



# Financial Results

## Newcrest Mining

For the twelve months ended 30 June 2013



### Key Points

- Asset impairment and asset write-down A\$6,229 million resulting in Statutory loss of A\$5,778 million
- Underlying profit<sup>1</sup> A\$451 million
- Operating cash flow A\$707 million
- Major project delivery at Cadia East and Lihir; both operating in line with the Company's expectations
- A\$958 million in cash and undrawn, committed bank facilities, and gearing of 29.1%, at 30 June 2013
- Company expected to be free cash flow positive in FY14 at a gold price of A\$1,450 per ounce with all capital expenditure, exploration programs and corporate overheads funded from operating cash flow
- Each asset is being managed to be free cash flow neutral or positive in FY14 at gold price of A\$1,450/oz

### Overview

The 2013 financial year was a significant one for Newcrest with the completion of major projects at Cadia Valley and Lihir. The projects establish a platform for cost effective production growth at the Company's two largest and most important assets.

After a period of price weakness, the gold price suffered a large fall in mid April 2013 which has been sustained and accompanied with increased volatility. The year-end review of Newcrest's asset carrying values in the context of the continuing lower gold price environment, combined with a compression of valuations in the gold industry and other factors, has resulted in the impairment of the carrying value of some assets, and contributed to the write-down in the book value of some assets and the recognition of costs associated with business restructuring. As a result, Newcrest has reported a Statutory loss of A\$5,778 million for the 12 months ended 30 June 2013, after significant items totalling A\$6,229 million after tax relating to asset impairments of A\$5,556 million after tax, asset write-downs of A\$349 million after tax, a write-down of its investment in Evolution Mining Limited of A\$273 million after tax and a charge for restructure costs of A\$51 million after tax. The Statutory profit for the prior year was A\$1,117 million.

Underlying profit for the 12 months ended 30 June 2013 was A\$451 million. This was lower than the prior year of A\$1,084 million, reflecting the expected transitions of an operating nature occurring at certain assets in the 2013 financial year, lower than planned production at Lihir and Gosowong, and the decline in commodity prices.

<sup>1</sup> Underlying profit is profit/ (loss) after tax before significant items attributable to the owners of the parent. Underlying Profit is non-IFRS financial information and has not been subject to audit by the Company's external auditor. Refer to page 12 for the reconciliation to Statutory Profit/(Loss).

Operating cash flow was A\$707 million for the year ended 30 June 2013 and reflects a substantially different operating environment to the prior year which generated operating cash flow of A\$1,726 million. The reduction in the current period was primarily attributable to lower gold sales volumes and lower gold and copper prices. Increased investment in the year in waste stripping to expose ore for future gold production and a 13% increase in ore processed, coupled with elevated levels of plant maintenance activity, also contributed to reduced cash flow.

On 7 June 2013, Newcrest reconfirmed its focus on maximising free cash flow in a lower gold price environment by removing higher cost ounces from the production profile and accelerating reductions in operating costs, corporate costs and capital expenditure.

Capital expenditure for the year ended 30 June 2013 was A\$1,946 million, 24% lower than the prior period of A\$2,556 million. The reduction reflects the completion of the Company's two major projects during 2013, being achievement of commercial production at Cadia East and the processing plant expansion at Lihir.

At 30 June 2013, Newcrest's gearing level was 29.1% and the Company had A\$958 million in cash and undrawn, committed bank facilities (at the applicable exchange rates). Newcrest remains committed to maintaining a conservative balance sheet and is managing its business activity in the lower gold price environment with the objective of being free cash flow neutral or positive in the 2014 financial year.

The Newcrest Board has determined there will be no final dividend in relation to the 2013 financial year due to the reduced level of profitability in the 2013 financial year, the increase in the level of gearing at 30 June 2013, and the planned application of operating cash flow to progression of the Cadia East Panel Cave 2 in the coming 2014 financial year.

## Financial Commentary

Financial Highlights <sup>2</sup> 12 months ended	30 June 2013 A\$M	30 June 2012 A\$M	Change %
Statutory profit / (loss)	(5,778)	1,117	
Underlying profit	451	1,084	(58%)
Operating cash flow	707	1,726	(59%)
EBITDA	1,367	2,151	(36%)
EBIT	756	1,590	(52%)

<sup>2</sup> EBITDA, EBIT and Underlying profit are non-IFRS financial information and have not been subject to audit by the Company's external auditor. Refer to page 12 for the reconciliation of EBITDA, EBIT and Underlying profit to the Statutory profit/(loss)

### Profit Overview

For the financial year ended 30 June 2013, Newcrest reported a Statutory loss of A\$5,778 million, including significant non-cash charges after tax and non-controlling interests of A\$6,229 million relating to asset impairments of A\$5,556 million, write-down of other assets and inventory of A\$349 million, a write-down of the investment in Evolution Mining Limited of A\$273, and business restructuring costs of A\$51 million. In the prior year, Newcrest reported a Statutory profit of A\$1,117 million.

