# ASX Appendix 4D

## Half Year Financial Report

31 December 2013

NEWCREST MINING LIMITED

NEWCREST MINING LIMITED
AND CONTROLLED ENTITIES

ASX APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2013

ABN: 20 005 683 625

ASX CODE: NCM

NEWCREST
MINING LIMITED

# Table of Contents

# ASX APPENDIX 4D

**Results for Announcement to the Market**

**Half-Year Financial Report to 31 December 2013**

| | 6 months 31-Dec-2013 $M | 6 months 31-Dec-2012[1] $M | Percentage Increase/ (Decrease) |
|---|---|---|---|
| Sales Revenue | 2,016 | 1,805 | 12% |
| **Profit** from continuing operations after tax attributable to members of the parent entity | 40 | 323 | (88%) |
| **Net profit** attributable to members of the parent entity ('Statutory Profit') | 40 | 323 | (88%) |
| Underlying profit attributable to members of the parent entity [2] | 207 | 323 | (36%) |

| **Dividends** | 6 Months 31-Dec-2013 | 6 Months 31-Dec-2012 |
|---|---|---|
| Interim dividend per share | Nil | 12 cents |
| Franked amount per share | Nil | Nil |
| Record date for determining entitlement to dividend | N/A | 22 March 2013 |
| Date dividend payable | N/A | 16 April 2013 |

The Directors have determined that there will be no interim dividend for the half-year ended 31 December 2013.

| | 31-Dec-2013 $ | 31-Dec-2012[1] $ |
|---|---|---|
| **Net tangible assets per share** | 12.68 | 14.82 |

## Review of Results

Please refer to the Management Discussion and Analysis. This interim financial report should be read in conjunction with the most recent annual financial report.

(1) Newcrest has adopted Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013. In accordance with the transitional provisions of Interpretation 20, comparative figures have been restated. Refer to Note 3 to the financial statement for details.

(2) Underlying profit is profit after tax before significant items attributable to owners of the parent. Underlying profit is non-IFRS financial information. Refer to section 7 of the Management Discussion and Analysis for the reconciliation to statutory profit.

**DIRECTORS' REPORT**

The Directors present their report on the Group consisting of Newcrest Mining Limited and the entities it controlled at the end of or during, the half-year ended 31 December 2013.

**Directors**

The following persons were directors of Newcrest Mining Limited during the half-year and up to the date of this report:

| | |
|---|---|
| Peter Hay | Non-Executive Chairman (appointed Chairman 1 January 2014[(1)]) |
| Don Mercer | Non-Executive Chairman (retired 31 December 2013) |
| Greg Robinson | Managing Director and Chief Executive Officer |
| Gerard Bond | Finance Director and Chief Financial Officer |
| Sandeep Biswas | Executive Director and Chief Operating Officer (appointed 1 January 2014) |
| Philip Aiken | Non-Executive Director |
| Vince Gauci | Non-Executive Director |
| Winifred Kamit | Non-Executive Director |
| Richard Knight | Non-Executive Director |
| Rick Lee | Non-Executive Director |
| Tim Poole | Non-Executive Director |
| John Spark | Non-Executive Director |

(1) Appointed as a Non-Executive Director on 8 August 2013.

All Directors held their position as a Director throughout the entire half-year and up to the date of this report, except as noted above.

**Principal Activities**

The principal activities of the Group during the half-year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate. There were no significant changes in those activities during the period.

**Consolidated Result**

The profit after tax attributable to Newcrest shareholders ('Statutory Profit') for the half-year ended 31 December 2013 was $40 million (31 December 2012: $323 million).

**Review of Results**

Refer to the Management Discussion and Analysis on page 5 for a review of the result and operations. The Management Discussion and Analysis forms part of this Directors Report.

**Rounding Of Amounts**

The Company is of the kind referred to in Australian Securities and Investments Commission (ASIC) class order 98/0100, dated 10 July 1998. As a result, amounts in the financial report have been rounded to the nearest $1,000,000 except where otherwise indicated.

NEWCREST MINING LIMITED

**DIRECTORS' REPORT (continued)**

**Auditor Independence Declaration**

A copy of the Auditor's Independence Declaration as required under the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors

**Peter Hay**
Chairman

**Greg Robinson**
Managing Director and
Chief Executive Officer

14 February 2014
Melbourne

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
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# Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

In relation to our review of the financial report of Newcrest Mining Limited for the half year ended 31 December 2013, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Tim Wallace
Partner
14 February 2014

Michael Collins
Partner

## MANAGEMENT DISCUSSION AND ANALYSIS[1,2]

### 1 Summary of Results for the Six Months Ended 31 December 2013[1,2]

**Key points**

- Statutory profit[3] of A$40 million and Underlying profit[4,6] of A$207 million
- EBITDA[5,6] of A$731 million and EBIT[5,6] of A$404 million
- Cash flow from operating activities was an inflow of A$228 million
- Free cash flow[7] 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)
- Gearing[8] of 30.5% at 31 December 2013
- A$1,250 million[9] in cash and undrawn, committed bank facilities at 31 December 2013[10]
- Gold production of 1,207,697 ounces and gold sales of 1,204,507 ounces
- All-In Sustaining Cost[6,11] of A$1,003/oz (US$925/oz at an A$:US$ exchange rate of $0.9227[12])
- 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 update[13]
- No interim dividend

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1 All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Company') for the 6 months ended 31 December 2013 ('current period') compared with the 6 months ended 31 December 2012 (the 'corresponding prior period'), except where otherwise stated. All references to $ are a reference to Australian dollars unless otherwise specified.

2 Newcrest has adopted International Financial Reporting Interpretation Committee (IFRIC) Interpretation - 20 *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013. In accordance with the transitional provisions of Interpretation 20, comparative figures have been restated. The impact of this restatement on the comparative Income Statement, Statement of Financial Position and Statement of Cash Flows is outlined in Note 3 of the financial statements.

3 Statutory profit is profit after tax attributable to owners of the parent.

4 Underlying profit is profit after tax before significant items attributable to owners of the parent. Refer to section 7.

5 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.

6 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.

7 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 for further details.

8 Gearing is calculated as net debt to net debt and equity. Refer to section 6 for further details.

9 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.

10 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. This is not included in the amount referenced as at 31 December 2013 above.

11 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.

12 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.

13 Refer Newcrest market release December 2013 Resources and Reserves Statement.

MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Summary of Results for the Six Months Ended 31 December 2013 (continued)

### 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) | 14 | *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 | 15 | *%* | **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% |

14 Inclusive of interest capitalised to development projects and excluding proceeds from sale of investments.

15 ROCE is 'Return On Capital Employed' and is calculated as EBIT as a percentage of average capital employed (shareholders equity plus net debt).

MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Summary of Results for the Six Months Ended 31 December 2013 (continued)

### 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 years[16] 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 expenditure[17] 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).

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[16] Refer to Market Release of 17 October 2013.

[17] Inclusive of interest capitalised to development projects and excluding proceeds from sale of investments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Summary of Results for the Six Months Ended 31 December 2013 (continued)

In the current period gold production increased by 27% to 1,207,697 ounces, and All-In Sustaining Cost[18] 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 focused 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 years. 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.

[18] All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013. Newcrest's 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.

MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Summary of Results for the Six Months Ended 31 December 2013 (continued)

### Outlook[19]

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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19 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 2 Discussions and Analysis of Operations and the Income Statement

### 2.1 Profit overview

For the six months ended 31 December 2013, Statutory profit of A$40 million was 88% lower than the corresponding prior period (A$323 million) and Underlying profit of A$207 million was 36% lower than the corresponding prior period (A$323 million).

The A$116 million reduction in Underlying profit was primarily the result of a 13% decline in the realised gold price, which adversely impacted revenue on a higher gold production and sales base by A$255 million (before tax) in the current period. In addition, a higher level of average debt for the current period and a A$33 million reduction in capitalised interest increased finance costs by A$58 million before tax compared to the corresponding prior period.

The difference of A$167 million between Statutory profit and Underlying profit is attributable to a A$120 million increase in income tax expense in the current period relating to a voluntary amendment of Newcrest's research and development claims with respect to the 2009 to 2011 financial years, and a A$47 million after tax impairment of exploration assets in West Africa.

There were no differences between Underlying profit and Statutory profit in the corresponding prior period.

### 2.2 Underlying profit

The differences between Underlying profit of A$207 million in the current period and Underlying profit of A$323 million in the corresponding prior period are quantified in the table below.

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| **A$ million** | **2013** | **2012** | **Change** | **Change %** |
| **Revenues:** | **2,016** | **1,805** | **211** | **12%** |
| Gold | 1,681 | 1,515 | 166 | 11% |
| Copper | 309 | 261 | 48 | 18% |
| Silver | 26 | 29 | (3) | (10%) |
| **Cost of sales:** | **(1,541)** | **(1,220)** | **(321)** | **(26%)** |
| Operating Costs | (1,228) | (919) | (309) | (34%) |
| Depreciation | (313) | (301) | (12) | (4%) |
| **Other costs:** | | | | |
| Corporate administration | (58) | (66) | 8 | 12% |
| Exploration | (12) | (36) | 24 | 67% |
| Other income/expense | (9) | (24) | 15 | 63% |
| Finance costs | (88) | (30) | (58) | (193%) |
| Share of profit of associate | 8 | 13 | (5) | (38%) |
| **Tax and non-controlling interest:** | | | | |
| Income tax expense | (100) | (101) | 1 | 1% |
| Non-controlling interest | (9) | (18) | 9 | 50% |
| **Underlying profit** | **207** | **323** | **(116)** | **(36%)** |

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

### 2.3 Production and revenue

| | | | For the six months ended 31 December | | |
|---|---|---|---|---|---|
| | Footnote | | 2013 | 2012 | Change % |
| **Production volumes** | 20 | | | | |
| Gold | | *ounces* | **1,207,697** | 953,331 | 27% |
| Copper | | *tonnes* | **42,235** | 38,525 | 10% |
| Silver | | *ounces* | **1,148,341** | 948,229 | 21% |
| **Sales volumes** | 20 | | | | |
| Gold | | *ounces* | **1,204,507** | 956,073 | 26% |
| Copper | | *tonnes* | **40,457** | 36,663 | 10% |
| Silver | | *ounces* | **1,134,902** | 935,122 | 21% |
| **Realised prices** | | | | | |
| Gold | | *A$/ounce* | **1,405** | 1,618 | (13%) |
| Copper | | *A$/pound* | **3.54** | 3.37 | 5% |
| Silver | | *A$/ounce* | **23.35** | 31.28 | (25%) |
| **Realised prices** | | | | | |
| Gold | | *US$/ounce* | **1,292** | 1,682 | (23%) |
| Copper | | *US$/pound* | **3.24** | 3.50 | (7%) |
| Silver | | *US$/ounce* | **21.47** | 32.51 | (34%) |
| **Average AUD:USD** | | | **0.9227** | 1.0386 | (11%) |
| **Revenue** | | | | | |
| Gold | | *A$ million* | **1,681** | 1,515 | 11% |
| Copper | | *A$ million* | **309** | 261 | 18% |
| Silver | | *A$ million* | **26** | 29 | (10%) |
| **Total sales revenue** | | *A$ million* | **2,016** | 1,805 | 12% |

#### 2.3.1 Production

Gold production for the six months ended 31 December 2013 of 1,207,697 ounces was 254,366 ounces or 27% higher than the corresponding prior period (953,331 ounces).

Increased production was primarily the result of the commencement of commercial production at Cadia East and completion of the Lihir plant expansion in early calendar 2013, increased ore production volume and grade from Ridgeway, and higher throughput and recoveries at Telfer.

Copper production of 42,235 tonnes in the current period was 3,710 tonnes or 10% higher than the corresponding prior period (38,525 tonnes). This was primarily the result of higher production at Cadia Valley, with a greater proportion of higher grade ore being sourced from Cadia East and Ridgeway and the cessation of processing lower grade stockpile ore in the current period.

*Further information on production at all operations can be found in section 5.*

[20] Production and sales for the six months ended 31 December 2013 includes 8,477 pre-commissioning and development production gold ounces and 845 tonnes of copper, and 8,559 pre-commissioning and development sales gold ounces and 834 tonnes of copper for the Cadia East project. Production and sales for the six months ended 31 December 2012 includes 19,890 pre-commissioning gold ounces and 1,484 tonnes of copper for the Cadia East project. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating cost calculations.

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

### 2.3.2 Revenue

Total sales revenue for the six months ended 31 December 2013 of A$2,016 million was A$211 million or 12% higher than the corresponding prior period (A$1,805 million).

| A$ million | | |
|---|---|---|
| **Total sales revenue for the six months ended 31 December 2012** | | **1,805** |
| **Changes in revenues:** | | |
| Gold | 431 | |
| Copper | 32 | |
| Silver | 6 | |
| **Volume - production** | | 469 |
| Gold | (10) | |
| Copper | 1 | |
| Silver | (0) | |
| **Volume - timing of sales** | | (9) |
| Gold | (255) | |
| Copper | 15 | |
| Silver | (9) | |
| **Price** | | (249) |
| **Total sales revenue for the six months ended 31 December 2013** | | **2,016** |

Gold revenue for the current period of A$1,681 million was 11% higher than the corresponding prior period (A$1,515 million), primarily the result of a 26% increase in gold sales volumes to 1,204,507 ounces reflecting a 27% increase in gold production, which was partially offset by a reduction in realised gold prices.

The realised gold price for the current period of A$1,405 per ounce was 13% lower than the corresponding prior period (A$1,618 per ounce). The reduction in Australian dollar realised gold price reflects a 23% decline in realised US dollar prices to US$1,292 in the current period (compared with US$1,682 in the corresponding prior period), partially offset by a 11% decline in the average value of the Australian dollar against the US dollar from $1.0386 in the corresponding prior period to $0.9227 in the current period.

Copper revenue of A$309 million was 18% higher than the corresponding prior period (A$261 million), reflecting a 5% increase in the realised A$ copper price to A$3.54 per pound and a 10% increase in copper sales volumes to 40,457 tonnes.

Silver revenue of A$26 million was 10% lower than the corresponding prior period (A$29 million). This reduction in revenue reflect realised A$ silver prices being 25% lower compared to the corresponding prior period, partially offset by a 21% increase in sales volumes for the current period.

Newcrest's sales revenue continues to be predominantly attributable to gold, with gold revenue accounting for 83% of total sales revenue for the current period (84% in the corresponding prior period).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Discussions and Analysis of Operations and the Income Statement (continued)

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| | | 2013 | | 2012 | |
| Production and Sales | Footnote | Production | Sales | Production | Sales |
| **Gold production and sales (ounces)** | 21 | | | | |
| Cadia Hill (stockpile) | | **21,141** | **17,129** | 54,717 | 57,988 |
| Ridgeway | | **184,401** | **179,708** | 115,025 | 111,039 |
| Cadia East | | **99,995** | **101,040** | 19,890 | 19,890 |
| Telfer | | **280,481** | **263,523** | 239,367 | 239,945 |
| Gosowong | | **149,217** | **153,280** | 161,313 | 159,792 |
| Hidden Valley | | **49,717** | **48,813** | 42,786 | 43,002 |
| Lihir | | **382,304** | **398,568** | 276,438 | 283,923 |
| Bonikro | | **40,441** | **42,446** | 43,795 | 40,494 |
| **Total gold production and sales (ounces)** | | **1,207,697** | **1,204,507** | 953,331 | 956,073 |
| **Copper production and sales (tonnes)** | 21 | | | | |
| Cadia Hill (stockpile) | | **3,022** | **2,521** | 6,809 | 6,757 |
| Ridgeway | | **21,272** | **21,046** | 16,654 | 15,242 |
| Cadia East | | **6,104** | **6,695** | 1,484 | 1,484 |
| Telfer | | **11,837** | **10,195** | 13,578 | 13,180 |
| **Total copper production and sales (tonnes)** | | **42,235** | **40,457** | 38,525 | 36,663 |
| **Silver production and sales (ounces)** | | | | | |
| Cadia Hill (stockpile) | | **13,112** | **10,918** | 70,948 | 70,948 |
| Ridgeway | | **172,257** | **168,735** | 105,443 | 105,443 |
| Cadia East | | **66,797** | **68,571** | 0 | 0 |
| Telfer | | **144,939** | **144,939** | 150,868 | 150,868 |
| Gosowong | | **203,136** | **212,870** | 140,687 | 138,885 |
| Hidden Valley | | **525,706** | **507,347** | 459,248 | 450,867 |
| Lihir | | **13,373** | **13,373** | 10,855 | 10,855 |
| Bonikro | | **9,021** | **8,149** | 10,180 | 7,256 |
| **Total silver production and sales (ounces)** | | **1,148,341** | **1,134,902** | 948,229 | 935,122 |

[21] Production and sales for the six months ended 31 December 2013 includes 8,477 pre-commissioning and development production gold ounces and 845 tonnes of copper, and 8,559 pre-commissioning and development sales gold ounces and 834 tonnes of copper for the Cadia East project. Production and sales for the six months ended 31 December 2012 includes 19,890 pre-commissioning gold ounces, and 1,484 tonnes of copper for the Cadia East project. Expenditure associated with this production and sales are capitalised and not included in the operating cost calculations.

