Market Release

Newcrest Mining

18 August 2014

Full Year Financial Results

Today Newcrest Mining Limited released its Annual Financial Report for the twelve months ended 30 June 2014. This market release is a summary document and readers are directed to the full text of the release. This market release contains non-IFRS financial information that is not subject to external audit. For definitions, reconciliations and rationale of use of the non-IFRS information refer to the notes on pages 5 to 7. See also the disclaimer in note 7 on page 8 regarding forward looking statements.

Key points

- Statutory loss[1] of A$2,221 million and Underlying profit[2] of A$432 million
- Significant items representing a net loss after tax of A$2,653 million, due primarily to A$2,353 million of asset impairments at Lihir, Telfer, Bonikro and Hidden Valley
- EBITDA[2] of A$1,514 million and EBIT[2] of A$821 million
- Gold production of 2,396,023 ounces and gold sales of 2,405,163 ounces was 14% and 17% higher than the prior year
- Free cash flow[2] was an inflow of A$133 million compared with a net outflow of A$1,417 in the prior year, with all operations free cash flow positive in the current year except Hidden Valley
- Cash flow from operating activities was an inflow of A$1,037 million
- All-In Sustaining Cost[2] of A$976 per ounce (US$897 per ounce at an A$:US$ exchange rate of $0.9187) was 24% (32%) lower than the prior year
- Gearing[3] of 33.8% at 30 June 2014
- A$1,808 million[4] in cash and undrawn, committed bank facilities at 30 June 2014
- No dividend for the twelve months ended 30 June 2014

Newcrest Chief Executive Officer, Sandeep Biswas said: “The Company’s improved operating performance in FY14 shows progress in productivity improvements and cost reductions. These initial improvements enabled the company to maintain its underlying profit[2] and profit margins notwithstanding a lower gold price, and deliver free cash flow[2] of $133 million for the year.”

“Asset value impairments of $2.4 billion after tax were the major drivers of a statutory loss for the year of $2.2 billion. The most significant component of the write downs related to Lihir,” he said.

“While we have realised some initial operating improvements, I am not satisfied with either the current operating performance or the cash generation of the business.”

“Looking ahead, the Company is firmly focused on realising the potential of its assets. A Company-wide improvement program has been initiated, which includes a major review at Lihir. We expect Group production this year to be similar to that in financial year 2014 as we ramp up Cadia East and make improvements at Lihir which will lay the foundations for future production growth,” Mr Biswas said.

Summarised Financial and Operating Results

	Measure	For the twelve months ended 30 June 2014	2013	Change	Change %
KEY FINANCIAL DATA					
Revenue	*A$ million*	**4,040**	3,775	265	7%
EBITDA[2]	*A$ million*	**1,514**	1,473	41	3%
EBIT[2]	*A$ million*	**821**	745	76	10%
Statutory profit/(loss)[1]	*A$ million*	**(2,221)**	(5,783)	3,562	62%
Underlying profit[2]	*A$ million*	**432**	446	(14)	(3%)
Cash flow from operating activities	*A$ million*	**1,037**	1,147	(110)	(10%)
Cash flow from investing activities	*A$ million*	**(904)**	(2,564)	1,660	65%
Sustaining capital[5]	*A$ million*	**(298)**	(572)	274	48%
Production stripping	*A$ million*	**(191)**	(440)	249	57%
Major projects (non-sustaining)[5]	*A$ million*	**(354)**	(1,374)	1,020	74%
Exploration expenditure	*A$ million*	**(62)**	(152)	90	59%
Free cash flow[2]	*A$ million*	**133**	(1,417)	1,550	n/c
Gearing[3]	*%*	**33.8**	29.3	4.5	15%
EBITDA margin[2]	*%*	**37.5**	39.0	(1.5)	(4%)
EBIT margin[2]	*%*	**20.3**	19.7	0.6	3%
ROCE[2]	*%*	**6.4**	4.8	1.6	33%
KEY OPERATIONAL DATA					
Total ore mined	*tonnes 000's*	**45,701**	60,518	(14,817)	(24%)
Total waste mined	*tonnes 000's*	**48,935**	111,783	(62,848)	(56%)
Total material mined	*tonnes 000's*	**94,636**	172,301	(77,665)	(45%)
Total material treated	*tonnes 000's*	**56,176**	58,571	(2,395)	(4%)
Gold produced	*000's ounces*	**2,396**	2,110	286	14%
Gold sales	*000's ounces*	**2,405**	2,055	350	17%
Realised gold price	*A$/ ounce*	**1,408**	1,550	(142)	(9%)
Realised gold price	*US$/ ounce*	**1,292**	1,585	(293)	(18%)
Copper produced	*tonnes 000's*	**86.1**	80.4	5.7	7%
Copper sales	*tonnes 000's*	**84.2**	78.9	5.3	7%
Realised copper price	*A$/pound*	**3.46**	3.38	0.08	2%
All-In Sustaining Cost[2]	*A$ million*	**2,329**	2,607	(278)	(11%)
All-In Sustaining Cost[2]	*A$/ounce sold*	**976**	1,283	(307)	(24%)
All-In Sustaining Cost[2]	*US$/ounce sold*	**897**	1,318	(421)	(32%)
Closing foreign exchange rate	*AUD/USD*	**0.9420**	0.9275	0.0145	2%
Average foreign exchange rate	*AUD/USD*	**0.9187**	1.0272	(0.1085)	(11%)
Average foreign exchange rate	*PGK/AUD*	**2.19**	2.17	0.02	1%
Average foreign exchange rate	*IDR/AUD*	**10,493**	9,910	583	6%