Underlying profit of A\$451 million was 58% lower than the prior year of A\$1,084 million, reflecting the expected transitions of an operating nature occurring at certain assets in the 2013 financial year, lower than planned production at Lihir and Gosowong, and the decline in commodity prices. The difference between Underlying profit and the Statutory loss primarily reflects the impairments, write-downs and business restructuring provision.

The reduction in Underlying profit in 2013 from the prior year reflects an A\$641 million or 15% decline in total sales revenue to A\$3,775 million and an A\$146 million or 6% increase in cost of sales to A\$2,753 million.

The reduction in revenue is primarily due to reduced gold sales volumes and lower realised metal prices. Gold sales of 2,054,923 ounces were 12% lower than the prior period as a result of an 8% decline in gold production during the current year. The realised gold price for the 2013 financial year of A\$1,550 per ounce was 4% lower than the prior year of A\$1,609 per ounce.

Cost of sales increased by A\$146 million or 6% compared to the prior year as a result of increased ore processing volumes across the Group, elevated levels of mobile fleet and plant maintenance activity, higher energy prices and higher labour costs in Papua New Guinea and Indonesia. Depreciation was also higher than the prior period following the commencement of commercial production at Cadia East and the completion of the Lihir plant expansion during the current period.

Reduced profit margins in the 2013 financial year reflect the lower realised metal prices and higher cost of sales.

Net interest costs increased by A\$68 million to A\$109 million in the 2013 financial year reflecting a higher level of average debt during the period, associated with the capital invested in the Cadia East and Lihir plant expansion projects.

The income tax benefit associated with the Statutory loss in the current period was A\$412 million, which included a benefit of A\$577 million relating to asset impairments, asset write-downs and a restructure provision.

The following table outlines the key differences in Underlying profit between the current year and the prior year.

<b>Underlying profit</b>	<b>A\$M</b>	<b>A\$M</b>
<b>For the twelve months ended 30 June 2012</b>		<b>1,084</b>
<b><u>Changes in revenues:</u></b>		
Volume of production:		
Gold	(307)	
Copper	26	
Silver	(1)	(282)
Volume of sales:		
Gold	(164)	
Copper	(31)	
Silver	0	(195)
Price:		
Gold	(120)	
Copper	(35)	
Silver	(9)	(164)
<b><u>Changes in mine cost of sales:</u></b>		
Mine production costs	(207)	
Deferred mining and inventory movements	85	
Treatment, realisation and royalty	23	
Depreciation	(47)	(146)
<b><u>Other costs:</u></b>		
Corporate administration	8	
Exploration	16	
Other income/(expense)	(68)	
Net finance costs	(68)	
Share of profit of associate	(3)	(115)
<b><u>Tax and Non-controlling interest:</u></b>		
Income tax expense	242	
Non-controlling interest	27	269
<b>For the twelve months ended 30 June 2013</b>		<b>451</b>

## Revenue

Total sales revenue of A\$3,775 million was 15% lower than the prior year, primarily as a result of reduced gold sales volumes and lower realised metal prices.

Gold revenue in the 2013 financial year of A\$3,149 million was A\$591 million or 16% lower than the prior year of A\$3,740 million, primarily as a result of a 12% reduction in gold sales volumes to 2,054,923 ounces. Reduced gold sales reflect lower production during the year and an increase in inventory at year end due to the timing of concentrate shipments in the June 2013 quarter. The realised gold price for the 2013 financial year of A\$1,550 per ounce was 4% lower than the prior year realised gold price of A\$1,609 per ounce.

Copper revenue in the 2013 financial year of A\$573 million was A\$40 million or 7% lower than the prior year reflecting a 6% decrease in the realised copper price to A\$3.38 per pound (A\$3.58 per pound in the prior year). Copper sales volumes were similar to the prior year.

Silver revenue of A\$53 million decreased by A\$10 million or 16% from A\$63 million in the prior period due to lower silver production and prices.

Newcrest's sales revenue continues to be predominantly attributable to gold, with gold revenue accounting for 83% of total sales revenue for the 2013 financial year (85% in prior year).

