

# ASX Appendix 4E Full Year Financial Results

30 June 2012



## NEWCREST MINING LIMITED AND CONTROLLED ENTITIES

ASX APPENDIX 4E  
FOR THE YEAR ENDED 30 JUNE 2012

ABN: 20 005 683 625

ASX CODE: NCM

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
 FOR THE YEAR ENDED 30 JUNE 2012

|   | 30 June<br>2012<br>\$M | 30 June<br>2011<br>\$M | Percentage<br>increase/<br>(decrease) |
|---|------------------------|------------------------|---------------------------------------|
| <b>Sales Revenue</b>  | 4,416                  | 4,102                  | 8%                                    |
| <b>Profit</b> from continuing operations after tax attributable to members of the parent entity | 1,117                  | 908                    | 23%                                   |
| <b>Net profit</b> attributable to members of the parent entity ("Statutory Profit")             | 1,117                  | 908                    | 23%                                   |

| <b>Dividends</b>           | <b>Amount per<br/>Security</b> | <b>Amount<br/>Franked</b> | <b>Amount<br/>Unfranked</b> |
|----------------------------|--------------------------------|---------------------------|-----------------------------|
| Interim dividend per share | 12.0 cents                     | nil                       | 12.0 cents                  |
| Final dividend per share   | 23.0 cents                     | 3.45 cents                | 19.55 cents                 |
| <b>Total</b>               | <b>35.0 cents</b>              |                           |                             |

|   |                   |
|---|-------------------|
| Record date for determining entitlement to final dividend | 28 September 2012 |
| Date final dividend payable                               | 19 October 2012   |

The Directors of Newcrest Mining Limited have determined to pay a 15% franked final dividend of 23.0 cents per share in respect of the 2012 financial year. The unfranked portion of the dividend is 19.55 cents per share. For non-resident shareholders and Australian corporate shareholders, 17.25 cents of the unfranked portion of the dividend is to be sourced from conduit foreign income.

The Dividend Reinvestment Plan (DRP) remains in place and will be offered to eligible shareholders at a price determined by the volume weighted average price of shares traded on the ASX over the period 21 to 27 September 2012.

No discount applies to the DRP. Shareholders have until 5pm AEST on 28 September 2012 to change their DRP election for the Final dividend.

**Review of Results**

Refer to the Management Discussion and Analysis.

**Other Information Required by Listing Rule 4.3A**

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached additional information.

## ADDITIONAL INFORMATION

### Interest in Unincorporated Joint Venture Assets

The Group has an interest in the following significant unincorporated joint venture assets:

- Hidden Valley Joint Venture (50%). The principal activity of the joint venture is the production of gold and mineral exploration in Papua New Guinea.
- Wafi-Golpu Joint Venture (50%). The principal activity of the joint venture is mineral exploration in Papua New Guinea.
- Morobe Exploration Joint Venture (50%). The principal activity of the joint venture is mineral exploration in Papua New Guinea.
- Namosi Joint Venture (69.94%). The principal activity of the joint venture is mineral exploration in Fiji.

The contribution of the joint ventures to the consolidated result for the financial year ended 30 June 2012 is not material.

### Loss of Control of Entities and Investment in Associate

On 2 November 2011, the Group sold its 70% interest in the Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine (the Assets). Newcrest received shares in Evolution Mining Limited as consideration for the Assets. Refer to Note 6 and Note 7 for further details.

### Net Tangible Assets per Share (\$)

|                               | <u>30 June 2012</u> | <u>30 June 2011</u> |
|-------------------------------|---------------------|---------------------|
| Net tangible assets per share | \$14.70             | \$13.32             |

### Audit Report

The ASX Appendix 4E has not been subject to audit. The financial information in the ASX Appendix 4E has been extracted from the Group's full financial report which has been subject to audit.