Full year results

Newcrest's operating and financial performance for the twelve months ended 30 June 2014 reflects the Company's focus on improving productivity, reducing costs and capital expenditure and maximising free cash flow[2] while maintaining growth options.

Increased gold and copper production and free cash flow[2] generation in the 2014 financial year follows major expansion investments at Cadia Valley and Lihir, improved operating performance across all operations, and a reduction in All-In Sustaining Cost[2] expenditure.

Newcrest's 2014 financial year gold production of 2.4 million ounces exceeded guidance of 2.0 to 2.3 million ounces. Full year copper production of 86 thousand tonnes also exceeded guidance of 75 to 85 thousand tonnes. Total capital expenditure in the 2014 financial year of A$843 million, All-In Sustaining Cost[2] expenditure of A$2.33 billion and exploration expenditure of A$62 million were also below their guidance of A$895 to A$1,025 million, A$2.45 to A$2.73 billion and A$80 to A$90 million, respectively.

Statutory loss[1] for the current year was A$2,221 million (compared with a prior year statutory loss of A$5,783 million), including significant items after tax totalling A$2,653 million. The significant items comprise asset impairments of A$2,353 million, an additional income tax expense for the period of A$120 million as a result of the voluntary amendment of research and development claims[6] in prior periods, restructure costs of A$34 million and A$146 million in write downs of inventory, property, plant and equipment at Lihir and Cadia Valley.

The asset impairments were primarily a result of Newcrest's review of physical, cost, capital and economic assumptions applied in the valuation of Newcrest's assets as at 30 June 2014. The outcome of this review, and total asset impairments of A$2,353 million, primarily reflects applying updated operating and capital cost assumptions at Lihir, Bonikro and Hidden Valley, and the impact of applying updated foreign exchange assumptions at Telfer.

Underlying profit[2] for the twelve months ended 30 June 2014 was A$432 million (prior year A$446 million) and primarily reflects the impact of a 9% lower average realised gold price partially offset by a 17% increase in gold sales volumes.

EBITDA[2] of A$1,514 million and EBIT[2] of A$821 million for the current year represent EBITDA margins[2] and EBIT margins[2] of 37.5% and 20.3% respectively.

Free cash flow[2], being cash flow from operating activities less cash flow from investing activities of the Company, for the twelve months ended 30 June 2014 was an inflow of A$133 million, A$1,550 million higher than the prior year outflow (of A$1,417 million). All operations were free cash flow positive in the current year except Hidden Valley.

Cash flow from operating activities for the twelve months ended 30 June 2014 was A$1,037 million, A$110 million lower than the prior year (of A$1,147 million), reflecting higher revenue compared to the prior year as a result of increased sales volumes offset by the continued effect of a lower average realised gold price for the current year and the unwinding of approximately A$200 million of favourable working capital balances as at 30 June 2013. Cash flow from operating activities in the current year was also adversely impacted by a A$64 million increase in interest payments associated with higher average debt levels during the current year, a A$70 million cash tax payment associated with the Company's voluntary amendment of its past Australian research and development claims, and A$65 million of restructuring expenditure associated with office closure and redundancy costs.

Consistent with the Company's stated aim of focusing on free cash flow[2] generation, a number of initiatives were implemented during the current year. These initiatives included reducing mining activity and increased stockpile processing at Lihir, the 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. Cost reduction activity has also resulted in the transition to new contracts with reduced unit rates across consumables and labour services, reduction in workforce numbers through restructuring, and improved consumption rates for power, reagents and consumables.