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

### 2.4 Cost of sales

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ million | 2013 | 2012 | Change | Change % |
| Minesite production costs | **1,034** | 890 | 144 | 16% |
| Ore inventory movements | **66** | (78) | 144 | 185% |
| Royalties | **57** | 53 | 4 | 8% |
| Treatment and realisation | **82** | 65 | 17 | 26% |
| Finished goods inventory movement | **(11)** | (11) | 0 | 0% |
| **Operating costs** | **1,228** | 919 | 309 | 34% |
| Depreciation | **313** | 301 | 12 | 4% |
| **Cost of sales** | **1,541** | 1,220 | 321 | 26% |

#### 2.4.1 Minesite production costs

Minesite production costs for the six months ended 31 December 2013 of A$1,034 million were A$144 million or 16% higher than the corresponding prior period (A$890 million).

The A$144 million increase is primarily the result of higher levels of production at Cadia Valley, Lihir and Telfer, and the adverse cost impact of a weaker Australian dollar against the US dollar on US$ denominated costs. Partly offsetting these increases were lower levels of expenditure associated with changes in operating activities such as reduced open pit activity at Telfer and the cessation of stockpile processing at Cadia Valley, and the effects of cost reduction initiatives.

On a unit cost basis, minesite production costs for the six months ended 31 December 2013 were A$862 per ounce[22], 10% lower than the corresponding prior period (A$953 per ounce). This outcome is primarily the result of increased gold production, a change in operational activities and a greater focus on costs, consistent with Newcrest's focus on maximising free cash flow.

There was a reduction in open pit mining activity in the current period primarily as a result of lower material movement at Telfer, and major production stripping programs were completed at both Telfer and Bonikro.

Lihir transitioned to a lower level of mining activity with a greater proportion of ore feed to the mill sourced from stockpiles, a free cash flow maximisation strategy enabled by the commissioning of the flotation plant. The expanded Lihir plant, completed early in calendar year 2013, allowed for a substantial increase in mill throughput in the current period.

Cadia Valley costs for the current period reflect a full six months of costs for Cadia East following the commencement of commercial production on 1 January 2013. Continued ramp up of Cadia East, a greater proportion of production sourced from Ridgeway and the cessation of processing of low grade stockpiles all contributed to the delivery of a lower unit cost of production at Cadia Valley.

The Australian dollar weakened against the US dollar in the current period, being at an average of $0.923 compared to the corresponding prior period average of $1.039. This depreciation had a negative impact of approximately A$24 million on translation of US$ denominated minesite production costs of non-Australian operations.

General inflationary pressures on minesite production costs remain present in the non-Australian operations. However, with the focus on "cost-out" initiatives, Newcrest progressed its transition to new

[22] Production for the six months ended 31 December 2013 includes 8,477 pre-commissioning and development production gold ounces and 845 tonnes of copper. Production for the six months ended 31 December 2012 includes 19,890 pre-commissioning gold ounces, and 1,484 tonnes of copper for the Cadia East project. Expenditure associated with this production are capitalised and not included in the operating cost calculations.

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

contracts which has seen reductions in unit rates across both consumables and some labour services, combined with general reductions in contractor labour numbers.

### 2.4.2 Ore inventory

Total ore inventory expense for the six months ended 31 December 2013 was A$66 million, compared to a credit to costs in the corresponding prior period (A$78 million).

The expense of A$66 million in the current period reflects a consumption of ore stockpiles - an outcome of changes to mining and processing activities at Telfer, Lihir and Gosowong in particular. In the current period there was a 21% reduction in ore mined and a 10% increase in ore processed compared with the corresponding prior period.

The net decrease in ore inventory and resulting expense of A$66 million in the current period was largely due to:

- Telfer A$27 million – the volume of ore mined in the period was 46% lower than the corresponding prior period. This was primarily a result of focussing mining activity on Main Dome Stage 4 only, reducing the number of active diggers from four to one, and the disruption to the hoisting system restricting underground ore availability in the current period. Open pit ore stockpiles were drawn down by 3.6 million tonnes
- Lihir A$25 million – commissioning of the plant expansion and expanded flotation circuit has enabled a significant increase in stockpile ore processing capability, with the volume of ore treated being 89% higher in the current period (5.2 million tonnes compared with 2.8 million tonnes in the corresponding prior period). With the level of ore mining activity lower in the current period, there was a higher drawdown from stockpiles in the current period at 2.3 million tonnes (compared with a net addition of 4.0 million tonnes in the corresponding prior period), and
- Gosowong A$12 million – completion of mining activity in the open pit in July 2013 resulted in a higher level of drawdown of stockpiled ore in the current period.

### 2.4.3 Royalty and treatment and realisation costs

Royalties expense was A$4 million or 8% higher in the current period, consistent with the higher sales revenue.

Treatment and realisation costs for the six months ended 31 December 2013 of A$82 million were A$17 million or 26% higher than the corresponding prior period (A$65 million), in line with increased sales volume.

### 2.4.4 Depreciation

Depreciation expense included in cost of sales for the six months ended 31 December 2013 of A$313 million was A$12 million or 4% higher than the corresponding prior period (A$301 million).

The increase in depreciation expense is primarily due to:

- The commencement of commercial production at Cadia East on 1 January 2013 and the subsequent increase in ore production
- Higher levels of production sourced from the Ridgeway underground mine at Cadia Valley, and
- Completion of the Lihir plant expansion in January 2013 resulting in a higher depreciable asset base combined with the increased mill throughput in the current period.

The above mentioned increases in depreciation expense were partially offset by impairments to the carrying value of assets of Telfer in the year ended 30 June 2013, which significantly reduced the asset base resulting in lower depreciation in the current period (A$33 million compared with A$97 million in the corresponding prior period).

**MANAGEMENT DISCUSSION AND ANALYSIS**

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

### 2.5 Other costs

#### 2.5.1 Corporate administration costs

Corporate administration costs for the six months ended 31 December 2013 of A$58 million were A$8 million or 12% lower than the corresponding prior period (A$66 million), primarily due to the closure of the Brisbane office (announced in June 2013), rationalisation of corporate office and support functions and associated reductions in headcount. Partially offsetting this decrease was a A$4 million increase in corporate legal costs and a A$4 million increase in depreciation expense associated with recently completed systems implementations.

#### 2.5.2 Exploration expense

Exploration expense for the six months ended 31 December 2013 of A$12 million was A$24 million or 67% lower than the corresponding prior period (A$36 million).

*Further information on Exploration can be found in section 3.*

#### 2.5.3 Other income/expenses

| | For the six months ended 31 December | |
|---|---|---|
| A$ million | 2013 | 2012 |
| Net loss on disposal/write-down of non-current assets | **(19)** | - |
| Net fair value gain on gold and copper derivatives | **9** | 7 |
| Community contractual settlements and negotiation costs | **(4)** | (21) |
| Net foreign exchange gain/(loss) | **7** | (7) |
| Other | **(2)** | (3) |
| **Other income/(expense)** | **(9)** | (24) |

Other income/(expense) for the six months ended 31 December 2013 was an expense of A$9 million, A$15 million lower than the corresponding prior period (A$24 million).

During the current period a A$19 million loss was incurred on the disposal and/or write-down of property, plant and equipment, primarily at Cadia Valley and Telfer, deemed surplus to site needs and not required at other operational sites as mining activity across the Company reduced.

The fair value gain on gold and copper derivatives primarily relates to the movement in spot prices impacting the quotational period adjustments on sales. Newcrest locks in the gold and copper price for concentrate shipments at the time of sale to minimise this impact. The quotational period adjustments were favourable A$9 million for the current period.

Expenditure of A$4 million primarily relates to progression of negotiations with landowners of the commercial and community development agreements at Lihir.

## 2. Discussions and Analysis of Operations and the Income Statement (continued)

### 2.5.4 Finance costs

Net finance costs of A$88 million for the six months ended 31 December 2013 were A$58 million higher than the corresponding prior period (A$30 million). Gross finance costs for the current period of A$90 million were A$25 million higher than the corresponding prior period, primarily reflecting a higher level of average debt in the period. Interest costs associated with the Cadia East Panel Cave 2 project of A$2 million were capitalised in the current period, A$33 million lower than the corresponding prior period, when interest costs of A$35 million were capitalised in relation to the Cadia East Panel Cave 1 and Lihir expansion project, both of which were commissioned early in the 2013 calendar year.

### 2.6 Income tax expense and non-controlling interests

Income tax expense on Underlying profit for the six months ended 31 December 2013 was A$100 million, resulting in an effective tax rate of approximately 32%, marginally higher than the Australian company tax rate of 30%. In the corresponding prior period, income tax expense was A$101 million with an effective tax rate of 23%, primarily the result of tax concessions relating to exploration deductions in Papua New Guinea.

Income tax expense on Statutory profit in the current period was A$216 million with the difference from income tax expense on Underlying profit being the A$120 million expense relating to Newcrest's voluntary amendment of its Australian research and development claims with respect to the 2009 to 2011 financial years, as announced on 17 October 2013, and a tax benefit of A$4 million relating to the impairment of exploration assets in West Africa. There were no differences between income tax expense on Underlying profit and Statutory profit in the corresponding prior period.

Non-controlling interests in Underlying profit of A$9 million, being the profit after tax attributable to the minority shareholders of Newcrest's non-wholly owned subsidiaries, decreased from the corresponding prior period (A$18 million), reflecting lower profits from Gosowong and Bonikro in the current period.

Non-controlling interests on Statutory profit was A$4 million, with the only difference relating to a A$5 million impairment of exploration assets in West Africa.

# 3 Review of Capital and Exploration

## 3.1 Investing activities

Investing activities for the six months ended 31 December 2013 represented a cash outflow of A$457 million, A$894 million or 66% lower than the corresponding prior period (A$1,351 million). This reduction reflected changes in all categories of capital expenditure, but was primarily driven by substantially lower major project capital expenditure following the completion of Newcrest's two major expansion projects at Cadia Valley and Lihir early in the 2013 calendar year.

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| **A$ millions** | **2013** | **2012** | **Change** | **Change %** |
| Capital expenditure | | | | |
| - Production stripping | **120** | 203 | (83) | (41%) |
| - Sustaining | **135** | 240 | (105) | (44%) |
| - Major project (non-sustaining) | **164** | 798 | (634) | (79%) |
| **Total capital expenditure** | **419** | 1,241 | (822) | (66%) |
| Exploration | **36** | 84 | (48) | (57%) |
| Proceeds from sale of investments | **-** | (9) | 9 | 100% |
| Interest capitalised | **2** | 35 | (33) | (94%) |
| **Total cash outflow from investing activities** | **457** | 1,351 | (894) | (66%) |

## 3.2 Capital expenditure

Capital expenditure for the six months ended 31 December 2013 was A$419 million, A$822 million or 66% lower than the corresponding prior period (A$1,241 million).

The reduction in capital expenditure primarily reflects the completion of Newcrest's two major expansion projects at Cadia Valley and Lihir which were still being progressed in the corresponding prior period, the completion of major production stripping activity at Telfer and Bonikro, and lower sustaining capital expenditure in the current period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Review of Capital and Exploration (continued)

### 3.2.1 Production stripping

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ million | 2013 | 2012 | Change | Change % |
| Telfer | 24 | 104 | (80) | (77%) |
| Cadia Valley | - | - | - | - |
| Lihir | 78 | 44 | 34 | 77% |
| Gosowong | - | 6 | (6) | (100%) |
| Bonikro | 9 | 35 | (26) | (74%) |
| Hidden Valley | 9 | 14 | (5) | (36%) |
| **Total production stripping** | **120** | 203 | (83) | (41%) |

Production stripping for the six months ended 31 December 2013 was A$120 million, A$83 million lower than the corresponding prior period (A$203 million).

The reduction was primarily due the completion of major stripping activities at Telfer (Main Dome Stage 4 and Stage 6) and Bonikro (Stage 2) which were still active in the corresponding prior period, partly offset by increased activity at Lihir in relation to Minifie Stage 9.

### 3.2.2 Sustaining capital

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ million | 2013 | 2012 | Change | Change % |
| Telfer | 26 | 62 | (36) | (58%) |
| Cadia Valley | 21 | 29 | (8) | (28%) |
| Lihir | 37 | 85 | (48) | (56%) |
| Gosowong | 37 | 6 | 31 | 517% |
| Bonikro | 2 | 6 | (4) | (67%) |
| Hidden Valley | 7 | 21 | (14) | (67%) |
| Other | 5 | 31 | (26) | (84%) |
| **Total sustaining capital** | **135** | 240 | (105) | (44%) |

Sustaining capital expenditure for the six months ended 31 December 2013 was A$135 million, A$105 million lower than the corresponding prior period (A$240 million).

The reduction in sustaining capital expenditure was primarily the result of Newcrest's focus on cost and capital reduction, as well as progressive completion of projects in progress in the corresponding prior period, including dump leach pad refurbishments and a new regrind facility at Telfer, and investment in information and process systems development (SAP). The refurbishment program at Lihir to improve the reliability of the original plant continued.  The increase at Gosowong primarily relates to the tailings storage facility, the Toguraci refrigeration plant and the impact of re-classifying Toguraci and Kencana development from non-sustaining in the corresponding prior period to sustaining in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

## 3. Review of Capital and Exploration (continued)

### 3.2.3 Major projects (non-sustaining) capital

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ million | 2013 | 2012 | Change | Change % |
| Telfer | - | 43 | (43) | (100%) |
| Cadia Valley | 141 | 337 | (196) | (58%) |
| Lihir | 6 | 308 | (302) | (98%) |
| Gosowong | 1 | 43 | (42) | (98%) |
| Bonikro | - | 17 | (17) | (100%) |
| Hidden Valley | - | 7 | (7) | (100%) |
| Wafi-Golpu | 14 | 33 | (19) | (58%) |
| Other | 2 | 10 | (8) | (80%) |
| **Total** | **164** | 798 | (634) | (79%) |

Major project, or non-sustaining, capital expenditure for the six months ended 31 December 2013 was A$164 million, A$634 million or 79% lower than the corresponding prior period (A$798 million) primarily as a result of completion of the major expansion projects at Cadia Valley and Lihir early in the 2013 calendar year. Current period expenditure was primarily in relation to:

- Development of the Cadia East Panel Cave 2, with the ongoing development of the undercut and extraction level the key focus. The west crusher chamber and conveyor excavations were completed in the current period
- At Wafi-Golpu activities included metallurgical test-work to improve metal recoveries, exploration drilling, camp construction and reviewing the technical development plan, and
- At Lihir commissioning activities for the flotation circuit expansion project were finalised early in the current period.

## 3. Review of Capital and Exploration (continued)

### 3.3 Exploration

Exploration expenditure in the six months ended 31 December 2013 of A$36 million was A$48 million or 57% lower than the corresponding prior period (A$84 million). Of this A$36 million, A$12 million was expensed resulting in a capitalisation rate of 67%, reflecting the proportion of exploration effort on brownfields and reserve definition activity. Exploration activity in the period focussed on Gosowong, Telfer, Bonikro and the Wafi-Golpu project.

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| **A$ millions** | **2013** | **2012** | **Change** | **Change %** |
| **Expenditure by nature** | | | | |
| Greenfields | **8** | 26 | (18) | (69%) |
| Brownfields | **14** | 21 | (7) | (33%) |
| Reserve definition | | | | |
| - Telfer | **4** | 12 | (8) | (67%) |
| - Gosowong | **-** | 1 | (1) | (100%) |
| - Hidden Valley & Wafi-Golpu | **7** | 12 | (5) | (42%) |
| - Lihir | **-** | 7 | (7) | (100%) |
| - Cote d'Ivoire | **1** | 5 | (4) | (80%) |
| - Fiji | **2** | - | 2 | |
| | **36** | 84 | (48) | (57%) |
| **Expenditure by region** | | | | |
| Australia | **9** | 20 | (11) | (55%) |
| Indonesia | **10** | 15 | (5) | (33%) |
| Papua New Guinea | **11** | 35 | (24) | (69%) |
| West Africa | **3** | 12 | (9) | (75%) |
| Fiji | **3** | 2 | 1 | 50% |
| | **36** | 84 | (48) | (57%) |

Exploration at Gosowong focussed on new discoveries seeking to extend the present mine life. At Telfer, drilling targeted the West Dome Deeps prospect and the area located below the Telfer Deeps Sub-Level Cave mine and the top of the Vertical Stockwork Corridor. Drilling within the Bonikro mine district targeted higher grade mineralisation at Hiré.