12 months ended		30 June 2013	30 June 2012	Change %
<b>Production volumes <sup>3</sup></b>				
Gold	oz	2,109,784	2,285,917	(8%)
Copper	t	80,366	76,015	6%
Silver	oz	1,931,816	1,997,247	(3%)
<b>Sales Volumes <sup>3</sup></b>				
Gold	oz	2,054,923	2,333,214	(12%)
Copper	t	78,887	78,513	0%
Silver	oz	1,943,032	1,997,294	(3%)
<b>Realised Prices</b>				
Gold	A\$/oz	1,550	1,609	(4%)
Copper	A\$/lb	3.38	3.58	(6%)
Silver	A\$/oz	27.13	31.55	(14%)
<b>Realised Prices (USD)</b>				
Gold	USD\$/oz	1,585	1,655	(4%)
Copper	USD\$/lb	3.44	3.69	(7%)
Silver	USD\$/oz	27.89	32.55	(14%)
Closing AUD:USD		1.0270	1.0320	(0%)
<b>Revenue</b>				
Gold	A\$M	3,149	3,740	(16%)
Copper	A\$M	573	613	(7%)
Silver	A\$M	53	63	(16%)
<b>Total Sales Revenue</b>	<b>A\$M</b>	<b>3,775</b>	<b>4,416</b>	<b>(15%)</b>

<sup>3</sup> The twelve months production and sales ended 30 June 2013 includes 22,695 pre-commissioning gold ounces and 1,879 copper tonnes for the Cadia East project. The twelve months production and sales ended 30 June 2012 includes 8,451 pre-commissioning gold ounces and 801 copper tonnes for the Cadia East project. These ounces have been capitalised and excluded from the unit cost calculations and profit and loss reporting.

## Gold production and sales by site:

12 months ended	30 June 2013		30 June 2012	
Ounces	Production	Sales	Production	Sales
Cadia Hill	119,372	140,944	241,430	262,458
Ridgeway	262,228	244,225	223,314	225,149
Cadia East <sup>3</sup>	65,279	65,279	8,451	8,451
Telfer	525,500	508,976	540,114	569,640
Gosowong	312,711	303,122	439,384	439,446
Hidden Valley (50%)	85,004	84,272	88,801	89,290
Lihir	649,340	621,885	604,336	595,184
Bonikro	90,350	86,220	92,102	91,654
<b>Continuing Operations</b>	<b>2,109,784</b>	<b>2,054,923</b>	<b>2,237,932</b>	<b>2,281,272</b>
Cracow <sup>4</sup>	0	0	23,787	24,686
Mt Rawdon <sup>4</sup>	0	0	24,198	27,256
<b>Total</b>	<b>2,109,784</b>	<b>2,054,923</b>	<b>2,285,917</b>	<b>2,333,214</b>

<sup>4</sup> Production and sales from Cracow and Mt Rawdon in the twelve months ended June 2012 contains four months of production only, up to the date of divestment of 2 November 2011.

## Copper production and sales by site:

12 months ended	30 June 2013		30 June 2012	
Tonnes	Production	Sales	Production	Sales
Cadia Hill	13,095	15,620	14,076	15,060
Ridgeway	35,995	33,117	29,901	30,050
Cadia East <sup>3</sup>	4,823	4,823	801	801
Telfer	26,453	25,327	31,237	32,602
<b>Total</b>	<b>80,366</b>	<b>78,887</b>	<b>76,015</b>	<b>78,513</b>

## Cost of sales

Total cost of sales for the 2013 financial year of A\$2,753 million<sup>5</sup> increased by A\$146 million or 6% compared to the prior year, reflecting a 9% increase in mine production costs, partly offset by an increase in finished goods inventory associated with the timing of shipments in the June 2013 quarter and lower royalties due to reduced sales revenue. A higher depreciation cost primarily reflects an increased capital base at Cadia East and Lihir.

Mine production costs of A\$2,428 million were A\$207 million higher than the prior year reflecting a 13% increase in the volume of ore processed across the Group and elevated mobile fleet and plant maintenance activity. Lower gold grade and associated recoveries contributed to the lower level of gold production in the 2013 financial year, compared to the prior period, as the Company transitioned to new ore sources at Cadia Valley, Lihir and Gosowong. Material movements increased at Telfer and Bonikro associated with a significant investment in waste stripping to expose future ore sources, which was largely completed in the year.

Employee costs were A\$41 million or 12% higher than the prior year, reflecting increased headcount post commissioning activities at Cadia East and the Lihir plant expansion, and an average salary increase across the Group of 5%.

<sup>5</sup> Cost of sales excludes a write-down of inventory of A\$177 million (pre-tax) in the 2013 financial year.

Energy costs (utilities and power) were A\$65 million or 31% higher than the prior year due primarily to increased power consumption, particularly at Lihir, driven by increased mill throughput. Higher energy prices associated with regulatory and market price increases, including the introduction of a carbon tax in Australia, also impacted energy costs.

The cost of mining consumables, including reagents and explosives, were A\$31 million or 11% higher than the prior year primarily associated with increased ore treatment at Lihir, and increased mining activity at Telfer resulting in higher explosives consumption. Higher input prices for cyanide, explosives and flocculent also contributed to the increased cost.