Cash flow from investing activities for the twelve months ended 30 June 2014 was an outflow of A$904 million, A$1,660 million lower than the prior year (an outflow of A$2,564 million). This was primarily the result of the completion of the Lihir expansion project and the commencement of commercial production at Cadia East Panel Cave 1 in the prior year, lower sustaining capital in the current year, and a lower level of production stripping activity (primarily at Telfer and Bonikro). Exploration expenditure of A$62 million was A$90 million lower than the prior year.

Newcrest's All-In Sustaining Cost[2] per ounce sold for the twelve months ended 30 June 2014 was A$976 per ounce (US$897 per ounce), A$307 per ounce lower than the prior year result of A$1,283 per ounce (US$1,318 per ounce). This improvement is primarily the result of the higher sales volumes, production efficiencies and reductions in sustaining capital expenditure and production stripping activity.

Capital structure

As at 30 June 2014, Newcrest's gearing level was 33.8%. Under current market and operating conditions, the Board remains comfortable with gearing being at this level in the short to medium term given the near term cash flow growth outlook of the Group.

As at 30 June 2014 Newcrest had an equivalent of A$1,808 million in cash and undrawn, committed bank facilities. As announced on 28 March 2014, Newcrest extended the tenor of many of its existing bilateral bank loan facilities to provide a smoother and longer average maturity profile of its debt facilities.

Consistent with the Company's dividend policy - with dividend levels set with regard to profitability, balance sheet strength, and reinvestment options in the business - the Newcrest Board has determined there will be no dividend for the 2014 financial year having regard to the level of profitability and free cash flow[2] in the current year, the level of gearing at 30 June 2014, and the planned application of operating cash flow to Cadia East Panel Cave 2 in the 2015 financial year.

Outlook[7]

All sites achieved production and cost guidance for the current year, with some sites performing significantly better. Looking ahead, Newcrest is firmly focused on realising the full potential of each of the Company's assets, with a focus on the following:

- operational discipline (including safety);
- cash; and
- profitable growth

The Company expects to be free cash flow[2] positive[7,8] in the 2015 financial year at an average realised gold price of US$1,250 per ounce, subject to market and operating conditions, with the following guidance:

- Group gold production is expected to be in the range of 2.2 to 2.4 million ounces
- Group copper production is expected to be in the range of 75,000 to 85,000 tonnes
- Group silver production is expected to be in the range of 2.2 to 2.5 million ounces
- Group All-In Sustaining Cost[2] expenditure is expected to be in the range of A$2,300 to A$2,600 million[8]
- Total capital expenditure (inclusive of project and development capital, production stripping and sustaining capital) is expected to be in the range of A$660 to A$740 million, including approximately A$240 to A$280 million relating to the development of Cadia East Panel Cave 2
- Total exploration expenditure (inclusive of on-site exploration) is expected to be in the range of A$60 to A$70 million

Depreciation and amortisation of site assets (including production stripping) is expected to be in the range of A$600 to A$670 million, including the amortisation of capitalised production stripping.

Notes

1. Statutory profit/(loss) is profit/(loss) after tax attributable to owners of the parent.

2. Non-IFRS financial information

   - 'Underlying profit' is profit after tax before significant items attributable to owners of the parent company
   - EBITDA is 'Earnings before interest, tax, depreciation and amortisation, and significant items'. EBIT is 'Earnings before interest, tax and significant items'
   - EBITDA margin is EBITDA expressed as a percentage of revenue. EBIT margin is EBIT expressed as a percentage of revenue
   - 'AISC' is All-In Sustaining Cost and 'AIC' is All-In Cost as per World Gold Council Guidance Note on Non-GAAP Metrics released June 2013. All-In Sustaining Costs in USD terms are converted to USD at an average A$:US$ exchange rate for the 12 months ended 30 June 2014 of $0.9187
   - ROCE is 'Return on Capital Employed' and is calculated as EBIT expressed as a percentage of average total capital employed (net debt and equity)
   - 'Free Cash Flow' is calculated as cash flow from operating activities less cash flow related to investing activities

   These terms are non-IFRS financial information which Newcrest employs in managing the business. They have been included in this market release 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 have not been subject to audit by the Company's external auditor.

   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.