Resource definition drilling continued at Wafi-Golpu to provide additional orebody knowledge for the ongoing studies, while brownfield drilling tested for near surface higher grade gold mineralisation within the vicinity of the Golpu and Wafi resources.

Away from Newcrest's operational sites and Wafi-Golpu, drilling was restricted to Namosi Joint Venture and the Morobe Exploration Joint Venture. Drilling at Namosi is exploring for higher grade mineralisation below the Wainaulo resource within the Waivaka Corridor. In Australia, target generation activity continued.

### 3.4 Other investing activities

Other investing activities, which include proceeds from sale of investments and interest capitalised, for the six months ended 31 December 2013 was A$2 million, A$24 million lower than the corresponding prior period (A$26 million). This is primarily the result of higher capitalised interest in the corresponding prior period, when the major projects of Cadia East and Lihir plant expansion were still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

## 4 Discussion and Analysis of Cash flow

### 4.1 Cash flow overview

Free cash flow for the current period was an outflow of A$229 million, compared to an outflow of A$923 million in the corresponding prior period. The lower level of cash flow from operating activities in the current period compared with the corresponding prior period was more than offset by the relative reduction in cash flow from investing activities in the current period.

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ millions | 2013 | 2012 | Change | Change % |
| **Cash flow from operating activities** | **228** | 428 | (200) | (47%) |
| **Cash flow from investing activities** | **(457)** | (1,351) | 894 | 66% |
| **Free cash flow** | **(229)** | (923) | 694 | 75% |
| **Cash flow from financing activities** | **280** | 782 | (502) | (64%) |
| Net movement in cash | **51** | (141) | 192 | 136% |
| Cash at the beginning of the period | **69** | 242 | (173) | (71%) |
| Effects of exchange rate changes on cash held | **1** | (4) | 5 | 125% |
| **Cash at the end of the period** | **121** | 97 | 24 | 25% |

### 4.2 Cash flow from operating activities

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| A$ millions | 2013 | 2012 | Change | Change % |
| **Cash flow from operating activities** | | | | |
| - Receipts from customers | **1,921** | 1,854 | 67 | 4% |
| - Payments to suppliers and employees | **(1,515)** | (1,284) | (231) | (18%) |
| - Interest paid | **(78)** | (24) | (54) | (225%) |
| - Income taxes paid | **(102)** | (118) | 16 | 14% |
| - Dividends received | **2** | - | 2 | |
| **Net cash flow from operating activities** | **228** | 428 | (200) | (47%) |

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 in the current period reflects:

- The impact of 13% lower A$ average realised gold prices compared to the corresponding prior period
- The increase in operating costs associated with a 26% increase in gold sales volume compared to the corresponding prior period
- 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.

## 4. Discussion and Analysis of Cash flow (continued)

Income taxes paid were A$16 million lower in the current period than the corresponding prior period, notwithstanding the above mentioned current period tax payment of approximately A$70 million, reflecting lower levels of taxable income on underlying earnings in the current period.

### 4.3 Cash flow from investing activities

Refer to section 3 for an explanation of capital and exploration expenditures.

Cash flow from investing activities for the six months ended 31 December 2013 was an outflow of A$457 million, A$894 million lower than the corresponding prior period cash outflow (A$1,351 million). The reduction is a result of lower levels of expenditure in all investing categories - major project (non-sustaining), sustaining, production stripping and exploration expenditure - in the current period compared with the corresponding prior period.

### 4.4 Cash flow from financing activities

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| | 2013 | 2012 | Change | Change % |
| **Cash flow from financing activities** | | | | |
| Proceeds from borrowing: | **1,197** | 2,460 | (1,263) | (51%) |
| *- US dollar bilateral loan facilities* | ***1,197*** | *1,512* | (315) | (21%) |
| *- US dollar senior unsecured notes* | - | *948* | (948) | (100%) |
| Repayment of borrowings | **(910)** | (1,623) | 713 | 44% |
| Net payment of finance lease principal | **(1)** | (2) | 1 | 50% |
| Payment for treasury shares | **(6)** | (1) | (5) | (500%) |
| Partial sale of subsidiary to non-controlling interest, net of withholding tax | - | 117 | (117) | (100%) |
| Dividend Paid – to members of the parent entity | - | (150) | 150 | (100%) |
| Dividend Paid – to non-controlling interests | - | (19) | 19 | (100%) |
| **Net cash from financing activities** | **280** | 782 | (502) | (64%) |

Cash flow from financing activities for the six months ended 31 December 2013 was an inflow of A$280 million, which was A$502 million lower than the corresponding prior period cash inflow (A$782 million). The primary financing activity in the current period was the A$287 million net drawdown on the US bilateral bank loan facilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 5 Review of Operations

### 5.1 Cadia Valley

| Measure | | For the six months ended 31 December 2013 | 2012 | Change | Change % |
|---|---|---|---|---|---|
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **8,113** | **4,692** | 3,421 | 73% |
| Total material treated | *tonnes 000's* | **11,424** | **12,122** | (698) | (6%) |
| Gold head grade | *grams/tonne* | **1.03** | **0.64** | 0.39 | 61% |
| Gold recovery | *%* | **80.4** | **76.3** | 4.1 | 5% |
| Gold produced | *ounces* | **305,537** | **189,632** | 115,905 | 61% |
| Copper produced | *tonnes* | **30,398** | **24,947** | 5,451 | 22% |
| Silver produced | *ounces* | **252,166** | **176,391** | 75,775 | 43% |
| Gold sales | *ounces* | **297,877** | **188,917** | 108,960 | 58% |
| Copper sales | *tonnes* | **30,262** | **23,483** | 6,779 | 29% |
| Silver sales | *ounces* | **248,224** | **176,391** | 71,833 | 41% |
| **Financial** | | | | | |
| Revenue | *A$ million* | **643** | **445** | 198 | 44% |
| Depreciation | *A$ million* | **90** | **54** | 36 | 67% |
| Cost of Sales | *A$ million* | **392** | **301** | 91 | 30% |
| Operating EBIT | *A$ million* | **251** | **144** | 107 | 74% |
| All-in Sustaining Cost | *A$ million* | **87** | **104** | (17) | (16%) |
| All-in Sustaining Cost | *A$/ounce sold* | **302** | **616** | (314) | (51%) |

Cadia Valley gold production and sales[23] for the six months ended 31 December 2013 was 305,537 ounces and 297,877 ounces respectively, 61% and 58% higher than the corresponding prior period.

Increased production was primarily the result of increased ore production from Cadia East (following commencement of commercial production on 1 January 2013) and increased ore feed from Ridgeway, both of which are higher grade ore sources than stockpiled ore which ceased being an ore feed in the current period. This change in ore feed mix resulted in higher average feed grades for both gold and copper which flowed through to higher recoveries, notwithstanding mill feed throughput was lower in the current period.

Revenue for the six months ended 31 December 2013 of A$643 million was A$198 million or 44% higher than the corresponding prior period (A$445 million), primarily driven by increased gold and copper volumes produced and sold. Revenue from gold sales was 48% higher than the corresponding prior period, primarily the result of a 58% increase in sales volume partially offset by a 13% reduction in realised gold price. Revenue from copper sales was 40% higher than the corresponding prior period, primarily the result of both higher volumes and a higher realised copper price.

[23] Production and sales for the six months ended 31 December 2013 includes 8,477 pre-commissioning and development production gold ounces and 845 tonnes of copper, and 8,559 pre-commissioning and development sales gold ounces and 834 tonnes of copper for the Cadia East project. Production and sales for the six months ended 31 December 2012 includes 19,890 pre-commissioning gold ounces, and 1,484 tonnes of copper for the Cadia East project. Expenditure associated with this production and sales are capitalised and are not included in the operating cost calculations.

## 5. Review of Operations (continued)

Cost of sales for the six months ended 31 December 2013 of A$392 million was A$91 million or 30% higher than the corresponding prior period (A$301 million). This increase was driven by the 58% increase in gold sales volumes and the inclusion of mining costs following the commencement of commercial production at Cadia East from 1 January 2013.

Depreciation expense increased by A$36 million compared to the corresponding prior period, primarily the result of higher proportion of Ridgeway ore and the commencement of commercial production of Cadia East on 1 January 2013.

All-In Sustaining Cost[24] per ounce sold for the six months ended 31 December 2013 of A$302 per ounce (US$279 per ounce) was A$314 per ounce or 51% lower than the corresponding prior period (A$616 or US$640 per ounce). The reduction was primarily the result of increased levels of ore from Cadia East at higher grade, increased ore production from the higher grade Ridgeway mine, the cessation of processing of low grade stockpiles and lower sustaining capital in the current period. This was partially offset by a reduction in copper credits on a per ounce basis.

[24] 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.

## 5. Review of Operations (continued)

### 5.2 Telfer

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| **Measure** | | **2013** | **2012** | **Change** | **Change %** |
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **23,261** | **49,101** | (25,840) | (53%) |
| Total material treated | *tonnes 000's* | **11,228** | **10,315** | 913 | 9% |
| Gold head grade | *grams/tonne* | **0.91** | **1.00** | (0.09) | (9%) |
| Gold recovery | *%* | **79.6** | **69.8** | 9.8 | 14% |
| Gold produced | *ounces* | **280,481** | **239,367** | 41,114 | 17% |
| Copper produced | *tonnes* | **11,837** | **13,578** | (1,741) | (13%) |
| Silver produced | *ounces* | **144,939** | **150,868** | (5,929) | (4%) |
| Gold sales | *ounces* | **263,523** | **239,945** | 23,578 | 10% |
| Copper sales | *tonnes* | **10,195** | **13,180** | (2,985) | (23%) |
| Silver sales | *ounces* | **144,939** | **150,868** | (5,929) | (4%) |
| **Financial** | | | | | |
| Revenue | *A$ million* | **450** | **487** | (37) | (8%) |
| Depreciation | *A$ million* | **33** | **97** | (64) | (66%) |
| Cost of Sales | *A$ million* | **348** | **420** | (72) | (17%) |
| Operating EBIT | *A$ million* | **102** | **67** | 35 | 52% |
| All-in Sustaining Cost | *A$ million* | **291** | **404** | (113) | (28%) |
| All-in Sustaining Cost | *A$/ounce sold* | **1,103** | **1,682** | (579) | (34%) |

Telfer gold production and sales for the six months ended 31 December 2013 was 280,481 ounces and 263,523 ounces respectively, 17% and 10% higher than the corresponding prior period.

Increased production was primarily the result of higher throughput and higher recoveries, partly offset by lower feed grades. Mill throughput was 913kt higher in the current period, primarily reflecting the major planned mill shutdown in August 2012. Grade was lower primarily due to the lower level of feed of underground ore in the current period due to the disruption of the underground hoist and resulting suspension of underground operations in August and September 2013. Recoveries were higher in the current period, primarily reflecting lower levels of ore sourced from the high sulphur West Dome ore and continuous improvement initiatives. A reduction in open pit operations in the current period, in response to the lower gold price environment, resulted in the volume of ore processed directly from the open pit reducing from 7.2 to 5.3 million tonnes, while the disruption to the hoisting system resulted in underground tonnes milled being approximately 832 thousand tonnes lower than the corresponding prior period. The shortfall in feed from these sources was supplemented by a draw down on open pit stockpiles (3.6 million tonnes). Dump leach contributed an additional 12,734 ounces compared to the corresponding prior period due to the planned ramp up of the new dump leach facility.

Cyclone Christine delayed the final concentrate shipment for the current period (approximately 15,919 gold ounces) resulting in a higher closing inventory position than planned.

## 5. Review of Operations (continued)

Revenue for the six months ended 31 December 2013 of A$450 million was A$37 million or 8% lower than the corresponding prior period (A$487 million). Revenue from gold sales was A$18 million lower than the corresponding prior period, with a 13% reduction in the realised gold price offsetting the 10% increase in gold sales. Revenue from copper sales was A$19 million lower than the corresponding prior period and primarily the result of a 23% reduction in copper shipments offsetting the 5% increase in the copper price in the current period.

Cost of sales for the six months ended 31 December 2013 of A$348 million was A$72 million or 17% lower than the corresponding prior period. The reduction is primarily the result of a lower depreciation charge following the impairment of Telfer assets as at 30 June 2013 and cost reductions implemented in the current period.

All-In Sustaining Cost[25] per ounce sold for the six months ended 31 December 2013 of A$1,103 per ounce (US$1,017 per ounce) was A$579 per ounce lower than the corresponding prior period (A$1,682 or US$1,747 per ounce). The 34% reduction is primarily the result of lower production stripping costs with the finalisation of the Main Dome Stage 4 waste stripping activity in the current period, lower sustaining capital and lower unit site costs. The otherwise lower All-In Sustaining Cost outcome was partially offset by lower copper credits per ounce sold due to the loss of the higher copper grade underground ore feed, primarily a result of the disruption in the underground hoisting system.

[25] 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.

MANAGEMENT DISCUSSION AND ANALYSIS

## 5. Review of Operations (continued)

### 5.3 Lihir

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| Measure | | 2013 | 2012 | Change | Change % |
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **9,927** | **12,564** | (2,637) | (21%) |
| Total material treated | *tonnes 000's* | **5,194** | **2,755** | 2,439 | 89% |
| Gold head grade | *grams/tonne* | **2.76** | **3.63** | (0.87) | (24%) |
| Gold recovery | *%* | **82.9** | **85.9** | (3) | (3%) |
| Gold produced | *ounces* | **382,304** | **276,438** | 105,866 | 38% |
| Silver produced | *ounces* | **13,373** | **10,855** | 2,518 | 23% |
| Gold sales | *ounces* | **398,568** | **283,923** | 114,645 | 40% |
| Silver sales | *ounces* | **13,373** | **10,855** | 2,518 | 23% |
| **Financial** | | | | | |
| Revenue | *A$ million* | **561** | **459** | 102 | 22% |
| Depreciation | *A$ million* | **100** | **69** | 31 | 45% |
| Cost of Sales | *A$ million* | **469** | **223** | 246 | 110% |
| Operating EBIT | *A$ million* | **92** | **236** | (144) | (61%) |
| All-in Sustaining Cost | *A$ million* | **479** | **285** | 194 | 68% |
| All-in Sustaining Cost | *A$/ounce sold* | **1,201** | **1,002** | 199 | 20% |

Lihir gold production and sales for the six months ended 31 December 2013 was 382,304 ounces and 398,568 ounces respectively, 38% and 40% higher than the corresponding prior period.

Mill throughput in the current period of 5.2 million tonnes was 89% above the corresponding prior period, primarily reflecting the completion of the plant expansion project in January 2013 and associated improvement projects. Gold grade was 24% lower in the current period (2.8g/t in the current period compared with 3.6g/t in the corresponding prior period), primarily the result of an increase in ore sourced from stockpiles (84% of total feed in the current period compared with 43% in the corresponding prior period). Gold recoveries were lower in the current period (83% compared with 86% in the corresponding prior period) as more ore was sourced from lower grade stockpiles.

An increase in ore sourced from stockpiles has enabled a reduction in ex-pit ore mining compared to the corresponding prior period. Mining activities continue at reduced levels, and included production stripping of the next ore source, Minifie Stage 9.

Revenue for the six months ended 31 December 2013 of A$561 million was A$102 million or 22% higher than the corresponding prior period (A$459 million). This was primarily the result of a 40% increase in gold sales in the current period to 398,568 ounces, partially offset by a decrease in realised gold price. Gold sales were higher than production in the current period as a result of timing of shipments of prior period production.

## 5. Review of Operations (continued)

Cost of sales for the six months ended 31 December 2013 of A$469 million was A$246 million or 110% higher than the corresponding prior period (A$223 million). The increase in the current period primarily reflects the 89% increase in ore processed and 40% increase in gold sales volumes. Cost of sales was further impacted by higher fixed plant maintenance requirements following the completion of the plant expansion in January 2013 and additional planned autoclave shutdowns. The strengthening of the US dollar against the Australian dollar further adversely impacted costs by approximately A$15 million. Increases to cost of sales were partially offset by the ability to reduce ex-pit mining activity through the use of existing stockpiles as the primary feed to the mill and the introduction of cost improvement programs such as renegotiation of contractor terms, reduced oxygen plant usage and lower manning levels.

All-In Sustaining Cost[26] per ounce sold for the six months ended 31 December 2013 of A$1,201 per ounce (US$1,108 per ounce) was A$199 (US$67) per ounce higher than the corresponding prior period (A$1,002 or US$1,041 per ounce). The increased reliance on lower grade stockpile ore was the primary driver of the increased unit cost, with an increase in production stripping activity of Minifie Stage 9 contributing an additional A$40 per ounce. Lower sustaining capital and exploration activity (favourable by A$236 per ounce), were primarily in response to a lower gold price environment. The All-In Sustaining Cost for the current period includes a non-cash inventory charge of A$62 per ounce reflecting drawdown on ore stockpiles. This was higher than the corresponding prior period (credit of A$276 per ounce) which was characterised by ore stockpile additions.