Maintenance costs (comprising both parts and contractor costs) were A\$40 million or 8% higher than the prior year, associated with addressing mobile fleet and fixed plant performance at Hidden Valley, Gosowong and Lihir, and costs associated with the refurbishment of the primary crusher at Bonikro. The higher level of activity was partially offset by lower contract labour rates.

General inflationary cost pressure in the mining industry is moderating relative to recent periods. Newcrest's transition to recently negotiated contract rates and prices benefited contract mining, maintenance and grinding media costs during the current period. Prices for energy, cyanide and explosives remain elevated.

The relative weakening of the Australian Dollar against the PNG Kina and US dollar during the current year had an unfavourable translation impact when reporting costs incurred in these currencies in Australian Dollars. This impact was offset by an increase in the AUD realised price for gold, copper and silver.

Royalty expense of A\$106 million was A\$24 million lower than the prior period as a result of reduced gold sales volumes and lower realised metal prices during the current period. Depreciation expense of A\$589 million was A\$47 million higher than the prior period, associated with an increased capital base at Cadia East, Lihir and Gosowong following the capitalisation of new assets and a higher level of production sourced from the Ridgeway underground mine at Cadia Valley.

12 months ended A\$ million	30 June 2013	30 June 2012	% Change Total	% change due to price	% change due to volume
Employee Costs	396	355	12%	5%	7%
Maintenance incl Contract Labour	513	473	8%	(4%)	12%
Mining Contracts	336	326	3%	-	3%
Fuel & Lubes	170	161	6%	1%	5%
Utilities & Power	274	209	31%	6%	25%
Liners & Grinding Media	120	119	0%	(3%)	3%
Mining Consumables	307	276	11%	5%	6%
Other Input Costs	312	302	3%	1%	2%
<b>Mine Production Costs</b>	<b>2,428</b>	<b>2,221</b>	<b>9%</b>		
Deferred Mining Costs	(346)	(178)	94%		
Ore Inventory Movements	(128)	(282)	(55%)		
Treatment and Realisation	141	140	0%		
Royalties	106	130	(18%)		
<b>Total Cash Costs</b>	<b>2,201</b>	<b>2,031</b>	<b>8%</b>		
Finished Goods Inventory Movement	(37)	34			
Depreciation	589	542	9%		
<b>Cost of Sales<sup>5</sup></b>	<b>2,753</b>	<b>2,607</b>	<b>6%</b>		

## Other Expenses

Corporate administration costs of A\$132 million were A\$8 million lower than the prior year associated with a reduction in labour costs. This comprises A\$102 million in corporate cash costs, A\$22 million in corporate depreciation and A\$8 million in equity settled remuneration.

A substantial fall in spot gold and copper prices during the June 2013 quarter resulted in unfavourable quotational period adjustments on sales (timing effect between shipment and final settlement) for the current period of A\$45 million. Newcrest locks in the copper price for concentrate shipments at the time of sale to minimise this impact. Gold prices are not locked in at the time of shipment due to the shorter quotational period for gold, usually one month for gold compared with three or four months for copper.

Expenditure of A\$37 million was incurred in the current year for various community project purposes in the context of long term arrangements with Lihir landowners. Newcrest has progressed plans for negotiation with landowners of the commercial and community development agreements, known as the Lihir Sustainable Development Plan.

## Finance Costs

Net finance costs of A\$109 million in the 2013 financial year were A\$68 million higher than the prior year. Gross finance cost for the 2013 financial year of A\$145 million increased by A\$62 million over the prior year due to a higher level of average debt during the period associated with capital expenditure to complete the Company's two major projects during the 2013 financial year, being commercial production at Cadia East and the processing plant expansion at Lihir.

Interest of A\$35 million was capitalised for the current period in relation to the Cadia East development project and the Lihir plant expansion project (compared with A\$40 million in the prior year).

## Income Tax Expense

The income tax expense on Underlying profit for the 2013 financial year was A\$165 million, resulting in an effective tax rate of 26%. This is lower than the Australian company tax rate of 30%, primarily due to research and development allowances across the Group and tax concessions in relation to the deduction of exploration expenditure in the group's Papua New Guinea operations.

Income tax on Statutory profit in the current period was a tax benefit of A\$412 million, which included a benefit of A\$577 million relating to asset impairments, asset and inventory write-downs and restructure provisions. Income tax expense on Statutory profit in the prior period was A\$402 million.

## Cash Flow

Operating cash flow for the the 2013 financial year financial year was A\$707 million and reflects a substantially different operating environment to the prior year which generated operating cash flow of A\$1,726 million. Reduced gold sales volumes, particularly from the high margin Gosowong mine, and lower gold and copper prices were the primary reason for the decrease. An increased investment in waste stripping to expose ore for future gold production and a 13% increase in mill throughput across the Group, together with elevated levels of plant maintenance activity, also contributed to lower cash flow.

