateral loan facilities of US\$1,010 million at a closing foreign exchange rate of AUD:USD \$0.8948, and cash of A\$121 million.
- ⁸ As announced on 14 January 2014 Newcrest signed documentation with a new bank to provide a bilateral loan facility for an additional US\$200 million, for a period of three years.
- ⁹ All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013. Newcrest All-In Sustaining Cost will vary from period to period as a result of various factors including production performance, timing of sales, the level of sustaining capital and the relative contribution of each asset. Newcrest has not previously disclosed All-In Sustaining Cost data for the six months ended 31 December 2012; this has been included in this report for comparative purposes.
- ¹⁰ For the purpose of this report, for the six months ended December 2013 All-In Sustaining Costs in USD terms are converted to USD at an average A\$:US\$ exchange rate of \$0.9227.
- ¹¹ Refer Newcrest market release December 2013 Resources and Reserves Statement.
- ¹² Inclusive of interest capitalised to development projects and excluding proceeds from sale of investments.
- ¹³ ROCE is 'Return On Capital Employed' and is calculated as EBIT as a percentage of average capital employed (shareholders equity plus net debt).
- ¹⁴ Refer to Market Release of 17 October 2013.
- ¹⁵ Inclusive of interest capitalised to development projects and excluding proceeds from sale of investments.
- ¹⁶ Refer to Newcrest's forward looking statements disclaimer.

Disclaimer:

These materials include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Person's Statement

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr C. Moorhead. Mr Moorhead is the Executive General Manager Minerals and a full-time employee of Newcrest Mining Limited. He is a shareholder in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2013 Remuneration Report. Ore Reserves growth is one of the performance measures under that plan. He is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Moorhead has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The JORC Code 2012 and is a Qualified Person within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). Mr Moorhead consents to the inclusion in this report of the matters based on his information in the form and context in which it appears including sampling, analytical and test data underlying the results.

The information in this report that relates to specific Mineral Resources and Ore Reserves is based on and accurately reflects reports prepared by the Competent Persons named in the notes to tables 2-3 in Newcrest's Annual Mineral Resources and Ore Reserves Statement – 31 December 2013 dated 14 February 2014 and available on the ASX and on Newcrest's website www.newcrest.com.au. Each of these persons, other than Mr G. Job, is a full-time employee of Newcrest Mining Limited or its relevant subsidiaries, holds options (and in some cases, shares) in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2013 Remuneration Report. Ore Reserves growth is one of the performance measures under that plan. Mr Job is a full time employee of Harmony Gold Mining Company Limited, Newcrest's joint venture partner in each of the Morobe Mining Joint Ventures. All the Competent Persons named are Members of The Australasian Institute of Mining and Metallurgy and / or The Australian Institute of Geoscientists and have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he/she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Each Competent Person consents to the inclusion of material in the form and context in which it appears.

Ore Reserves and Mineral Resources Reporting Requirements

As an Australian company with securities listed on the Australian Securities Exchange ("ASX"), Newcrest is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX Listing Rules. Investors should note that it is a requirement of the ASX Listing Rules that the reporting of Ore Reserves and Mineral Resources in Australia comply with the JORC Code 2012 and that Newcrest's Ore Reserve and Mineral Resource estimates comply with the JORC Code 2012. Newcrest ceased its listing on the Toronto Stock Exchange ("TSX") on 4 September 2013, but will remain subject to certain Canadian disclosure requirements and standards until it ceases to be an Ontario Securities Commission registrant. Prior to that, Newcrest will continue, in accordance with the requirements of NI 43-101, to report its Ore Reserves and Mineral Resources estimates in compliance with the JORC Code 2012, along with a reconciliation to the material differences between the JORC Code 2012 and the applicable definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM Definition Standards). In relation to the December 2013 Resources and Reserves Statement, the reconciliation is set out in Newcrest's Canadian News Release dated 14 February 2014, and is available at www.sedar.com and at Newcrest's website www.newcrest.com.au. Except as otherwise noted in that document, there are no material differences between the definitions of Measured, Indicated and Inferred Mineral Resources, and Proven and Probable Reserves, under the CIM Definition Standards and the equivalent or corresponding definitions in the JORC Code 2012.

The Explanatory Notes for the Annual Mineral Resource and Ore Reserve Statement – 31 December 2013 containing more detailed information on the methods and parameters used to estimate Mineral Resources and Ore Reserves are available on the Newcrest website at www.newcrest.com.au and lodged with the ASX.