[26] 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.

## 5. Review of Operations (continued)

### 5.4 Gosowong

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| **Measure** | | **2013** | **2012** | **Change** | **Change %** |
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **577** | **3,631** | (3,054) | (84%) |
| Total material treated | *tonnes 000's* | **406** | **445** | (39) | (9%) |
| Gold head grade | *grams/tonne* | **11.83** | **11.77** | 0.06 | 1% |
| Gold recovery | *%* | **96.1** | **94.6** | 1.5 | 2% |
| Gold produced | *ounces* | **149,217** | **161,313** | (12,096) | (7%) |
| Silver produced | *ounces* | **203,136** | **140,687** | 62,449 | 44% |
| Gold sales | *ounces* | **153,280** | **159,792** | (6,512) | (4%) |
| Silver sales | *ounces* | **212,870** | **138,885** | 73,985 | 53% |
| **Financial** | | | | | |
| Revenue | *A$ million* | **221** | **264** | (43) | (16%) |
| Depreciation | *A$ million* | **48** | **49** | (1) | (2%) |
| Cost of Sales | *A$ million* | **164** | **139** | 25 | 18% |
| Operating EBIT | *A$ million* | **57** | **125** | (68) | (54%) |
| All-in Sustaining Cost | *A$ million* | **152** | **97** | 55 | 57% |
| All-in Sustaining Cost | *A$/ounce sold* | **990** | **607** | 383 | 63% |

Gosowong gold production and sales for the six months ended 31 December 2013 were 149,217 ounces and 153,280 ounces respectively, 7% and 4% lower than the corresponding prior period.

The lower production was primarily the result of lower throughput which was approximately 39 thousand tonnes or 9% lower than the corresponding prior period due to the completion of open pit mining in July 2013, the slower ramp up of Toguraci due to extreme heat and a higher waste to ore ratio at Kencana. The reduction in ore feed was partially offset by drawing on stockpiled ore sourced from the open pit following cessation of mining in July 2013. The lower mill feed tonnes and recovery improvement projects in the current period, resulted in recoveries improving to 96.1%, 1.5% higher than the corresponding prior period.

Revenue for the six months ended 31 December 2013 of A$221 million was A$43 million or 16% lower than the corresponding prior period, primarily the result of a 13% lower average realised gold price and lower sales volume compared to the corresponding prior period.

Cost of sales for the six months ended 31 December 2013 of A$164 million was A$25 million or 18% higher than the corresponding prior period. This increase was primarily the result of changes in mining activity related to the ramp up of the higher grade Toguraci mine together with the more difficult mining conditions at Toguraci. This was partially offset by lower costs at Kencana reflecting reduced activity and lower open pit costs following the completion of mining in the Gosowong pit. In addition, the weakening Australian dollar against the US dollar in the current period compared to the corresponding prior period adversely impacted cost of sales by approximately A$4 million.

## 5. Review of Operations (continued)

All-In Sustaining Cost[27] per ounce sold for the six months ended 31 December 2013 of A$990 per ounce (US$913 per ounce) were A$383 per ounce higher than the corresponding prior period (A$607 or US$630 per ounce). In US dollar terms, All-In Sustaining Cost increased by US$283 per ounce or 45%. This outcome was primarily the result of higher sustaining capital spend per ounce sold (unfavourable by A$206 or US$186 per ounce), related to Toguraci and Kencana mine development costs, commencement of the lift of the Tailing Storage Facility and installation of refrigeration plant to manage underground heat issues at Toguraci mine.

[27] 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 5. Review of Operations (continued)

### 5.5 Hidden Valley[28]

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| **Measure** | | **2013** | **2012** | **Change** | **Change %** |
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **6,221** | **4,898** | 1,323 | 27% |
| Total material treated | *tonnes 000's* | **1,009** | **947** | 62 | 7% |
| Gold head grade | *grams/tonne* | **1.76** | **1.69** | 0.07 | 4% |
| Gold recovery | *%* | **88.4** | **84.2** | 4.2 | 5% |
| Gold produced | *ounces* | **49,717** | **42,786** | 6,931 | 16% |
| Silver produced | *ounces* | **525,706** | **459,248** | 66,458 | 14% |
| Gold sales | *ounces* | **48,813** | **43,002** | 5,811 | 14% |
| Silver sales | *ounces* | **507,347** | **450,867** | 56,480 | 13% |
| **Financial** | | | | | |
| Revenue | *A$ million* | **82** | **84** | (2) | (2%) |
| Depreciation | *A$ million* | **16** | **22** | (6) | (27%) |
| Cost of Sales | *A$ million* | **91** | **94** | (3) | (3%) |
| Operating EBIT | *A$ million* | **(9)** | **(10)** | 1 | 10% |
| All-in Sustaining Cost | *A$ million* | **79** | **98** | (19) | (19%) |
| All-in Sustaining Cost | *A$/ounce sold* | **1,627** | **2,275** | (648) | (28%) |

Hidden Valley gold production and sales for the six months ended 31 December 2013 was 49,717 ounces and 48,813 ounces respectively, 16% and 14% higher than the corresponding prior period.

Silver production and sales for the six months ended 31 December 2013 was 525,706 ounces and 507,347 ounces respectively, 14% and 13% higher than the corresponding prior period.

Mill throughput and recoveries for both gold and silver increased in the current period, primarily the result of improvements in system reliability and benefits from the oxygen plant. Gold grade milled increased in the current period with access to higher grade ore from Hidden Valley Stage 3.

Revenue for the six months ended 31 December 2013 of A$82 million was A$2 million or 2% lower than the corresponding prior period. The increase in sales volumes for both gold and silver were offset by realised prices in the current period which were 13% lower for gold and 25% lower for silver.

Cost of sales for the six months ended 31 December 2013 of A$91 million was A$3 million or 3% lower than the corresponding prior period, notwithstanding gold and silver sales were higher by 14% and 13% respectively. Commissioning of the ore crusher at the head of the overland conveyor ("OLC"), was completed in the current period. This has increased availability and improved the performance of the OLC system with a reduction in tonnes being hauled to the mill by truck, enabling lower unit costs. The operation has benefited from a broad set of cost and operational improvement initiatives including rationalisation of contractor labour, more efficient and effective shared services functions, a reduction in reagent consumption and improved availability of critical infrastructure.

[28] Newcrest's 50% interest in Hidden Valley shown.

## 5. Review of Operations (continued)

Depreciation expense for the six months ended 31 December 2013 of A$16 million was A$6 million lower than the corresponding prior period (A$22 million), which primarily reflects the reduced asset base as a result of the impairment to the carrying value of assets at Hidden Valley as at 30 June 2013.

All-In Sustaining Cost[29] per ounce sold for the six months ended 31 December 2013 of A$1,627 per ounce (US$1,501 per ounce) was A$648 per ounce or 28% lower than the corresponding prior period (A$2,275 or US$2,363 per ounce), primarily reflecting lower site operating costs, lower sustaining capital expenditure, and increased gold production and sales.

[29] 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Review of Operations (continued)

### 5.6 Bonikro

| | | For the six months ended 31 December | | | |
|---|---|---|---|---|---|
| **Measure** | | **2013** | **2012** | **Change** | **Change %** |
| **Operating** | | | | | |
| Total material mined | *tonnes 000's* | **6,984** | **12,342** | (5,358) | (43%) |
| Total material treated | *tonnes 000's* | **981** | **946** | 35 | 4% |
| Gold head grade | *grams/tonne* | **1.41** | **1.51** | (0.10) | (7%) |
| Gold recovery | *%* | **91.2** | **95.1** | (3.9) | (4%) |
| Gold produced | *ounces* | **40,441** | **43,795** | (3,354) | (8%) |
| Silver produced | *ounces* | **9,021** | **10,180** | (1,159) | (11%) |
| Gold sales | *ounces* | **42,446** | **40,494** | 1,952 | 5% |
| Silver sales | *ounces* | **8,149** | **7,256** | 893 | 12% |
| **Financial** | | | | | |
| Revenue | *A$ million* | **59** | **66** | (7) | (11%) |
| Depreciation | *A$ million* | **26** | **10** | 16 | 160% |
| Cost of Sales | *A$ million* | **77** | **43** | 34 | 79% |
| Operating EBIT | *A$ million* | **(18)** | **23** | (41) | (178%) |
| All-in Sustaining Cost | *A$ million* | **63** | **77** | (14) | (18%) |
| All-in Sustaining Cost | *A$/ounce sold* | **1,484** | **1,903** | (419) | (22%) |

Bonikro gold production and sales for the six months ended 31 December 2013 was 40,441 ounces and 42,446 ounces respectively, 8% lower and 5% higher respectively than the corresponding prior period.

Processed tonnes increased by 4% over the corresponding prior period following a refurbishment to the crusher in the corresponding prior period. This increased throughput was offset by the mining of lower grade zones in the open pit which resulted in the head grade falling compared with the corresponding prior period. Processing of lower grade material further adversely impacted recoveries.

Revenue for the six months ended 31 December 2013 of A$59 million was A$7 million or 11% lower than the corresponding prior period. The increase in sales volumes for both gold and silver were primarily offset by realised prices in the current period which were 13% lower for gold and 25% lower for silver compared with the corresponding prior period.

Cost of sales for the six months ended 31 December 2013 of A$77 million was A$34 million or 79% higher than the corresponding prior period. The increase was primarily the result of an A$16 million increase in depreciation for the current period and weakening of the Australian dollar relative to the US dollar adversely impacted costs by approximately A$3 million.

Depreciation for the six months ended 31 December 2013 of A$26 million was A$16 million or 160% higher than the corresponding prior period (A$10 million). The increase primarily reflects the amortisation of production stripping costs associated with a greater proportion of production sourced from Stage 4 of the open pit.

## 5. Review of Operations (continued)

All-In Sustaining Cost[30] per ounce sold for the six months ended 31 December 2013 of A$1,484 per ounce (US$1,369 per ounce) were A$419 per ounce lower than the corresponding prior period (A$1,903 or US$1,976 per ounce). The reduction is primarily the result of lower production stripping in the current period with the completion of major production stripping activity on Stage 2 in June 2013.

[30] 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.

## 6 Discussion and Analysis of the Balance Sheet

### 6.1 Net asset and total equity

Newcrest's net assets and total equity increased by A$272 million, or 3%, to A$10,274 million. The increase was primarily the result of a weakening of the Australian dollar compared to the US dollar during the current period (31 December 2013 applied a closing exchange rate of $0.8948, lower than the 30 June 2013 closing exchange rate of $0.9275). This resulted in overseas operations with US dollar functional currencies translating net assets at higher Australian dollar levels at the end of the current period.

| A$ million | 31 December 2013 | 30 June 2013 | Change | Change % |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalent | **121** | 69 | 52 | 75% |
| Receivables | **234** | 178 | 56 | 31% |
| Inventories | **2,200** | 2,194 | 6 | 0% |
| Other financial assets | **25** | 28 | (3) | (11%) |
| Current tax asset | **103** | 58 | 45 | 78% |
| Property, plant and equipment | **5,755** | 5,544 | 211 | 4% |
| Exploration, evaluation and development | **8,014** | 7,863 | 151 | 2% |
| Goodwill | **452** | 436 | 16 | 4% |
| Other Intangible assets | **99** | 114 | (15) | (13%) |
| Deferred tax assets | **292** | 326 | (34) | (10%) |
| Investment in associate | **140** | 132 | 8 | 6% |
| Other assets | **82** | 131 | (49) | (37%) |
| **Total assets** | **17,517** | 17,073 | 444 | 3% |
| | | | | |
| **Liabilities** | | | | |
| Payables | **(341)** | (620) | 279 | 45% |
| Borrowings | **(4,638)** | (4,211) | (427) | (10%) |
| Other financial liabilities | **(17)** | (71) | 54 | 76% |
| Provisions | **(542)** | (594) | 52 | 9% |
| Deferred tax liabilities | **(1,705)** | (1,575) | (130) | (8%) |
| **Total liabilities** | **(7,243)** | (7,071) | (172) | (2%) |
| **Net assets** | **10,274** | 10,002 | 272 | 3% |
| **Equity** | | | | |
| Equity - Newcrest interest | **(10,126)** | (9,863) | (263) | (3%) |
| Non-controlling interests | **(148)** | (139) | (9) | (6%) |
| **Total equity** | **(10,274)** | (10,002) | (272) | (3%) |

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6. Discussion and Analysis of the Balance Sheet (continued)

### 6.2 Net debt and gearing

As at 31 December 2013, Newcrest had net debt, comprising total borrowings less cash, of A$4,517 million, A$375 million higher than the 30 June 2013 net debt position of A$4,142 million. The increase is primarily the result of a A$287 million of drawdown on the bilateral loan facilities during the current period, and a A$164 million retranslation of US dollar denominated debt resulting from a 31 December 2013 closing foreign exchange rate of $0.8948, 4% lower than the 30 June 2013 closing foreign exchange rate of $0.9275. Components of the movement in net debt are outlined in the table below.

| A$ million | |
|---|---|
| **Net debt at 30 June 2013** | **4,142** |
| Net drawdown on USD bilateral loan facilities | 287 |
| Retranslation of USD denominated debt | 164 |
| Net decrease/(increase) in cash balances | (52) |
| Net increase/(decrease) in finance leases and other items | (24) |
| **Net debt at 31 December 2013** | **4,517** |

The gearing ratio (net debt to net debt and equity) as at 31 December 2013 was 30.5%, an increase from 29.3% as at 30 June 2013.

The gearing ratio increased primarily due to the net drawdown on the bilateral loan facilities during the current period and higher Australian dollar debt levels resulting from the translation of the US dollar debt instruments at lower AUD/USD exchange rates as mentioned above.

The adverse impact on gearing of additional debt drawn and Australian dollar weakening on US dollar denominated debt is partially offset by the beneficial effect of translating over US$8 billion of net assets of Newcrest's non-Australian assets at a lower Australian dollar rate.

| A$ million | 31 December 2013 | 30 June 2013 |
|---|---|---|
| Total debt | **4,638** | 4,211 |
| Less cash and cash equivalents | **(121)** | (69) |
| **Net debt** | **4,517** | 4,142 |
| Equity | **10,274** | 10,002 |
| **Net debt and equity** | **14,791** | 14,144 |
| **Gearing (net debt/net debt and equity)** | **30.5%** | 29.3% |

## 6. Discussion and Analysis of the Balance Sheet (continued)

### 6.3 Liquidity and debt facilities

As at 31 December 2013, Newcrest had US dollar bilateral loan facilities of US$2,950 million, with US$1,940 million drawn, resulting in US$1,010 million undrawn. These are committed unsecured revolving three and five year facilities with maturities in September 2015, October 2016, September 2017 and October 2018. Interest is based on LIBOR plus a margin which varies amongst the lenders.

This 31 December loan facilities balance of US$2,950 million was an increase of US$450 million from 30 June 2013, reflecting the addition of two new bilateral loan facilities in October 2013, on terms consistent with the Company's existing bilateral loan facilities, with maturities across late 2015 (US$100 million), 2016 (US$125 million), 2017 (US$100 million) and 2018 (US$125 million).

In January 2014, Newcrest further extended its bilateral facilities by US$200 million also on terms consistent with the Company's existing bilateral loan facilities, for a period of three years (maturing in January 2017). The new facilities provide Newcrest with additional liquidity headroom and extend the average tenor of bilateral loan facilities.

In October 2012, Newcrest issued US$1,000 million in USD Senior Unsecured Notes. The Notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States.

The notes consist of:

- US$750 million Senior Unsecured Notes due 1 October 2022 with a coupon of 4.20%
- US$250 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%

These notes are additional to a similar issue of US$1,000 million in USD Senior Unsecured Notes in November 2011 comprising:

- US$750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45%
- US$250 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%

Newcrest also has US$230 million of long-term senior unsecured notes issued into the United States Private Placement market in May 2005. The notes comprise three tranches at an average fixed interest rate of 5.7% per annum. The outstanding notes have a repayment profile from May 2015 to May 2020, and have been classified as non-current borrowings.

## 7 Non-IFRS Financial Information

Underlying profit, EBIT, EBITDA, and All-In Sustaining Cost are non-IFRS financial measures which Newcrest employs in managing the business. They have been included in the Management Discussion and Analysis to provide additional insight and understanding of business performance for users of this financial information. When reviewing business performance this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS.

These measures do not have any standard definition under IFRS and may be calculated differently by other companies. The tables below reconcile these non-IFRS measures to the most appropriate IFRS measure.