Net cash used in investing activities decreased by A\$631 million, or 23% to A\$2,124 million in the 2013 financial year. Total capital expenditure of A\$1,946 million included the establishment of Cadia East Panel Cave 1 and its ongoing drawbell development of A\$525 million, completion of the Lihir plant expansion of US\$253 million, mine development and sustaining capital expenditure of A\$396 million, with the remainder on mine development and minor capital projects.

Major areas of expenditure are shown in the following table:

12 months ended	30 Jun 2013 A\$M	30 Jun 2012 A\$M
Sustaining	396	445
Development	380	138
Projects	1,170	1,973
<b>Total Capital Expenditure</b>	<b>1,946</b>	<b>2,556</b>
Exploration	152	158
Payment for / (Proceeds) from investments	(9)	3
Interest capitalised on projects	35	40
Other	0	(2)
<b>Total</b>	<b>2,124</b>	<b>2,755</b>

Net expenditure on waste stripping during the current period of A\$346 million is included in cost of sales. For the 2014 financial year waste stripping will be reported as capital expenditure in accordance with IFRIC20 and has been included in the capital expenditure guidance for the 2014 financial year.

Exploration activities focused on drill testing a number of near mine and greenfield targets, advancing major projects and increasing reserves and resources at existing operations. During the period this included:

- Wafi-Golpu: drilling to support an improved understanding of the structural framework of the Wafi-Golpu porphyry copper-gold system and to test the potential for additional high grade mineralisation.
- Gosowong: near-mine drilling to identify future ore sources.
- Telfer: drilling to test a target area at depth beneath the West Dome open pit and also a prospective gap between the Sub-Level Cave mine and the Vertical Stockwork Corridor deposit.
- Lihir: continued resource definition drilling.

Total exploration expenditure in the 2013 financial year was A\$152 million, with A\$64 million expensed and A\$88 million capitalised.

A breakdown of exploration expenditure was:

12 months ended 30 June 2013	A\$M
Greenfields	37
Brownfields	33
Reserve Definition	
Hidden Valley and Wafi-Golpu	26
Telfer	22
Lihir	9
Gosowong	8
Cote d'Ivoire	8
Other	9
<b>Total</b>	<b>152</b>

Cash flows relating to financing activities during the 2013 financial year resulted in a net inflow of A\$1,236 million, compared to a net inflow of A\$1,090 million in the prior year. Financing activities during the 2013 financial year included:

- Net proceeds from the issue of US senior unsecured notes of A\$948 million
- Net drawdown of A\$431 million on the US bilateral bank facilities
- Dividend payments of A\$256 million
- Net proceeds from the sale of a 7.5% interest in Gosowong of A\$117 million

## Balance Sheet

Newcrest's Net Assets and Total Equity reduced by A\$5,009 million during the year to A\$10,085 million. The year-end review of Newcrest's asset carrying values in the context of the continuing lower gold price environment, combined with a compression of earnings multiples in the gold industry and other factors, has resulted in the impairment of the carrying value of some assets, and contributed to the write-down in the book value of some assets and the recognition of costs associated with business restructuring.

As at 30 June 2013, Newcrest had net debt, comprising total borrowings less cash, of A\$4,142 million. This was A\$1,976 million higher than the 30 June 2012 net debt position. The primary driver of the movement during the period was funding of the Company's major growth projects and the impact of a stronger USD on the foreign currency translation of USD denominated debt.

The gearing ratio (net debt to net debt plus equity) as at 30 June 2013 was 29.1%, after effecting the asset impairments and write-downs.

Movements in net debt during the period:

	A\$M
<b>Net debt at 30 June 2012 (Gearing 12.5%)</b>	<b>2,166</b>
Issue of USD corporate bonds	948
Net drawdown on USD bilateral bank facilities	431
Retranslation of USD denominated debt	427
Net movement in cash balances	173
Net movement in finance leases	(3)
<b>Net debt at 30 June 2013 (Gearing 29.1 %)</b>	<b>4,142</b>

## Funding

In October 2012, Newcrest issued US\$1,000 million in USD Corporate Bonds ("notes"). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States and have ten and thirty year maturities. These notes are additional to a similar issue of US\$1,000 million in USD Corporate Bonds in November 2011, which also have ten and thirty year maturities.

Newcrest also has committed US dollar bilateral bank facilities of US\$2,500, with US\$1,675 million drawn down as at 30 June 2013. These mature in September 2015 and September 2017.

Newcrest also has US\$230 million of long-term senior unsecured notes issued into the North American Private Placement market.

## Dividends

The Newcrest Board has determined there will be no final dividend in relation to the 2013 financial year due to the reduced level of profitability in the 2013 financial year, the increase in the level of gearing at 30 June 2013, and the planned application of operating cash flow to the progression of Cadia East Panel Cave 2 in the coming 2014 financial year. This is consistent with the Company's dividend policy, with dividend levels set having regard to profitability and balance sheet strength, and reinvestment options in the business.