   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 twelve months ended 30 June 2013			
A$ million	Before Tax	Tax	Non-controlling interest	After tax
Profit after tax attributable to Newcrest shareholders "Statutory profit/(loss)"	**(2,725)**	**510**	**(6)**	**(2,221)**
Research and development tax claim amendment	-	120	-	120
Impairment loss	3,128	(747)	(17)	2,364
Asset write downs	174	(52)	-	122
Inventory write downs	35	(11)	-	24
Investment in Evolution – investment impairment reversal	(11)	-	-	(11)
Restructure costs	46	(12)	-	34
Total of significant items	**3,372**	**(702)**	**(17)**	**2,653**
Underlying profit	**647**	**(192)**	**(23)**	**432**

	For the twelve months ended 30 June 2013			
A$ million	Before Tax	Tax	Non-controlling interest	After tax
Profit after tax attributable to Newcrest shareholders "Statutory profit/(loss)"	**(6,199)**	**419**	**(3)**	**(5,783)**
Impairment loss	6,147	(564)	(27)	5,556
Asset write downs	166	(50)	-	116
Inventory write downs	177	(47)	(2)	128
De-recognition of deferred tax assets	-	105	-	105
Investment in Evolution – share of associates impairment	122	-	-	122
Investment in Evolution – investment impairment	151	-	-	151
Restructure costs	72	(21)	-	51
Total of significant items	**6,835**	**(577)**	**(29)**	**6,229**
Underlying profit	**636**	**(158)**	**(32)**	**446**

Reconciliation of Underlying profit to EBITDA

	For the twelve months ended 30 June	
A$ million	2014	2013
Underlying profit	**432**	**446**
less non-controlling interest in controlled entities	**(23)**	(32)
less income tax expense	**(192)**	(158)
less net finance costs	**(174)**	(109)
EBIT	**821**	**745**
less depreciation and amortisation	**(693)**	(728)
EBITDA	**1,514**	**1,473**

Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales

"All-In Sustaining Cost" and "All-In 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 twelve months ended 30 June			
	2014		2013	
	$A million	A$ per ounce sold	$A million	A$ per ounce sold
Gold sales (koz)[9]	**2,386**		**2,032**	
Cost of sales	**3,059**	**1,282**	**2,764**	**1,360**
less depreciation	**(664)**	**(278)**	(706)	(347)
less by-product revenue	**(681)**	**(285)**	(626)	(308)
plus corporate costs	**105**	**44**	110	54
plus sustaining exploration	**7**	**3**	32	16
plus capitalised stripping and underground mine development	**197**	**82**	452	222
plus sustaining capital expenditure	**298**	**125**	572	281
plus other[10]	**8**	**3**	9	5
All-In Sustaining Cost	**2,329**	**976**	**2,607**	**1,283**
plus non-sustaining capital expenditure	354	148	1,374	677
plus non-sustaining exploration and other	55	23	156	76
All-In Cost	**2,738**	**1,147**	**4,137**	**2,036**

Reconciliation of Return on Capital Employed (ROCE)

ROCE is "Return on Capital Employed" and is reported by Newcrest to provide greater understanding of the underlying business performance of its operations. ROCE is calculated as EBIT expressed as a percentage of average total capital employed (net debt and equity).

A$ million	As at 30 June 2014	As at 30 June 2013
EBIT	**821**	745
Total capital (net debt and equity) – as at 30 June 2012		17,183
Total capital (net debt and equity) – as at 30 June 2013	**14,144**	14,144
Total capital (net debt and equity) – as at 30 June 2014	**11,642**	
Average total capital employed	**12,893**	15,664
Return on Capital Employed (EBIT/average total capital employed)	**6.4%**	4.8%

3. Gearing is calculated as net debt expressed as a percentage of net debt plus equity.

4. Comprises undrawn bilateral loan facilities of US$1,520 million and an additional unutilised US$50 million loan facility at a closing foreign exchange rate of AUD/USD $0.9420, and cash and cash equivalents of A$141 million.

5. Sustaining capital and major projects (non-sustaining) are non-IFRS financial information used by Newcrest to measure performance and have not been subject to audit by the Company's external auditor.

6. Refer Market Release of 17 October 2013.

7. Disclaimer For Forward Looking Statements

   This release includes 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.

8. Assumes weighted average gold price of US$1,250 per ounce, copper price of US$3.00 per pound, silver price of US$20 per ounce and AUD/USD exchange rate of 0.93.

9. Sales for the twelve months ended 30 June 2014 excludes 18,675 pre-commissioning and development sales gold ounces and 1,770 tonnes of copper for the Cadia East project. Sales for the twelve months ended 30 June 2013 includes 22,695 pre-commissioning sales gold ounces, and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with these sales are capitalised and not included in the operating cost calculations.

10. Other includes rehabilitation accretion and amortisation and other costs categorised as sustaining.

For further information, please contact:

Investor Enquiries
Steve Warner
T: +61 3 9522 5493
E: steve.warner@newcrest.com.au

Media Enquiries
Kerrina Watson
T: +61 3 9522 5593
E: kerrina.watson@newcrest.com.au

This information is available on our website at www.newcrest.com.au