### 7.1 Reconciliation of Statutory profit to Underlying profit

Underlying profit is reported by Newcrest to provide greater understanding of the underlying business performance of its operations. Underlying profit excludes significant items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature. Examples include gains/losses and other costs incurred for acquisitions and disposals of mining interests and asset impairment and write-down charges. Underlying profit and Statutory profit both represent amounts attributable to Newcrest shareholders.

The following table provides a reconciliation of Statutory profit to Underlying profit:

| | For the six months ended 31 December 2013 | | | |
|---|---|---|---|---|
| A$ million | Before Tax | Tax | Non-controlling interest | After tax |
| **Profit after tax attributable to Newcrest shareholders "Statutory profit"** | **260** | **(216)** | **(4)** | **40** |
| Research and development tax claim amendment | - | 120 | - | 120 |
| Impairment loss | 56 | (4) | (5) | 47 |
| **Underlying profit** | **316** | **(100)** | **(9)** | **207** |

There were no differences between Underlying profit and Statutory profit in the corresponding prior period.

## 7. Non-IFRS Financial Information (continued)

### 7.2 Reconciliation of Underlying profit to EBITDA

| | For the six months ended 31 December | |
|---|---|---|
| A$ million | 2013 | 2012 |
| **Underlying Profit** | **207** | **323** |
| Non-controlling interest in controlled entities | **9** | 18 |
| Income tax expense | **100** | 101 |
| Net finance costs | **88** | 30 |
| **EBIT** | **404** | **472** |
| Depreciation and amortisation | **327** | 311 |
| **EBITDA** | **731** | **783** |

### 7.3 Reconciliation of All-In Sustaining Cost to cost of sales

"All-in Sustaining Cost" is a non-IFRS measure which Newcrest has adopted from 2013. This non-IFRS measure was developed in conjunction with other members of the World Gold Council. The "All-in Sustaining Cost" measure more fully defines the costs associated with producing gold from current operations.

| | For the six months ended 31 December | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | $A million | A$ per ounce sold | $A million | A$ per ounce sold |
| **Cost of sales** | **1,541** | **1,289** | **1,220** | **1,304** |
| less Depreciation | **(313)** | **(262)** | (301) | (321) |
| plus By-products | **(335)** | **(280)** | (290) | (310) |
| plus Corporate costs | **44** | **37** | 56 | 59 |
| plus Sustaining exploration | **4** | **3** | 26 | 27 |
| plus Capitalised stripping and underground mine development | **122** | **102** | 199 | 213 |
| plus Sustaining capital expenditure | **135** | **113** | 240 | 256 |
| plus Other[31] | **1** | **1** | 1 | 2 |
| **All-In Sustaining Cost[32]** | **1,199** | **1,003** | **1,151** | **1,230** |
| **Gold sales[33]** | **1,195,948** | | **936,183** | |

[31] Other includes rehabilitation accretion and amortisation and other costs categorised as sustaining.

[32] 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.

[33] Sales for the six months ended 31 December 2013 excludes 8,559 pre-commissioning and development sales gold ounces and 834 tonnes of copper for the Cadia East project. Sales for the six months ended 31 December 2012 includes 19,890 pre-commissioning sales gold ounces, and 1,484 tonnes of copper for the Cadia East project. Expenditure associated with these sales are capitalised and not included in the operating cost calculations.

# FINANCIAL STATEMENTS

**CONSOLIDATED INCOME STATEMENT**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Note | 31-Dec-13 $M | 31-Dec-12* $M |
|---|---|---|---|
| Operating sales revenue | 4(a) | 2,016 | 1,805 |
| Cost of sales | 4(b) | (1,541) | (1,220) |
| **Gross profit** | | **475** | **585** |
| Exploration expenses | | (12) | (36) |
| Corporate administration expenses | 4(c) | (58) | (66) |
| Other income/(expenses) | 4(d) | (9) | (24) |
| Share of profit of associate | | 8 | 13 |
| Impairment loss | 5 | (56) | - |
| **Profit before interest and income tax** | | **348** | **472** |
| Finance costs | 4(e) | (88) | (30) |
| **Profit before income tax** | | **260** | **442** |
| Income tax expense | 6 | (216) | (101) |
| **Profit after income tax** | | **44** | **341** |
| **Profit after tax attributable to:** | | | |
| Non-controlling interests | | 4 | 18 |
| Owners of the parent | | 40 | 323 |
| | | **44** | **341** |
| **Earnings per share (cents per share)** | | | |
| Basic earnings per share | | 5.2 | 42.2 |
| Diluted earnings per share | | 5.2 | 42.2 |

The above Statement should be read in conjunction with the accompanying notes.

* Comparative information has been restated to reflect the adoption of Interpretation 20 - *Stripping Costs in the Production Phase of a Surface Mine.* Refer to Note 3 for details.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | 31-Dec-13 $M | 31-Dec-12* $M |
|---|---|---|
| **Profit after income tax** | **44** | **341** |
| **Other comprehensive income/(loss)** | | |
| *Items that may be reclassified subsequently to the Income Statement* | | |
| ***Cashflow hedges*** | | |
| Cashflow hedges deferred in equity | 8 | (2) |
| Income tax expense/(benefit) | (2) | - |
| | 6 | (2) |
| ***Investments*** | | |
| Net gain on available-for-sale financial assets transferred to the Income Statement | - | 1 |
| Share of other comprehensive income/(loss) of associate | 2 | (2) |
| | 2 | (1) |
| ***Foreign currency translation*** | | |
| Foreign currency translation | 216 | (175) |
| | 216 | (175) |
| **Other comprehensive income/(loss) for the period, net of tax** | **224** | **(178)** |
| **Total comprehensive income for the period** | **268** | **163** |
| **Total comprehensive income attributable to:** | | |
| Non-controlling interests | 9 | 15 |
| Owners of the parent | 259 | 148 |
| | **268** | **163** |

The above Statement should be read in conjunction with the accompanying notes

***** Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

NEWCREST MINING LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

| | Note | 31-Dec-13 $M | 30-Jun-13* $M |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 121 | 69 |
| Trade and other receivables | | 234 | 178 |
| Inventories | 7 | 817 | 946 |
| Other financial assets | | 14 | 18 |
| Current tax asset | | 103 | 58 |
| Other assets | | 68 | 120 |
| **Total current assets** | | **1,357** | **1,389** |
| **Non-current assets** | | | |
| Inventories | 7 | 1,383 | 1,248 |
| Other financial assets | | 11 | 10 |
| Property, plant and equipment | | 5,755 | 5,544 |
| Exploration, evaluation and development | 8 | 8,014 | 7,863 |
| Goodwill | | 452 | 436 |
| Other intangible assets | | 99 | 114 |
| Deferred tax assets | | 292 | 326 |
| Investment in associate | 9 | 140 | 132 |
| Other assets | | 14 | 11 |
| **Total non-current assets** | | **16,160** | **15,684** |
| **Total assets** | | **17,517** | **17,073** |
| **Current liabilities** | | | |
| Trade and other payables | | 341 | 620 |
| Borrowings | 10 | - | 1 |
| Provisions | | 185 | 241 |
| Other financial liabilities | | 17 | 71 |
| **Total current liabilities** | | **543** | **933** |
| **Non-current liabilities** | | | |
| Borrowings | 10 | 4,638 | 4,210 |
| Provisions | | 357 | 353 |
| Deferred tax liabilities | | 1,705 | 1,575 |
| **Total non-current liabilities** | | **6,700** | **6,138** |
| **Total liabilities** | | **7,243** | **7,071** |
| **Net assets** | | **10,274** | **10,002** |
| **Equity** | | | |
| Issued capital | 11 | 13,592 | 13,592 |
| Retained earnings/(accumulated losses) | 12 | (3,104) | (3,144) |
| Reserves | | (362) | (585) |
| **Equity attributable to owners of the parent** | | **10,126** | **9,863** |
| Non-controlling interests | | 148 | 139 |
| **Total equity** | | **10,274** | **10,002** |

The above Statement should be read in conjunction with the accompanying notes.

***** Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

**CONSOLIDATED STATEMENT OF CASH FLOWS**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | 31-Dec-13 $M | 31-Dec-12* $M |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 1,921 | 1,854 |
| Payments to suppliers and employees | (1,515) | (1,284) |
| Interest paid | (78) | (24) |
| Income taxes paid | (102) | (118) |
| Dividends received | 2 | - |
| **Net cash provided by operating activities** | **228** | **428** |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (80) | (215) |
| Mine under construction, development and feasibility expenditure | (218) | (808) |
| Exploration and evaluation expenditure | (36) | (84) |
| Production stripping expenditure | (120) | (203) |
| Information systems development | (1) | (15) |
| Interest capitalised to development projects | (2) | (35) |
| Proceeds from sale of investments | - | 9 |
| **Net cash used in investing activities** | **(457)** | **(1,351)** |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings: | | |
| • US dollar bilateral debt | 1,197 | 1,512 |
| • US dollar corporate bonds | - | 948 |
| Repayment of borrowings: | | |
| • US dollar bilateral debt | (910) | (1,623) |
| Net repayment of finance lease principal | (1) | (2) |
| Payment for treasury shares | (6) | (1) |
| Proceeds from partial sale of shares in subsidiary to non-controlling interests, net of withholding tax | - | 117 |
| Dividends paid: | | |
| • Members of the parent entity | - | (150) |
| • Non-controlling interests | - | (19) |
| **Net cash provided by financing activities** | **280** | **782** |
| **Net increase/(decrease) in cash and cash equivalents** | **51** | **(141)** |
| Cash and cash equivalents at the beginning of the period | 69 | 242 |
| Effects of exchange rate changes on cash held | 1 | (4) |
| **Cash and cash equivalents at the end of the period** | **121** | **97** |

The above Statement should be read in conjunction with the accompanying notes.

* Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

NEWCREST MINING LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Attributable to Owners of the Parent | | | | | | | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Issued Capital | FX Translation Reserve | Hedge Reserve | Equity Settlements Reserve | Fair Value Reserve | Retained Earnings | Total | | |
| | $M | $M | $M | $M | $M | $M | $M | $M | $M |
| **Balance at 1 July 2013 [1]** | **13,592** | **(657)** | **13** | **62** | **(3)** | **(3,144)** | **9,863** | **139** | **10,002** |
| Profit for the period | - | - | - | - | - | 40 | 40 | 4 | 44 |
| Other comprehensive income for the period | - | 211 | 6 | - | 2 | - | 219 | 5 | 224 |
| **Total comprehensive income for the period** | **-** | **211** | **6** | **-** | **2** | **40** | **259** | **9** | **268** |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Share-based payments | - | - | - | 4 | - | - | 4 | - | 4 |
| **Balance at 31 December 2013** | **13,592** | **(446)** | **19** | **66** | **(1)** | **(3,104)** | **10,126** | **148** | **10,274** |

The above Statement should be read in conjunction with the accompanying notes.

[1] Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Attributable to Owners of the Parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Issued Capital $M | FX Translation Reserve* $M | Hedge Reserve $M | Equity Settlements Reserve $M | Fair Value Reserve $M | Retained Earnings* $M | Total $M | Non-controlling Interests* $M | Total $M |
| **Balance at 1 July 2012** | **13,561** | **(1,543)** | **15** | **54** | **(2)** | **2,890** | **14,975** | **119** | **15,094** |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 (after tax) | - | - | - | - | - | (75) | (75) | (2) | (77) |
| **Restated opening balance 1 July 2012** | **13,561** | **(1,543)** | **15** | **54** | **(2)** | **2,815** | **14,900** | **117** | **15,017** |
| Profit for the period | - | - | - | - | - | 323 | 323 | 18 | 341 |
| Other comprehensive income/(loss) for the period | - | (172) | (2) | - | (1) | - | (175) | (3) | (178) |
| **Total comprehensive income/(loss) for the period** | **-** | **(172)** | **(2)** | **-** | **(1)** | **323** | **148** | **15** | **163** |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Share-based payments | - | - | - | 5 | - | - | 5 | - | 5 |
| Shares issued - Dividend reinvestment plan | 26 | - | - | - | - | - | 26 | - | 26 |
| Treasury shares | (1) | - | - | - | - | - | (1) | - | (1) |
| Changes in equity interests held by the parent | - | 7 | - | - | - | 92 | 99 | 30 | 129 |
| Dividends paid | - | - | - | - | - | (176) | (176) | (19) | (195) |
| **Balance at 31 December 2012** | **13,586** | **(1,708)** | **13** | **59** | **(3)** | **3,054** | **15,001** | **143** | **15,144** |

The above Statement should be read in conjunction with the accompanying notes
* Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

## 1. Corporate Information

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") and the Port Moresby Stock Exchange ("PoMSOX"). The registered office of Newcrest Mining Limited is Level 9, 600 St Kilda Road, Melbourne, Victoria, 3004, Australia.

The nature of the operations and principal activities of Newcrest Mining Limited and its controlled entities ('the Group' or 'Consolidated Entity') are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

The financial report of Newcrest Mining Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 14 February 2014.

## 2. Basis of Preparation and Accounting Policies

### (a) Basis of Preparation

This interim condensed financial report for the half-year ended 31 December 2013, prepared by a for-profit entity, is in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Half-Year Financial Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Half-Year Financial Report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2013 and considered together with any public announcements made by Newcrest Mining Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report has been presented in Australian dollars and all values are rounded to the nearest $1,000,000 unless otherwise stated.

### (b) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Newcrest Mining Limited and its controlled entities as at 31 December 2013. Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interest in the results and equity of entities that are controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

A change in the ownership interest of a subsidiary, that does not result in a loss of control, is accounted for as an equity transaction.

**2. Basis of Preparation and Accounting Policies (continued)**

**(c) Significant Accounting Policies**

The accounting policies, methods of computation and areas of critical accounting judgements, estimates and assumptions are the same as those adopted in the most recent annual financial statements for the year ended 30 June 2013, except as disclosed in Note 2(d).

**(d) Changes in Accounting Policies**

The Group has adopted the following new and revised accounting standards, amendments and interpretations as of 1 July 2013:

- AASB 10 - Consolidated Financial Statements
- AASB 11 - Joint Arrangements
- AASB 12 - Disclosure of Interests in Other Entities
- AASB 13 - Fair Value Measurement
- AASB 119 – Employee Benefits
- AASB 124 – Related Party Disclosures
- Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine.

With the exception of Interpretation 20, the adoption of these new and revised standards did not have a material impact on the Group's financial statements. The impact on the Group's financial statements from the adoption of Interpretation 20 is described in Note 3.

## 3. Impact of Adopting Interpretation 20

The Group has adopted Interpretation 20 - *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013.

In open pit mining operations, it is necessary to remove overburden and other waste materials in order to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. The Group capitalises pre-production stripping costs incurred during the development of a mine (or pit) as part of the investment in construction of the mine. These costs are subsequently amortised over the life of the mine (or pit) on a units of production basis. This accounting treatment is unchanged by the implementation of Interpretation 20 which specifies the accounting for production stripping only.

The Group's accounting policy for production stripping costs for the financial year ended 30 June 2013 and previous financial reporting periods, was to defer costs where this was the most appropriate basis for matching the costs against the related economic benefits and where the effect was material. The amount of stripping costs deferred was based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for the life of mine (or pit/stage). Production stripping costs incurred in the period were deferred to the extent that the current period actual waste to contained gold ounce ratio exceeded the average life of mine (or pit/stage) expected ratio. Such deferred costs were then charged to profit or loss to the extent that, in subsequent periods, the current period actual ratio fell below the average life of mine (or pit/stage) expected ratio until those deferred costs were fully depleted. No production stripping liabilities were recognised. The life of mine (or pit/stage) ratio was based on economically recoverable reserves of the mine.

Interpretation 20 now provides specific guidance on how to account for production stripping costs. It requires such costs to be capitalised as an asset (referred to as the 'production stripping asset') when the recognition criteria set out in Interpretation 20 are met. Interpretation 20 differs from the life of mine average waste tonnes mined to contained gold ounce ratio approach in a number of ways – these include:

i) The level at which production stripping costs are to be assessed, which includes the recognition of an asset at a component level rather than a life of mine level; and
ii) The way in which the production stripping asset is to be depreciated.

***Identification of Components***

Interpretation 20 requires the identification of different components of the ore body. Interpretation 20 defines a component as a specific volume of the ore body that is made more accessible by the stripping activity. An identified component of the ore body is generally a subset of the total ore body of the mine. It is considered that each mine may have several components, which are to be identified based on the mine plan. The mine plans and therefore the identification of specific components will vary between mines as a result of both the geological characteristics and location of the ore body. The financial considerations of the mining operations may also impact the identification and designation of a component.

The identification of components is necessary for both the measurement of costs at the initial recognition of the asset, and the subsequent depreciation of the asset.