## Outlook

The 2014 financial year budget was developed in the context of a volatile market climate, including a sharp deterioration in the gold price. Key outcomes of the planning for the 2014 financial year confirmed actions to maximise free cash flow, optimise and reduce activity, and remove high cost gold ounces from the production profile.

Newcrest's key priorities in the 2014 financial year continue to be optimisation of the Lihir process plant, the ramp up of Cadia East, positioning Wafi-Golpu as a future production asset, achieving consistent production, and reducing costs and capital across the Company. Newcrest has long reserve and resource life positions and has many growth options that can be progressed depending on market conditions.

For the 2014 financial year, Newcrest provides the following operational and financial outlook:

- Gold production is expected to be 2.0 to 2.3 million ounces.
- Copper production is expected to be 75 to 85 thousand tonnes.
- Capital expenditure is expected to be around A\$1 billion and exploration expenditure around A\$85 million.
- The first quarter gold production for the 2014 financial year is expected to be lower than the June 2013 quarter, with production expected to progressively increase over the course of the financial year.

Production and costs will continue to be actively managed to target a free cash flow neutral or positive outcome for the Company in the current market environment, with all capital expenditure, exploration programs and corporate overheads funded from operating cash flow. At a gold price of A\$1,450 per ounce all operations are projected to be free cash flow neutral or positive in the 2014 financial year.

The Company reiterates the position set out in its previous recent releases, including that of 7 June 2013, regarding the Company's approach to focus on maximising free cash flow in the context of the current market environment and outlook. Operating in this manner will be a key determinant of future production levels and the timing of future expansions. With the volatility in the current market climate, Newcrest is not providing any quantitative commentary on its production profile beyond financial year 2014.

Newcrest seeks to maintain gearing at a low level so as to be able to withstand extreme price volatility and be able to complete approved major capital projects through such price volatility. In the 2013 financial year, Newcrest experienced a severe fall in the price of gold which in turn adversely impacted earnings, the carrying value of its assets and resulting gearing levels.

Newcrest believes that a low level of gearing is appropriate for an unhedged gold producer and will be focussed on progressively reducing gearing to the target level of around 15%, and returning to paying dividends.

Following the large price shock in 2013, completion of its two major capital project milestones in the 2013 financial year, and having focussed the business on maximising free cashflow, the Board is comfortable with gearing being at higher than target levels in the short to medium term, but will remain focussed on effecting progressive reduction in gearing over time.

## Corporate

As previously announced to the market, Mr Philip Aiken AM was appointed to the Newcrest Board as a Non-Executive Director effective 12 April 2013 and Mr Peter Hay was appointed to the Newcrest Board as a Non-Executive Director effective 8 August 2013.

Newcrest completed a secondary listing on the Toronto Stock Exchange (TSX) in March 2012. The anticipated benefits have not been realised to date and it is not expected that maintaining the listing will deliver significant future value for the Company. Newcrest therefore intends to apply to de-list its securities from the TSX and to apply to cease its associated registration as a reporting issuer with the Ontario Securities Commission. Newcrest intends to take these steps in the first quarter of the 2014 financial year.

## Summary

The 2013 financial year was a significant one for Newcrest with the completion of major projects at Cadia Valley and Lihir. The projects establish a platform for cost effective production growth at the Company's two largest and most important assets.

Newcrest's financial results reflect a substantially different operating environment to the prior year. Gold production volume for the 2013 financial year was lower than planned at Lihir and Gosowong and, coupled with lower gold and copper prices, resulted in reduced profitability and lower operating cashflow.

After a period of price weakness, the gold price suffered a large fall in mid April 2013 which has been sustained and accompanied with increased volatility. The materially lower gold price and resulting fall in market valuations has resulted in the impairment of the carrying value of some assets, and contributed to the write-down in the book value of some assets.

On 7 June 2013, Newcrest reconfirmed its focus on maximising free cash flow in a lower gold price environment by eliminating higher cost ounces from the production profile and accelerating reductions in operating costs, corporate costs and capital expenditure.

Newcrest remains committed to a strong balance sheet and is managing its business activity in the lower gold price environment with the objective of being free cash flow neutral or positive in the 2014 financial year, with all capital expenditure, exploration programs and corporate overheads expected to be funded from operating cash flow.