## 3. Impact of Adopting Interpretation 20 (continued)

***Depreciation Methodology***

Interpretation 20 also changes the manner in which the production stripping asset is depreciated. Under the previous method, the production stripping asset was released to the profit or loss when the actual ratio fell below the average expected ratio. Under Interpretation 20, the production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis.

***Transition***

Interpretation 20 is not to be retrospectively applied; instead it is applied prospectively from the beginning of the earliest comparative period presented. Therefore, the impact of adoption for the Group is calculated as of 1 July 2012, being the beginning of the earliest comparative period presented in these financial statements.

On implementation of Interpretation 20, production stripping costs which had been capitalised up to 30 June 2012 using the Group's previous policy, could only be carried forward if there remained an identifiable component of the ore body to which the opening carried forward balance could be associated. Given the way in which production stripping costs have been previously accumulated and capitalised, and the way in which the components of the mine have been identified under Interpretation 20, it was determined that $99 million (pre-tax and non-controlling interests) of the opening production stripping asset of $337 million was to be written off via opening retained earnings. This adjustment reduced opening retained earnings at 1 July 2012 by $75 million after tax and non-controlling interests.

Prior to the adoption of Interpretation 20, the Group disclosed the production stripping assets as part of 'Other Assets'. On adoption, these assets were reclassified as 'Exploration, Evaluation and Development'.

***Accounting Policy***

The Group's accounting policy under Interpretation 20 has been revised and is as follows:

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory in the period or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to the ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'production stripping asset', if the following criteria are all met;

- Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
- The component of the ore body for which access has been improved can be accurately identified; and
- The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected waste to contained gold ounce ratio ('life of component') ratio.

## 3. Impact of Adopting Interpretation 20 (continued)

### *Accounting Policy (continued)*

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. An identified component of the ore body is typically a subset of the total ore body of the mine. It is considered that each mine may have several components, which are identified based on the mine plan. The mine plans and therefore the identification of specific components will vary between mines as a result of both the geological characteristics and location of the ore body. The financial considerations of the mining operations may also impact the identification and designation of a component.

The identification of components is necessary for both the measurement of costs at the initial recognition of the production stripping asset, and the subsequent depreciation of the production stripping asset.

The life of component ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of component ratio are accounted for prospectively from the date of change.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

The production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body. The production stripping asset is then carried at cost less depreciation and any impairment losses.

The production stripping asset is included in 'Exploration, Evaluation and Development'. These costs form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy.

### *Financial Impacts*

In accordance with the transitional provisions of Interpretation 20, this new policy has been applied prospectively from the start of the comparative period, being 1 July 2012. The impact of these changes in accounting requirements on the:

- Income Statement for the half-year ended 31 December 2012;
- Income Statement for the year ended 30 June 2013;
- Statement of Financial Position as at 30 June 2013;
- Statement of Financial Position as at 1 July 2012;
- Statement of Cash Flows for the half-year ended 31 December 2012; and
- Statement of Cash Flows for the year ended 30 June 2013.

is set out as follows.

The Group has determined that it is not practicable to quantify the impact for the half-year ended 31 December 2013 under the pre-Interpretation 20 approach.

## 3. Impact of Adopting Interpretation 20 (continued)

### (a) Group Income Statement – 6 months ended 31 December 2012

| | As reported 6 months to 31-Dec-12 $M | Interpretation 20 Restatement $M | As restated 6 months to 31-Dec-12 $M |
|---|---|---|---|
| Operating sales revenue | 1,805 | - | 1,805 |
| Cost of sales | (1,221) | 1 | (1,220) |
| **Gross profit** | **584** | **1** | **585** |
| Exploration expenses | (36) | - | (36) |
| Corporate administration expenses | (66) | - | (66) |
| Other income/(expenses) | (24) | - | (24) |
| Share of profit of associate | 13 | - | 13 |
| **Profit before interest and income tax** | **471** | **1** | **472** |
| Finance costs | (30) | - | (30) |
| **Profit before income tax** | **441** | **1** | **442** |
| Income tax (expense)/benefit | (102) | 1 | (101) |
| **Profit after income tax** | **339** | **2** | **341** |
| **Profit after tax attributable to:** | | | |
| Non-controlling interests | 19 | (1) | 18 |
| Owners of the parent | 320 | 3 | 323 |
| | **339** | **2** | **341** |
| **Earnings per share (cents per share)** | | | |
| Basic earnings per share | 41.8 | 0.4 | 42.2 |
| Diluted earnings per share | 41.8 | 0.4 | 42.2 |

The Interpretation 20 restatement impact to profit after income tax reflects the net impact of the change in production stripping costs capitalised for the period, and the depreciation charged in the period.

## 3. Impact of Adopting Interpretation 20 (continued)

### (b) Group Income Statement – 12 months ended 30 June 2013

| | As reported 12 months to 30-Jun-13 $M | Interpretation 20 Restatement $M | As restated 12 months to 30-Jun-13 $M |
|---|---|---|---|
| Operating sales revenue | 3,775 | - | 3,775 |
| Cost of sales | (2,930) | (11) | (2,941) |
| **Gross profit** | **845** | **(11)** | **834** |
| Exploration expenses | (64) | - | (64) |
| Corporate administration expenses | (132) | - | (132) |
| Other income/(expenses) | (82) | - | (82) |
| Share of loss of associate | (110) | - | (110) |
| Restructure costs | (72) | - | (72) |
| Write-down of non-current assets | (166) | - | (166) |
| Impairment losses | (6,147) | - | (6,147) |
| Impairment of associate | (151) | - | (151) |
| **Loss before interest and income tax** | **(6,079)** | **(11)** | **(6,090)** |
| Finance income | 1 | - | 1 |
| Finance costs | (110) | - | (110) |
| **Loss before income tax** | **(6,188)** | **(11)** | **(6,199)** |
| Income tax benefit | 412 | 7 | 419 |
| **Loss after income tax** | **(5,776)** | **(4)** | **(5,780)** |
| **Loss after tax attributable to:** | | | |
| Non-controlling interests | 2 | 1 | 3 |
| Owners of the parent | (5,778) | (5) | (5,783) |
| | **(5,776)** | **(4)** | **(5,780)** |
| **Earnings per share (cents per share)** | | | |
| Basic (loss)/earnings per share | (754.5) | (0.6) | (755.1) |
| Diluted (loss)/earnings per share | (754.5) | (0.6) | (755.1) |

The Interpretation 20 restatement impact to loss after income tax reflects the net impact of the change in production stripping costs capitalised for the year, and the depreciation charged in the year.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

### 3. Impact of Adopting Interpretation 20 (continued)

### (c) Group Statement of Financial Position – At 30 June 2013

| | As reported at 30-Jun-13 $M | Interpretation 20 Restatement $M | As restated at 30-Jun-13 $M |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 69 | - | 69 |
| Trade and other receivables | 178 | - | 178 |
| Inventories | 946 | - | 946 |
| Other financial assets | 18 | - | 18 |
| Current tax asset | 58 | - | 58 |
| Other assets | 156 | (36) | 120 |
| **Total current assets** | **1,425** | **(36)** | **1,389** |
| **Non-current assets** | | | |
| Inventories | 1,248 | - | 1,248 |
| Other financial assets | 10 | - | 10 |
| Property, plant and equipment | 5,544 | - | 5,544 |
| Exploration, evaluation and development | 7,566 | 297 | 7,863 |
| Goodwill | 436 | - | 436 |
| Other intangible assets | 114 | - | 114 |
| Deferred tax assets | 326 | - | 326 |
| Investment in associate | 132 | - | 132 |
| Other assets | 384 | (373) | 11 |
| **Total non-current assets** | **15,760** | **(76)** | **15,684** |
| **Total assets** | **17,185** | **(112)** | **17,073** |
| **Current liabilities** | | | |
| Trade and other payables | 620 | - | 620 |
| Borrowings | 1 | - | 1 |
| Provisions | 241 | - | 241 |
| Other financial liabilities | 71 | - | 71 |
| **Total current liabilities** | **933** | **-** | **933** |
| **Non-current liabilities** | | | |
| Borrowings | 4,210 | - | 4,210 |
| Provisions | 353 | - | 353 |
| Deferred tax liabilities | 1,604 | (29) | 1,575 |
| **Total non-current liabilities** | **6,167** | **(29)** | **6,138** |
| **Total liabilities** | **7,100** | **(29)** | **7,071** |
| **Net assets** | **10,085** | **(83)** | **10,002** |
| **Equity** | | | |
| Issued capital | 13,592 | - | 13,592 |
| Retained earnings/(accumulated losses) | (3,064) | (80) | (3,144) |
| Reserves | (583) | (2) | (585) |
| **Equity attributable to owners of the parent** | **9,945** | **(82)** | **9,863** |
| **Non-controlling interests** | 140 | (1) | 139 |
| **Total equity** | **10,085** | **(83)** | **10,002** |

## 3. Impact of Adopting Interpretation 20 (continued)

### (d) Group Statement of Financial Position – At 1 July 2012

| | As reported at 1-Jul-12 $M | Interpretation 20 Restatement $M | As restated at 1-Jul-12 $M |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 242 | - | 242 |
| Trade and other receivables | 251 | - | 251 |
| Inventories | 748 | - | 748 |
| Other financial assets | 11 | - | 11 |
| Other assets | 212 | (84) | 128 |
| **Total current assets** | **1,464** | **(84)** | **1,380** |
| | | | |
| **Non-current assets** | | | |
| Inventories | 1,095 | - | 1,095 |
| Other financial assets | 8 | - | 8 |
| Property, plant and equipment | 4,364 | - | 4,364 |
| Exploration, evaluation and development | 8,795 | 238 | 9,033 |
| Goodwill | 3,759 | - | 3,759 |
| Other intangible assets | 93 | - | 93 |
| Deferred tax assets | 259 | - | 259 |
| Investment in associate | 395 | - | 395 |
| Other assets | 277 | (253) | 24 |
| **Total non-current assets** | **19,045** | **(15)** | **19,030** |
| **Total assets** | **20,509** | **(99)** | **20,410** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 482 | - | 482 |
| Borrowings | 1,200 | - | 1,200 |
| Provisions | 200 | - | 200 |
| Current tax liability | 92 | - | 92 |
| Other financial liabilities | 18 | - | 18 |
| **Total current liabilities** | **1,992** | **-** | **1,992** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 1,208 | - | 1,208 |
| Provisions | 308 | - | 308 |
| Deferred tax liabilities | 1,907 | (22) | 1,885 |
| **Total non-current liabilities** | **3,423** | **(22)** | **3,401** |
| **Total liabilities** | **5,415** | **(22)** | **5,393** |
| | | | |
| **Net assets** | **15,094** | **(77)** | **15,017** |
| | | | |
| **Equity** | | | |
| Issued capital | 13,561 | - | 13,561 |
| Retained earnings | 2,890 | (75) | 2,815 |
| Reserves | (1,476) | - | (1,476) |
| **Equity attributable to owners of the parent** | **14,975** | **(75)** | **14,900** |
| **Non-controlling interests** | 119 | (2) | 117 |
| | | | |
| **Total equity** | **15,094** | **(77)** | **15,017** |

## 3. Impact of Adopting Interpretation 20 (continued)

### (e) Group Statement of Cash flows – for the 6 months ended 31 December 2012

| | As reported 6 months to 31-Dec-12 $M | Interpretation 20 Restatement $M | As restated 6 months to 31-Dec-12 $M |
|---|---|---|---|
| Net cash provided by operating activities | 225 | 203 | 428 |
| Net cash used in investing activities | (1,148) | (203) | (1,351) |
| Net cash provided by financing activities | 782 | - | 782 |
| **Net decrease in cash and cash equivalents** | **(141)** | **-** | **(141)** |

### (f) Group Statement of Cash flows – for the 12 months ended 30 June 2013

| | As reported 12 months to 30-Jun-13 $M | Interpretation 20 Restatement $M | As restated 12 months to 30-Jun-13 $M |
|---|---|---|---|
| Net cash provided by operating activities | 707 | 440 | 1,147 |
| Net cash used in investing activities | (2,124) | (440) | (2,564) |
| Net cash provided by financing activities | 1,236 | - | 1,236 |
| **Net decrease in cash and cash equivalents** | **(181)** | **-** | **(181)** |

Prior to the adoption of Interpretation 20, all cash outflows associated with production stripping were disclosed as operating activities. On adoption of Interpretation 20, the cash outflows that were initially recognised as part of the stripping activity assets were reclassified to investing activities while the cash flows that were initially recognised as part of the cost of inventory produced in that period remained classified as operating cash flows.

## 4. Revenue and Expenses

| | | 31-Dec-13 $M | 31-Dec-12 Restated $M |
|---|---|---|---|
| | **Specific items** | | |
| | Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group: | | |
| **(a)** | **Operating Sales Revenue** | | |
| | Gold | 1,681 | 1,515 |
| | Copper | 309 | 261 |
| | Silver | 26 | 29 |
| | **Total operating sales revenue** | **2,016** | **1,805** |
| | **Total revenue** | **2,016** | **1,805** |
| **(b)** | **Cost of Sales** | | |
| | Minesite production costs | 1,034 | 890 |
| | Royalty | 57 | 53 |
| | Concentrate treatment and realisation | 82 | 65 |
| | Inventory movements | 55 | (89) |
| | | 1,228 | 919 |
| | Depreciation | 313 | 301 |
| | **Total cost of sales** | **1,541** | **1,220** |
| **(c)** | **Corporate Administration Expenses** | | |
| | Corporate costs | 40 | 51 |
| | Corporate depreciation | 14 | 10 |
| | Equity settled share-based payments | 4 | 5 |
| | **Total corporate administration expenses** | **58** | **66** |
| **(d)** | **Other Income/(Expenses)** | | |
| | Net foreign exchange gain/(loss) | 7 | (7) |
| | Net fair value gain on gold and copper derivatives | 9 | 7 |
| | Net loss on disposal/write-down of non-current assets | (19) | - |
| | Legacy community contractual settlements and negotiation costs | (4) | (21) |
| | Other | (2) | (3) |
| | **Total other income/(expenses)** | **(9)** | **(24)** |

NEWCREST MINING LIMITED



## 4. Revenue and Expenses (continued)

| | 31-Dec-13 $M | 31-Dec-12 Restated $M |
|---|---|---|
| **(e) Finance Costs** | | |
| Interest Costs: | | |
| Interest on loans | 78 | 52 |
| Other: | | |
| Facility fees and other costs | 7 | 8 |
| Discount unwind on provisions | 5 | 5 |
| | 90 | 65 |
| Less: Capitalised borrowing costs | (2) | (35) |
| **Total finance costs** | **88** | **30** |
| **(f) Depreciation and Amortisation** | | |
| Included in: | | |
| Cost of sales depreciation | 313 | 301 |
| Corporate depreciation | 14 | 10 |
| **Total depreciation and amortisation expense** | **327** | **311** |

## 5. Significant Items

| | 31-Dec-13 | | |
|---|---|---|---|
| | Gross $M | Tax $M | Net $M |
| **Items by Nature** | | | |
| Research and development claims [1] | - | 120 | 120 |
| Impairment loss [2] | 56 | (4) | 52 |
| | **56** | **116** | **172** |
| **Attributable to:** | | | |
| Non-controlling interest | | | 5 |
| Owners of the parent | | | 167 |
| | | | **172** |

(1) As a result of a review of the Group's material Australian research and development claims, the Group voluntarily amended its research and development claims in respect to the 2009 to 2011 financial years. As a result of this voluntary amendment during the period, there is an increase to income tax expense of $120 million.

(2) The Group has recognised an impairment in respect to exploration assets in West Africa. Refer to Note 16 for additional details.

There were no significant items in the comparative period ended 31 December 2012.

NEWCREST MINING LIMITED



## 6. Income Tax

| | 31-Dec-13 $M | 31-Dec-12 Restated $M |
|---|---|---|
| **Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement** | | |
| **Accounting profit before tax** | **260** | **442** |
| Income tax expense calculated at 30% (2012: 30%) | 78 | 133 |
| Research and development allowance | - | (7) |
| Exploration allowance | (2) | (20) |
| Other | 4 | (1) |
| (Over)/under provided in prior years | 3 | (4) |
| Impairment loss | 13 | - |
| Research and development allowance voluntary amendment | 120 | - |
| **Income tax expense per the Income Statement** | **216** | **101** |

## 7. Inventories

| | 31-Dec-13 $M | 30-Jun-13 $M |
|---|---|---|
| *Current* | | |
| Ore | 130 | 269 |
| Gold in circuit | 51 | 52 |
| Concentrate | 139 | 129 |
| Materials and supplies | 497 | 496 |
| **Total current inventories** | **817** | **946** |
| *Non-Current* | | |
| Ore | 1,383 | 1,248 |
| **Total non-current inventories** | **1,383** | **1,248** |

## 8. Capitalised Exploration, Evaluation and Development Expenditures

| | Exploration & Evaluation Expenditure | Deferred Feasibility Expenditure | Mines under construction | Production Stripping | Mine Development[1] | Total |
|---|---|---|---|---|---|---|
| | $M | $M | $M | $M | $M | $M |
| **At 31 December 2013** | | | | | | |
| Cost | 890 | 317 | 221 | 756 | 9,571 | 11,755 |
| Accumulated depreciation and impairment | (292) | - | - | (363) | (3,086) | (3,741) |
| | 598 | **317** | **221** | **393** | 6,485 | 8,014 |
| **Half-year ended 31 December 2013** | | | | | | |
| Carrying amount at 1 July 2013 | 673 | 323 | 218 | 297 | 6,352 | 7,863 |
| Expenditure during the period | 36 | 15 | 169 | 120 | 42 | 382 |
| Expenditure written-off during the period | (12) | - | - | - | - | (12) |
| Depreciation for the period | - | - | - | (29) | (138) | (167) |
| Foreign currency translation | 21 | 7 | 6 | 5 | 143 | 182 |
| Reclassifications/transfers | (64) | (28) | (172) | - | 86 | (178) |
| Impairment loss for the period | (56) | - | - | - | - | (56) |
| **Carrying amount at 31 December 2013** | **598** | **317** | **221** | **393** | **6,485** | **8,014** |

(1) Includes Mineral Rights with a carrying value of $2,546 million.

NEWCRESTMINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

## 8. Capitalised Exploration, Evaluation and Development Expenditures (continued)

| | Exploration & Evaluation Expenditure | Deferred Feasibility Expenditure | Mines under construction | Production stripping assets | Mine Development[1] | Total |
|---|---|---|---|---|---|---|
| | $M | $M | $M | $M | $M | $M |
| **At 30 June 2013** | | | | | | |
| Cost | 885 | 323 | 218 | 700 | 9,199 | 11,325 |
| Accumulated depreciation and impairment | (212) | - | - | (403) | (2,847) | (3,462) |
| | **673** | **323** | **218** | **297** | **6,352** | **7,863** |
| **Year ended 30 June 2013** | | | | | | |
| Carrying amount at 1 July 2012 | 797 | 174 | 1,731 | - | 6,093 | 8,795 |
| Assets transferred to EED upon adoption of Interpretation 20 | - | - | - | 337 | - | 337 |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 | - | - | - | (99) | - | (99) |
| Restated carrying amount at 1 July 2012 | 797 | 174 | 1,731 | 238 | 6,093 | 9,033 |
| Expenditure during the year | 152 | 132 | 947 | 440 | 436 | 2,107 |
| Expenditure written-off during the year | (64) | - | - | - | - | (64) |
| Depreciation for the year | - | - | - | (117) | (345) | (462) |
| Disposals and write-down of assets | - | (8) | - | - | (71) | (79) |
| Foreign currency translation | 77 | 23 | 28 | 22 | 343 | 493 |
| Reclassifications/transfers | (77) | 2 | (2,488) | - | 816 | (1,747) |
| Impairment losses for the year | (212) | - | - | (286) | (920) | (1,418) |
| **Carrying amount at 30 June 2013** | **673** | **323** | **218** | **297** | **6,352** | **7,863** |

(1) Includes Mineral Rights with a carrying value of $2,453 million.

## 9. Investment in Associate

| | 6 months<br>31-Dec-13<br>$M | 12 months<br>30-Jun-13<br>$M |
|---|---|---|
| **Investment in Evolution Mining Ltd** [(1)] | | |
| Carrying amount at beginning of period | 132 | 395 |
| Share of comprehensive income/(loss) | 2 | (2) |
| Dividends received | (2) | - |
| Share of results of associate: | | |
| - Share of associate's operational profit | 8 | 12 |
| - Share of associate's impairment | - | (122) |
| | 8 | (110) |
| Additional impairment loss recognised [(2)] | - | (151) |
| **Carrying amount at the end of reporting period** [(3)] | **140** | **132** |

(1) The Group holds 231,082,631 shares (30 June 2013: 231,082,631) in Evolution Mining Limited (Evolution), representing a 32.61% (30 June 2013: 32.63%) interest. Evolution is an Australian gold mining company listed on the Australian Securities Exchange (ASX).

(2) As a result of the Group's impairment review at 30 June 2013, the investment was impaired by $151 million to the market value of $132 million. This was based on the ASX closing market bid price of $0.570 as at 28 June 2013.

(3) The market value as at 31 December 2013 is $142 million which is based on the ASX closing market bid price of $0.615.

## 10. Borrowings

| | | 31-Dec-13 $M | 30-Jun-13 $M |
|---|---|---|---|
| *Current* | | | |
| Finance lease liabilities – secured | | - | 1 |
| **Total current borrowings** | | **-** | **1** |
| | | | |
| *Non-Current* | | | |
| US dollar bilateral bank debt – unsecured [1] | (i) | 2,163 | 1,806 |
| US dollar private placement notes – unsecured | (ii) | 257 | 248 |
| US dollar corporate bonds – unsecured [1] | (iii) | 2,218 | 2,156 |
| **Total non-current borrowings** | | **4,638** | **4,210** |

[1] Transaction costs incurred in the establishment of these facilities have been deducted from the face value of the facility as at 31 December 2013. Previously transaction costs were disclosed in Other Assets.

### (i) US dollar bilateral bank debt

The Group has bilateral bank debt facilities of US $2,950 million (2013: US $2,500 million) with 12 banks. These are committed unsecured revolving facilities with maturities from September 2015 to October 2018 (2013: maturities ranging between September 2015 and September 2017), individually negotiated and documented with each bank but with similar terms and conditions.

These facilities are on normal terms and conditions and include certain financial covenants. Interest is based on LIBOR plus a margin which varies amongst the lenders. The facility maturity dates profiles are shown in the table below:

| Facility Maturity | 31-Dec-13 US $M | 30-Jun-13 US $M | 31-Dec-13 A $M | 30-Jun-13 A $M |
|---|---|---|---|---|
| September 2015 | 1,725 | 1,625 | 1,928 | 1,752 |
| October 2016 | 125 | - | 140 | - |
| September 2017 | 975 | 875 | 1,089 | 943 |
| October 2018 | 125 | - | 140 | - |
| | **2,950** | **2,500** | **3,297** | **2,695** |

### (ii) US dollar private placement notes

During the year ended 30 June 2005, the Group issued US$350 million of long term senior unsecured notes into the North American private placement market. The proceeds of the placement were received on 11 May 2005. The tranches remaining are shown in the table below:

| Maturity | Term | 31-Dec-13 US $M | 30-Jun-13 US $M | 31-Dec-13 A $M | 30-Jun-13 A $M |
|---|---|---|---|---|---|
| 11 May 2015 | Fixed 10 years | 105 | 105 | 117 | 113 |
| 11 May 2017 | Fixed 12 years | 100 | 100 | 112 | 108 |
| 11 May 2020 | Fixed 15 years | 25 | 25 | 28 | 27 |
| | | **230** | **230** | **257** | **248** |

These notes are on normal terms and conditions and include certain financial covenants. Interest on the notes is payable semi-annually at an average of 5.7% (30 June 2013: 5.7%).
These notes were fully drawn as at 31 December 2013 and have been restated to Australian dollars, using the spot exchange rate at the reporting date.

## 10. Borrowings (continued)

### (iii) US dollar corporate bonds

In each of November 2011 and October 2012, Newcrest issued US $1,000 million in US dollar corporate bonds (notes). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

- US $750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45%.
- US $750 million Senior Unsecured Notes due 1 October 2022 with a coupon of 4.20%.
- US $500 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%.

### (iv) Financial arrangements

The Group has access to the following unsecured financing arrangements at the end of the reporting period.

| | 31-Dec-13 US $M | 30-Jun-13 US $M | 31-Dec-13 A $M | 30-Jun-13 A $M |
|---|---|---|---|---|
| **Facilities utilised at reporting date:** | | | | |
| USD Bilateral bank debt facilities | 1,940 | 1,675 | 2,168 | 1,806 |
| USD Private placement notes | 230 | 230 | 257 | 248 |
| USD Corporate bonds | 2,000 | 2,000 | 2,236 | 2,156 |
| | **4,170** | **3,905** | **4,661** | **4,210** |
| **Facilities unutilised** | | | | |
| USD Bilateral bank debt facilities | 1,010 | 825 | 1,129 | 889 |
| | **1,010** | **825** | **1,129** | **889** |
| **Total facilities** | | | | |
| USD Bilateral bank debt facilities | 2,950 | 2,500 | 3,297 | 2,695 |
| USD Private placement notes | 230 | 230 | 257 | 248 |
| USD Corporate bonds | 2,000 | 2,000 | 2,236 | 2,156 |
| | **5,180** | **4,730** | **5,790** | **5,099** |

Subsequent to period end, the bilateral bank debt facilities were increased. Refer to Note 17 for details.

## 11. Issued Capital

### (a) Movements in Issued Capital

| | | 31-Dec-13 $M | 30-Jun-13 $M |
|---|---|---|---|
| Opening balance | | 13,592 | 13,561 |
| Shares issued during the year: | | | |
| • Dividend reinvestment plan | (ii) | - | 38 |
| • Shares repurchased and held in treasury | (iv) | - | (7) |
| **Total issued capital** | | **13,592** | **13,592** |

### (b) Number of Issued Ordinary Shares

| | Number of Ordinary Shares Half-year ended 31-Dec-13 | Number of Ordinary Shares Year ended 30-Jun-13 |
|---|---|---|
| Comprises: | | |
| • Shares held by the public | 765,985,360 | 765,607,049 |
| • Treasury shares | 525,611 | 903,922 |
| **Total issued capital** | **766,510,971** | **766,510,971** |

***Movement in Issued Ordinary Shares***

| | | Half-year ended 31-Dec-13 | Year ended 30-Jun-13 |
|---|---|---|---|
| Opening number of shares | | 765,607,049 | 764,561,477 |
| Shares issued under: | | | |
| • Share plans | (i) | 178,313 | 118,130 |
| • Executive service agreements | (i) | - | 28,488 |
| • Dividend reinvestment plan | (ii) | - | 1,510,971 |
| • Employee share acquisition plan | (iii) | 199,998 | 64,038 |
| • Purchases by the Newcrest Employee Share Trust | (iv) | - | (676,055) |
| Closing number of shares | | **765,985,360** | **765,607,049** |

***Movement in Treasury Shares***

| | Half-year ended 31-Dec-13 | Year ended 30-Jun-13 |
|---|---|---|
| Opening number of shares | 903,922 | 438,523 |
| • Purchases | - | 676,055 |
| • Issues pursuant to share plans | (378,311) | (210,656) |
| **Closing number of shares** | **525,611** | **903,922** |

(i) Represents options and rights exercised under the Company's share-based payments plans and Executive service agreements.

(ii) The Dividend Reinvestment Plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.

(iii) The Employee Share Acquisition Plan is a broad based employee share plan. During the period, the Plan offered eligible employees fully paid shares for $nil consideration.

(iv) Represents shares purchased by the Newcrest Employee Share Trust on behalf of Newcrest Mining Limited to satisfy future share rights and awards as they vest.

## 12. Retained Earnings/(Accumulated Losses)

| | 6 months 31-Dec-13 $M | 12 months 30-Jun-13 Restated $M |
|---|---|---|
| **Opening balance** | **(3,144)** | **2,890** |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 (after tax) | - | (75) |
| **Restated opening balance** | **(3,144)** | **2,815** |
| Profit/(loss) after tax (attributable to owners of the parent) | 40 | (5,783) |
| Dividends paid | - | (268) |
| Changes in equity interests held by the parent | - | 92 |
| **Closing balance** | **(3,104)** | **(3,144)** |

## 13. Segment Information

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee (the chief operating decision-makers) in assessing performance. The operating segments represent the Group's operating mines and projects which are organised and managed according to their location.

The Group's reportable operating segments are:

- Cadia Valley, Australia
- Telfer, Australia
- Gosowong, Indonesia
- Lihir, Papua New Guinea
- Hidden Valley JV (50% interest), Papua New Guinea
- West Africa (includes Bonikro operations and exploration and evaluation activities in Côte d'Ivoire)
- Exploration and Other

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Namosi in Fiji, Wafi-Golpu in PNG, and Marsden and O'Callaghans in Australia.

### (a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on their Revenues, Costs, EBITDA and EBIT (Segment Result).

Segment Revenues represent gold, copper and silver sales at unhedged prices.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to profit before tax is shown in Note 13(b).

Segment assets exclude tax losses and intercompany receivables. Segment liabilities exclude intercompany payables.

## 13. Segment Information (continued)

| | Cadia Valley $M | Telfer $M | Gosowong $M | Lihir $M | Hidden Valley $M | West Africa $M | Total Operations $M | Exploration & Other $M | Corporate[1] $M | Total Group $M |
|---|---|---|---|---|---|---|---|---|---|---|
| **31-Dec-2013** | | | | | | | | | | |
| External sales revenue | 643 | 450 | 221 | 561 | 82 | 59 | 2,016 | - | - | 2,016 |
| EBITDA | 341 | 135 | 105 | 192 | 7 | 8 | 788 | (12) | (45) | 731 |
| Depreciation and amortisation | (90) | (33) | (48) | (100) | (16) | (26) | (313) | - | (14) | (327) |
| **EBIT (Segment result)** [2] | **251** | **102** | **57** | **92** | **(9)** | **(18)** | **475** | **(12)** | **(59)** | **404** |
| **31-Dec-2012** [3] | | | | | | | | | | |
| External sales revenue | 445 | 487 | 264 | 459 | 84 | 66 | 1,805 | - | - | 1,805 |
| EBITDA | 198 | 164 | 174 | 305 | 12 | 33 | 886 | (36) | (67) | 783 |
| Depreciation and amortisation | (54) | (97) | (49) | (69) | (22) | (10) | (301) | - | (10) | (311) |
| **EBIT (Segment result)** [2] | **144** | **67** | **125** | **236** | **(10)** | **23** | **585** | **(36)** | **(77)** | **472** |
| **Capital Expenditure for the half-year ended:** | | | | | | | | | | |
| 31 December 2013 [4] | 169 | 50 | 37 | 121 | 17 | 15 | 409 | 49 | 7 | 465 |
| 31 December 2012 [3] [4] | 381 | 209 | 55 | 437 | 42 | 68 | 1,192 | 114 | 33 | 1,339 |

Notes:
(1) Includes investment in associate and eliminations.
(2) Refer to Note 13(b) for the reconciliation of segment result to profit before tax.
(3) Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.
(4) Represents additions to Property, plant and equipment, exploration, evaluation and development, and other intangible assets.

**13. Segment Information (continued)**

| | Cadia Valley $M | Telfer $M | Gosowong $M | Lihir $M | Hidden Valley $M | West Africa $M | Total Operations $M | Exploration & Other $M | Corporate[1] $M | Total Group $M |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 Dec 2013** | | | | | | | | | | |
| Segment assets [2] | 4,413 | 943 | 654 | 9,722 | 401 | 495 | 16,628 | 539 | 350 | 17,517 |
| Segment liabilities | 625 | 194 | 155 | 1,738 | 64 | 59 | 2,835 | 18 | 4,390 | 7,243 |
| **Segment net assets** | **3,788** | **749** | **499** | **7,984** | **337** | **436** | **13,793** | **521** | **(4,040)** | **10,274** |
| **30 Jun 13 (restated) [3]** | | | | | | | | | | |
| Segment assets [2] | 4,298 | 971 | 598 | 9,371 | 391 | 539 | 16,168 | 463 | 442 | 17,073 |
| Segment liabilities | 618 | 275 | 156 | 1,788 | 83 | 80 | 3,000 | 29 | 4,042 | 7,071 |
| **Segment net assets** | **3,680** | **696** | **442** | **7,583** | **308** | **459** | **13,168** | **434** | **(3,600)** | **10,002** |

Notes:
(1) Includes investment in associates and eliminations.
(2) Segment assets are net of write-downs and impairments.
(3) Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

## 13. Segment Information (continued)

| | Note | 31-Dec-13 $M | 31-Dec-12 Restated* $M |
|---|---|---|---|
| **(b) Reconciliation of EBIT (Segment Result) to Profit Before Tax** | | | |
| **Segment Result** | | **404** | **472** |
| Finance costs | | (88) | (30) |
| *Significant items:* | | | |
| Impairment loss [1] | 5 | (56) | - |
| **Profit Before Tax** | | **260** | **442** |

[1] The Group has recognised an impairment in respect to exploration assets in West Africa. Refer to Note 16 for additional details.

* Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 3 for details.