G J Robinson  
Managing Director and Chief Executive Officer

# Financial Statements

## Income Statement

12 months ended	30 June 2013 A\$M	30 June 2012 A\$M
Gold sales	3,149	3,740
Copper sales	573	613
Silver sales	53	63
<b>Sales revenue</b>	<b>3,775</b>	<b>4,416</b>
Treatment, realisation & royalty	(247)	(270)
Mine cost of sales	(1,917)	(1,795)
Mine cost of sales – depreciation	(589)	(542)
Write-down of inventory	(177)	-
<b>Gross profit</b>	<b>845</b>	<b>1,809</b>
Exploration expenses	(64)	(80)
Corporate administration expenses	(132)	(140)
Other income / (expenses)	(82)	(14)
Share of profit / (loss) of associate	(110)	15
Losses on restructured and closed-out hedge contracts	-	(7)
Business acquisition and integration costs	-	(11)
Gain on business divestment	-	46
Restructure costs	(72)	-
Write-down of non-current assets	(166)	-
Impairment losses	(6,147)	-
Impairment of associate	(151)	-
<b>Profit before interest and income tax</b>	<b>(6,079)</b>	<b>1,618</b>
Net finance costs	(109)	(41)
<b>Profit before income tax</b>	<b>(6,188)</b>	<b>1,577</b>
Income tax expense / (benefit)	412	(402)
<b>Profit after income tax</b>	<b>(5,776)</b>	<b>1,175</b>
Non-controlling interest in controlled entities	(2)	(58)
<b>Statutory profit</b>	<b>(5,778)</b>	<b>1,117</b>
Asset impairments (after tax)	5,583	-
Asset write-downs (after tax)	351	-
Write-down in investment in Evolution (after tax)	273	-
Restructure costs (after tax)	51	-
Losses on restructured and closed out hedge contracts (after tax)	-	5
Business acquisition and integration costs (after tax)	-	8
Gain on business divestment (after tax)	-	(46)
Minority interest impact	(29)	-
<b>Total Significant items</b>	<b>6,229</b>	<b>33</b>
<b>Underlying profit</b>	<b>451</b>	<b>1,084</b>
Non-controlling interest in controlled entities	31	58
Income tax expense	165	407
Net finance costs	109	41
<b>EBIT</b>	<b>756</b>	<b>1590</b>
Depreciation and Amortisation	611	561
<b>EBITDA</b>	<b>1,367</b>	<b>2,151</b>

## Statement of Cash Flows

12 months ended	30 June 2013 A\$M	30 June 2012 A\$M
<b>Operating Activities</b>		
Receipts from customers	3,815	4,624
Payments to suppliers and employees	(2,849)	(2,648)
Interest received	1	2
Interest paid	(98)	(33)
Income tax paid	(162)	(219)
<b>Net operating cash flows</b>	<b>707</b>	<b>1,726</b>
<b>Investing activities</b>		
Fixed assets, evaluation and mine development expenditure	(1,946)	(2,556)
Exploration activities	(152)	(158)
Interest capitalised to development projects	(35)	(40)
Proceeds from non-participation in rights issue	-	10
Payments for business divestment transaction costs	-	(8)
Proceeds / (payment) from investments	9	(3)
<b>Net investing cash flows</b>	<b>(2,124)</b>	<b>(2,755)</b>
<b>Financing activities</b>		
Proceeds from borrowings	3,002	2,748
Repayment of borrowings	(1,623)	(1,205)
Repayment of finance lease principal	(3)	(4)
Share buy-back	-	(35)
Payment for treasury shares	(1)	(9)
Proceeds from partial sale of shares in subsidiary	117	-
Dividends paid to members of the parent entity	(230)	(362)
Dividends paid to non-controlling interest	(26)	(43)
<b>Net financing cash flows</b>	<b>1,236</b>	<b>1,090</b>
<b>Net (Decrease) / Increase in cash</b>	<b>(181)</b>	<b>61</b>

## Balance Sheet

As at	30 June 2013 A\$M	30 June 2012 A\$M
Cash and cash equivalents	69	242
Trade and other receivables	178	251
Inventories	946	748
Current tax asset	58	-
Other financial assets	18	11
Other assets	156	212
<b>Current Assets</b>	<b>1,425</b>	<b>1,464</b>
Inventories	1,248	1,095
Property, plant and equipment	5,544	4,364
Exploration, evaluation and development	7,566	8,795
Goodwill	436	3,759
Other intangible assets	114	93
Deferred tax assets	326	259
Investment in associate	132	395
Other financial assets	10	8
Other assets	384	277
<b>Non-Current Assets</b>	<b>15,760</b>	<b>19,045</b>
<b>Total Assets</b>	<b>17,185</b>	<b>20,509</b>
Trade and other payables	620	482
Borrowings	1	1,200
Provisions	241	200
Current tax liability	-	92
Other financial liabilities	71	18
<b>Current Liabilities</b>	<b>933</b>	<b>1,992</b>
Borrowings	4,210	1,208
Provisions	353	308
Deferred tax liabilities	1,604	1,907
<b>Non-Current Liabilities</b>	<b>6,167</b>	<b>3,423</b>
<b>Total Liabilities</b>	<b>7,100</b>	<b>5,415</b>
<b>Net Assets</b>	<b>10,085</b>	<b>15,094</b>
Issued capital	13,592	13,561
Retained earnings	(3,064)	2,890
Reserves	(583)	(1,476)
Non-controlling interest in controlled entities	140	119
<b>Total Equity</b>	<b>10,085</b>	<b>15,094</b>
<b>Gearing (Net Debt / Net Debt + Equity) <sup>6</sup></b>	<b>29.1%</b>	<b>12.5%</b>