## 14. Contingent Liabilities

a) The Annual Financial Report for the year ended 30 June 2013 noted that a private exploration company, Gold & Copper Resources Pty Ltd ('GCR'), had brought five legal actions against Newcrest relating in some way to Newcrest exploration/mining tenure and/or related permitting at or near Newcrest's Cadia Valley operations. In November 2013, GCR commenced further legal proceedings in the NSW Land and Environment Court ('LEC'), seeking to challenge two mining leases for mining purposes granted to Newcrest subsidiary Cadia Holdings Pty Limited in September 2013. The first respondent in the proceedings is the NSW Minister for Mining, with Newcrest the second respondent.

This most recent proceeding brings the total number of legal proceedings commenced by GCR in relation to Newcrest's exploration and/or mining interests at Cadia Valley operations to six. The NSW Minister for Mining is a respondent in four of the six proceedings. Of the six proceedings, two have been determined with no material impact on Newcrest. The first of these, brought in the NSW Supreme Court, resulted in a costs order in favour of Newcrest. GCR had sought to appeal the decision but subsequently abandoned its appeal. The second determined matter, relating to Newcrest exploration licence ('EL') 3856, resulted in the Court remitting the decision to grant a renewal of EL3856 (originally renewed in 2011) to the Minister for re-determination. In January 2014, the renewal of EL3856 was re-determined with the EL being renewed (other than in respect of a small area which was excised as a result of the LEC decision on technical grounds).

Newcrest will vigorously defend each of the undetermined proceedings.

b) The Annual Financial Report for the year ended 30 June 2013 noted that plaintiff law firms, Maurice Blackburn Lawyers and Slater & Gordon Lawyers, had indicated that they were investigating or preparing potential shareholder class actions against Newcrest in relation to certain matters arising from or in connection with the Company's 7 June 2013 market release.

As announced by the Company on 23 December 2013, Slater & Gordon Lawyers have contacted the Company and advised that they have instructions to commence representative proceedings (a shareholder class action) in the Federal Court of Australia in relation to the Company's market disclosure prior to the Company's 7 June 2013 market release. Slater & Gordon Lawyers have indicated that the 'class' comprises persons that acquired relevant Newcrest securities during the period between 13 August 2012 and 6 June 2013 (inclusive), and who have entered into a litigation funding agreement. While no proceedings have yet been commenced, the Company has been invited to participate in confidential and without prejudice discussions in relation to these matters, failing which Slater & Gordon has advised that it has instructions to commence proceedings. The Company is considering its position in relation to this approach.

The Company has not been contacted by Maurice Blackburn Lawyers.

Newcrest intends to defend any class action proceedings if they are commenced.

c) The Annual Financial Report for the year ended 30 June 2013 noted the Australian Securities and Investments Commission ('ASIC') has been investigating certain matters relating to, or events leading up to, the Company's 7 June 2013 market release. The ASIC investigation is continuing.

### 14. Contingent Liabilities (continued)

d) The Annual Financial Report for the year ended 30 June 2013 noted that research and development claims by the Company during the 2005-2011 financial years were the subject of ongoing review by the Australian Taxation Office and Innovation Australia. Subsequently, on 17 October 2013 the Company announced that it was voluntarily amending its research and development claims during the 2009-2011 period, following the Company's further consideration and analysis of its past claims and the outcomes of recent tribunal decisions in relation to research and development claims by other companies. As a result of that voluntary amendment, the Company has recognised a decrease in past income tax benefits of approximately $120 million in the current period (refer to Note 5). The review of research and development claims is ongoing. The income tax benefit recognised by the Company in past financial years for the Company's remaining research and development claims is approximately $115 million. If an adverse finding were made in relation to the Company's remaining research and development claims it may result in adjustments to income tax liabilities, and the income tax benefits realised in past financial years.

e) The Annual Financial Report for the year ended 30 June 2013, noted that the Indonesian Tax Office (ITO) was conducting tax audits of PT Nusa Halmahera Minerals ('PTNHM') covering the 2008, 2010 and 2011 financial years. PTNHM is 75% owned by Newcrest.

The audit with respect to the 2008 financial year has been completed with no material adverse assessment.

The audit of the 2010 and 2011 financial years continues. The principal issue in contention in the audit of those financial years is the interpretation of the Gosowong Contract of Work ('COW') provisions with respect to the tax rate applicable to PTNHM. PTNHM has applied the tax rate for the relevant financial years in accordance with its interpretation of the relevant COW provisions. If the ITO issues an assessment notice for the years under audit, the potential amount at issue in relation to these audits is approximately US$40 million in aggregate (inclusive of interest, in 100% terms). PTNHM would object to this assessment and seek recovery of this outlay.

The value of this tax rate differential to PTNHM in the period 1 July 2011 to 31 December 2013, which is not currently under audit, is approximately US$40 million (in 100% terms).

f) In addition to the above matters, companies in the Group are recipients of, or defendants in, certain claims, proceedings and/or complaints made, commenced or threatened. In the opinion of the Directors, all such matters are of such a kind, or involve such amounts, that they are not anticipated to have a material effect on the financial position of the Group if disposed of unfavourably, or are at stage which does not support a reasonable evaluation of the likely outcome of the matter.

There were no other material changes to the contingent liabilities as disclosed in the Annual Financial Report for the year ended 30 June 2013.

## 15. Financial Instruments

### (a) Financial Assets and Financial Liabilities

The following table discloses the carrying amounts of each class of financial assets and financial liabilities at balance date.

| Category | 31-Dec-13 $M | 30-Jun-13 $M |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents [(1)] | 121 | 69 |
| Loans and receivables [(1)] | 234 | 178 |
| Derivatives at fair value through profit or loss | 17 | 26 |
| Derivatives in designated hedge accounting relationship | 8 | 2 |
| **Financial Liabilities** | | |
| Trade and other payables [(1)] | 341 | 620 |
| Borrowings [(1)] | 4,638 | 4,211 |
| Derivatives at fair value through profit or loss | 17 | 68 |
| Derivatives in designated hedge accounting relationship | - | 3 |

(1) Recognised at amortised cost.

### (b) Fair value

### (i) Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities which are recognised at amortised cost in the financial statements, approximates fair value.

| Financial Assets/(Liabilities) | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | 31-Dec-13 $M | 30-Jun-13 $M | 31-Dec-13 $M | 30-Jun-13 $M |
| **Borrowings:** | | | | |
| Fixed rate debt: [(1)] | | | | |
| - Private placement | (257) | (248) | (259) | (253) |
| - Corporate bonds | (2,218) | (2,156) | (1,760) | (1,770) |
| | (2,475) | (2,404) | (2,019) | (2,023) |

(1) Amount recorded at amortised cost. The movements in the fair valuation are not recorded on the Statement of Financial Position.

## 15. Financial Risk Management (continued)

### (ii) Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Financial Assets/(Liabilities) | Level 1 $M | Level 2 $M | Level 3 $M | Total $M |
|---|---|---|---|---|
| **31-Dec-13:** | | | | |
| **Financial Assets** | | | | |
| Gold forward sales contracts | - | 2 | - | 2 |
| Quotational period derivatives | - | 4 | - | 4 |
| Other financial derivatives | - | 8 | 11 | 19 |
| **Financial Liabilities** | | | | |
| Quotational period derivatives | - | (14) | - | (14) |
| Copper forward sales contracts | - | (3) | - | (3) |
| **30-Jun-13:** | | | | |
| **Financial Assets** | | | | |
| Copper forward sales contracts | - | 16 | - | 16 |
| Other financial derivatives | - | 2 | 10 | 12 |
| **Financial Liabilities** | | | | |
| Quotational period derivatives | - | (68) | - | (68) |
| Other financial derivatives | - | (3) | - | (3) |

## 16. Impairment of Goodwill and Non-Current Assets

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 30 June. Goodwill and non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

The significant and sustained decline in gold price and resulting fall in market value of gold company share prices, reflected in the market capitalisation of Newcrest, in the latter part of the 2013 financial year represented indicators of impairment. As a consequence, the Group assessed the recoverable amounts of each of its cash-generating units ('CGUs'), including goodwill at 30 June 2013, resulting in the recognition of goodwill and non-current asset impairments of $A5,583 million after tax, as summarised in the table below:

| CGU | Impairment-Goodwill A$M | 30 June 2013 Impairment-Other Assets A$M | Total A$M |
|---|---|---|---|
| Lihir | 3,492 | - | 3,492 |
| Telfer | - | 1,674 | 1,674 |
| West Africa | 203 | 372 | 575 |
| Hidden Valley | - | 406 | 406 |
| **Total items by CGU** | **3,695** | **2,452** | **6,147** |
| Tax | | | (564) |
| **Total items by CGU (after tax)** | | | **5,583** |

The Fair Value of the Group's other CGUs – Cadia Valley and Gosowong – were assessed by the Group to exceed their carrying values as at 30 June 2013.

As at 31 December 2013, the carrying value of the net assets of the Group exceeded its market capitalisation, which is an indicator of potential impairment of the carrying value of its net assets. In addition, the gold price had continued to experience volatility since 30 June 2013 and as at 31 December 2013 the Group updated its Mineral Resource and Ore Reserves estimates. As a result, the Group reassessed the recoverable amounts of Lihir, Telfer, West Africa and Hidden Valley, the four CGUs impaired at 30 June 2013. The recoverable amounts of the Group's other CGUs – Cadia Valley and Gosowong – were not reassessed, due to the excess over carrying values identified at 30 June 2013.

## 16. Impairment of Goodwill and Non-Current Assets (continued)

### a) Impairments testing

#### *i) Methodology*

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been determined on its fair value less costs of disposal ('Fair Value'). The costs of disposal have been estimated by management based on prevailing market conditions.

Fair Value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU life of mine ('LOM') plans. When LOM plans do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the determination of Fair Value. The Group consider this valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from planning process documents, including LOM plans, 5 year plans and one-year budgets.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, currency exchange rates, discount rates, CGU specific gold multiples, production and operating costs. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's Fair Value.

## 16. Impairment of Goodwill and Non-Current Assets (continued)

### *ii) Key Assumptions*

The key assumptions used in the 30 June 2013 carrying value assessments were reviewed and have been determined to remain valid for the 31 December 2013 carrying value assessments. These are provided in the table below:

| | 31-Dec-13 | | 30-Jun-13 | |
|---|---|---|---|---|
| | **2014 – 2019** | **Long term (2020+)** | **2014 – 2019** | **Long term (2020+)** |
| Gold (US$ per ounce) | $1,300 | $1,300 | $1,300 | $1,300 |
| Copper (US$ per pound) | $3.00 | $3.00 | $3.00 | $3.00 |
| AUD:USD exchange rate | $0.91 declining to $0.81 | $0.80 | $0.91 declining to $0.81 | $0.80 |
| Discount rate (%) | USD Assets 5.25 to 5.75%<br>AUD Assets 5.5% | | USD Assets 5.25 to 5.75%<br>AUD Assets 5.5% | |
| Gold multiple (times) | 1.0 | | 1.0 | |

*Commodity prices and exchange rates*

Commodity price and foreign exchange rates are estimated with reference to external market forecasts and updated at least annually. The rates applied for the first 2 to 3 years of the valuation having regard to observable market data including spot and forward values, thereafter the estimate is interpolated to the long term assumption, which is made having regard to market analysis including equity analyst estimates.

*Discount rate*

In determining the Fair Value of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital, pursuant to the Capital Asset Pricing Model, for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of the CGU. The discount rates applied to individual CGUs that recognised impairments were as follows:

| CGU | Functional Currency | 31-Dec-13 | 30-Jun-13 |
|---|---|---|---|
| Lihir | USD | 5.25% | 5.25% |
| Hidden Valley | USD | 5.25% | 5.25% |
| West Africa | USD | 5.75% | 5.75% |
| Telfer | AUD | 5.5% | 5.5% |

*Gold multiple*

Historically, in valuing gold producers, the gold multiple has been widely used as a proxy for; inter alia, higher gold price, reserve and resource conversion and exploration success. In the 30 June 2013 impairment review, largely due to the significant decline in gold company share prices in the latter part of the financial year and the absence of an observable premium, a gold multiple of 1.0 was applied to all CGUs in the estimation of Fair Value. This has been maintained for the 31 December 2013 carrying value review.

## 16. Impairment of Goodwill and Non-Current Assets (continued)

*Operating and capital costs*

Life of mine operating and capital cost assumptions are based on the Group's latest budget, five year plan and longer term province plans. The projections include expected cost improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce activity, apply technology, improve capital and labour productivity and remove high cost gold ounces from the production profile. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing commodity price and exchange rate assumptions.

*Reserves and Resources*

At 31 December 2013, the Group updated its Reserve and Resources estimates, resulting in a net decrease in gold reserves of approximately 11% and gold resources of approximately 7% compared to the estimates as at 31 December 2012. For each CGU, these changes in Reserve and Resource estimates have been taken into account in the assessment of the CGU carrying value at 31 December 2013, but have not resulted in any asset impairment.

*Unmined resources and exploration values*

Unmined resources may not be included in a CGU's particular life of mine plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment. The Group has estimated unmined resources values on a dollar margin per gold equivalent ounce basis individually for each CGU, taking into account a range of factors including the physical specifications of the ore, probability of conversion, estimated capital and operating costs, and length of mine life.

Exploration values have been estimated by the Group based on estimates of total mineral endowments by CGU. A per unit valuation of expected resource growth is applied on a CGU specific basis, determined by the expected realisable value of the estimated additional inventory.

Since 30 June 2013, there has been no change to the exploration values within CGU's with the exception of West Africa, where a review in the current period has reduced the Group's view on gold discovery potential, resulting in an impairment of A$56 million before tax (A$47 million after tax and non-controlling interests).

The value of unmined resources and exploration as a % of the assessed Fair Value for each CGU reviewed for impairment is as follows:

| **As at 31 December 2013** | **Lihir** | **Telfer** | **Hidden Valley** | **West Africa** |
|---|---|---|---|---|
| Unmined resource | 0% | 7% | 6% | 5% |
| Exploration | 5% | 9% | 8% | 14% |

| **As at 30 June 2013** | **Lihir** | **Telfer** | **Hidden Valley** | **West Africa** |
|---|---|---|---|---|
| Unmined resource | 1% | 18% | 8% | 6% |
| Exploration | 6% | 9% | 8% | 25% |

## 16. Impairment of Goodwill and Non-Current Assets (continued)

### *iii) Impacts*

With the exception of specific impairment of exploration expenditure assets in the West Africa CGU, no other impairment charges or reversals have been recognised at 31 December 2013.

| CGU | Impairment – Exploration A$M |
|---|---|
| West Africa | 56 |
| Tax | (4) |
| **Total after tax** | **52** |
| Non-controlling interest | (5) |
| **Total after tax and non-controlling interest** | **47** |

## b) Sensitivity Analysis

Variations in the key assumptions used to determine Fair Value would result in a change of the assessed Fair Value of the CGUs reviewed as at 31 December 2013. If the variation in assumption had a negative impact on Fair Value it could indicate a requirement for impairment to non-current assets for those CGUs.

It is estimated that changes in the key assumptions would have the following approximate negative impact on the Fair Value and carrying value of each CGU (in its functional currency) that has been subject to review for impairment as at 31 December 2013:

| $ million in functional currency | Lihir USD | Telfer AUD | Hidden Valley USD | West Africa USD |
|---|---|---|---|---|
| US$100 per ounce decrease in gold price | 1,270 | 330 | 110 | 80 |
| 0.25% increase in discount rate | 255 | 10 | 5 | 5 |
| $0.05 increase in AUD:USD rate | n/a | 280 | n/a | n/a |
| 5% increase in operating costs from that assumed | 390 | 180 | 60 | 30 |

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions is usually accompanied with a change in another assumption which may have an offsetting impact (for example, the recent decline in the US$ gold price has been accompanied with a decline in the A$ compared to the US$). Action is usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

## 17. Events Subsequent to Reporting Date

On 14 January 2014, the Company signed documentation with a new bank to provide a bilateral loan facility for an additional US$200 million on terms consistent with the Company's existing bilateral loan facilities (refer Note 10), for a period of three years (maturing in January 2017). The new facility provides Newcrest with additional liquidity headroom, expertise and diversity, as well as extending the average debt maturity of its bilateral loan facilities.

There are no other matters or circumstances which have arisen since 31 December 2013 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.

NEWCREST
MINING LIMITED

**DIRECTORS' DECLARATION**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

In accordance with a resolution of the Directors of Newcrest Mining Limited, we state that:

In the Directors' opinion:

(a) The half-year financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2013 and of its performance for the half-year ended on that date; and

  (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

**Peter Hay**
Chairman

**Greg Robinson**
Managing Director and
Chief Executive Officer

14 February 2014
Melbourne

Building a better
working world

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To the members of Newcrest Mining Limited

## Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Newcrest Mining Limited, which comprises the statement of financial position as at 31 December 2013, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

## Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Newcrest Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with 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.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Newcrest Mining Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Tim Wallace
Partner

Michael Collins
Partner

Melbourne
14 February 2014