<sup>6</sup> Gearing = Net debt / (Net debt + equity)

# Corporate Information

<b>Board Members</b>		<b>Forward Shareholder Enquiries to</b>	
Don Mercer	Non-Executive Chairman	Link Market Services	
Greg Robinson	Managing Director and CEO	Level 1, 333 Collins Street	
Gerard Bond	Finance Director and CFO	Melbourne, Victoria, 3000	
Vince Gauci	Non-Executive Director	Australia	
Winifred Kamit	Non-Executive Director	Telephone:	1300 554 474
Richard Knight	Non-Executive Director		+61 (0)2 8280 7111
Rick Lee	Non-Executive Director	Facsimile:	+61 (0)2 9287 0303
Tim Poole	Non-Executive Director	Email:	<a href="mailto:registrars@linkmarketservices.com.au">registrars@linkmarketservices.com.au</a>
John Spark	Non-Executive Director	Website:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
Phil Aiken AM	Non-Executive Director		
Peter Hay	Non-Executive Director		
Scott Langford	Company Secretary	<b>Substantial Shareholder(s) at 30 June 2013</b>	
<b>Registered &amp; Principal Office</b>		Blackrock	10.42%
Level 9, 600 St Kilda Road, Melbourne, Victoria, Australia 3004		Commonwealth Bank of Australia	8.96%
Telephone:	+61 (0)3 9522 5333	First Eagle Investment Management	8.53%
Facsimile:	+61 (0)3 9525 2996		
Email:	<a href="mailto:corporateaffairs@newcrest.com.au">corporateaffairs@newcrest.com.au</a>	<b>Issued Share Capital</b>	
Website:	<a href="http://www.newcrest.com.au">www.newcrest.com.au</a>	At 30 June 2013 issued capital was 766,510,971 ordinary shares.	
<b>Stock Exchange Listings</b>		<b>Half Yearly Share Price Activity</b>	
Australian Stock Exchange	(Ticker NCM)		
New York ADR's	(Ticker NCMGY)	High	Low
Toronto Stock Exchange	(Ticker NM)	A\$	A\$
Port Moresby Stock Exchange	(Ticker NCM)	Jan - June 2013	Close
		24.77	9.06
			9.87

## Forward Looking Statements

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.

## Ore Reserves and Mineral Resources Reporting Requirements

As an Australian company with securities listed on the Australian Securities

Exchange ("ASX"), Newcrest is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and that Newcrest's ore reserve and mineral resource estimates comply with the JORC Code. As a company listed on the Toronto Stock Exchange ("TSX"), Newcrest is subject to certain Canadian disclosure requirements and standards, including the requirements of National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101"). In accordance with NI 43-101, Newcrest reports its ore reserves and mineral resources estimates in compliance with the JORC Code, along with reconciliation to the material differences between the JORC Code and the applicable definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM Definition Standards). In relation to the December 2012 Resources and Reserves Statement, the reconciliation is set out in Newcrest's Canadian News Release dated 8 February 2013, and is available at [www.sedar.com](http://www.sedar.com) and at Newcrest's website [www.newcrest.com.au](http://www.newcrest.com.au). Except as otherwise noted in that document, there are no material differences between the definitions of Measured, Indicated and Inferred Mineral Resources, and Proven and Probable Reserves, under the CIM Definition Standards and the equivalent or corresponding definitions in the JORC Code.

## Competent Person's Statement

The information in this report that relates to Exploration Results and other scientific and technical information is based on information compiled by C. Moorhead, EGM Minerals for Newcrest who is a Fellow of The Australasian Institute of Mining and Metallurgy, and a full-time employee of Newcrest. Mr Moorhead has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code and is a Qualified Person within the meaning of NI 43-101. Mr Moorhead consents to and has approved the inclusion in this report of the matters based on this information in the form and context in which it appears including sampling, analytical and test data underlying the results. For details of exploration reports refer to the Newcrest website at [www.newcrest.com.au](http://www.newcrest.com.au).

## Non-IFRS Financial Information

This release uses Non-IFRS financial information including Underlying profit, EBITDA and EBIT. Underlying profit is presented to assist in the assessment of the relative performance of the Group. EBITDA and EBIT are used to measure segment performance and have been extracted from the Segment Information disclosed in the ASX Appendix 4E. Non-IFRS information has not been subject to audit by Newcrest's external auditor.

For further information, please contact :

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