Scott Langford  
Company Secretary

13 August 2012

## MANAGEMENT DISCUSSION AND ANALYSIS <sup>1</sup>

### 1. Financial and Operating Highlights

|  |                   | For the years ended 30 June |         |         |          |
|--|-------------------|-----------------------------|---------|---------|----------|
|  | Measure           | 2012                        | 2011    | Change  | Change % |
| <b>KEY FINANCIAL DATA</b>                          |                   |                             |         |         |          |
| Revenue  | A\$ million       | 4,416                       | 4,102   | 314     | 8%       |
| EBITDA <sup>2,9</sup>                              | A\$ million       | 2,151                       | 2,059   | 92      | 4%       |
| EBIT <sup>2,9</sup>                                | A\$ million       | 1,590                       | 1,544   | 46      | 3%       |
| Statutory profit <sup>3</sup>                      | A\$ million       | 1,117                       | 908     | 209     | 23%      |
| Underlying profit <sup>4,9</sup>                   | A\$ million       | 1,084                       | 1,058   | 26      | 2%       |
| Earnings per share (basic)                         | A\$ cents / share | 146.0                       | 126.4   | 19.6    | 16%      |
| Dividends per share - in respect of financial year |                   |                             |         |         |          |
| Interim and final dividend                         | A\$ cents / share | 35.0                        | 30.0    | 5.0     | 17%      |
| Special dividend                                   | A\$ cents / share | n/a                         | 20.0    | -       | -        |
| Operating cash flow                                | A\$ million       | 1,726                       | 1,729   | (3)     | 0%       |
| Capital expenditure                                | A\$ million       | 2,556                       | 1,890   | 666     | 35%      |
| Exploration expenditure                            | A\$ million       | 158                         | 126     | 32      | 25%      |
| Dividends paid <sup>5</sup>                        | A\$ million       | 362                         | 187     | 175     | 94%      |
| Gearing <sup>6</sup>                               | %                 | 12.5%                       | 4.2%    | 8.3%    | 198%     |
| ROCE <sup>7</sup>                                  | %                 | 10.1%                       | 12.4%   | (2.3%)  | (19%)    |
| <b>OPERATIONAL</b>                                 |                   |                             |         |         |          |
| Total Material Mined                               | 000's tonnes      | 179,235                     | 154,162 | 25,073  | 16%      |
| Total Material Milled                              | 000's tonnes      | 54,034                      | 56,095  | (2,061) | (4%)     |
| Gold produced                                      | 000's ounces      | 2,286                       | 2,527   | (241)   | (10%)    |
| Gold sales   | 000's ounces      | 2,333                       | 2,478   | (145)   | (6%)     |
| Realised gold price                                | A\$ / ounce       | 1,609                       | 1,378   | 231     | 17%      |
| Copper produced                                    | 000's tonnes      | 76.0                        | 75.6    | 0.4     | 1%       |
| Copper sales                                       | 000's tonnes      | 78.5                        | 73.9    | 4.6     | 6%       |
| Realised Copper price                              | A\$ / lb          | 3.58                        | 3.93    | (0.35)  | (9%)     |
| Cash costs <sup>8,9</sup>                          | A\$ million       | 2,031                       | 1,958   | 73      | 4%       |
| AUD:USD (average)                                  | A\$               | 1.032                       | 0.987   | 0.045   | 5%       |

<sup>1</sup> All figures in this report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Company') for the 12 months ended 30 June 2012 ('2012') compared with the 12 months ended 30 June 2011 (the 'prior year' or '2011'), except where otherwise stated. All references to \$ are to Australian dollars unless specifically marked otherwise.

<sup>2</sup> EBITDA is 'Earnings before interest, tax, depreciation, amortisation, hedge restructure and other significant items'. EBIT is 'Earnings before interest, tax, hedge restructure and other significant items'. EBITDA and EBIT are used to measure segment performance and have been extracted from Note 5 'Segment Information'.

<sup>3</sup> Statutory Profit is profit after tax attributable to owners of the parent.

<sup>4</sup> Underlying Profit is profit after tax before hedge restructure and other significant items attributable to owners of the parent. Refer to section 2.1 for further details.

<sup>5</sup> A special dividend of 20 cents per share was determined in relation to the 2011 financial year and paid during the 2012 financial year.

<sup>6</sup> Gearing is calculated as net debt to net debt and equity. Refer to section 4.2 for further details.

<sup>7</sup> ROCE is 'Return On Capital Employed' and is calculated as EBIT divided by average capital employed.

<sup>8</sup> Cash costs represent cost of sales minus finished goods inventory movements and depreciation.

<sup>9</sup> EBIT, EBITDA, Underlying Profit and Cash Costs are non-IFRS financial information and have not been subject to audit by the Company's external auditor.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 1. Financial and Operating Highlights (continued)

The 2012 financial year for Newcrest produced strong financial results with the key challenges during the year being the integration of Lihir into Newcrest, continued construction of two major projects and planning around production disruptions due to reliability and weather issues. Newcrest is now well positioned with two major projects nearing completion, a strong focus on reliable low cost operations, a well developed focus on training and capability enhancement of its people, and an outstanding resource base and exploration opportunities. Due to the strong financial results and careful capital deployment, Newcrest continues to have a robust balance sheet with low gearing and good liquidity. Accordingly, the Newcrest Board has again increased ordinary dividends.

Newcrest delivered a record Statutory Profit of A\$1,117 million and generated a strong Operating Cash Flow of A\$1,726 million from higher gold revenue for the year ended 30 June 2012.

Statutory Profit was 23% higher than the previous year driven primarily by a higher realised gold price. Underlying Profit increased 2% to A\$1,084 million. Newcrest continued its progressive increase in dividends to shareholders with an increase to 12 cents per share (unfranked) in its interim ordinary dividend determined on 9 February 2012 and an increase to 23 cents per share for the final ordinary dividend (15% franked) determined on 13 August 2012. Total ordinary dividends in respect of the 2012 financial year of 35 cents per share were 17% higher than the ordinary dividends determined in relation to the 2011 financial year. The Company's progressive dividend policy seeks to increase the dividend in line with profitability and subject to gearing capacity. When gearing was low at the end of the prior year (4.2% as at 30 June 2011) there was capacity for a 20 cents per share special dividend, paid in December 2011. With the investment in major projects in the current year (at Lihir and Cadia East) gearing has increased to 12.5% as at 30 June 2012. Whilst within Newcrest's target gearing of around 15%, the combination of an increasingly uncertain commodity market and the capital expenditure planned for the 2013 financial year, the Board has decided not to pay a special dividend for the 2012 financial year.

Company revenue increased by A\$314 million or 8% in 2012, notwithstanding lower gold sales volumes, primarily due to an increase in the gold price. Gold sales of 2,333,214 ounces in the current year were 6% lower than the prior year, while copper sales of 78,513 tonnes were 6% higher. The average realised gold price of A\$1,609 per ounce for the year ended 30 June 2012 was an increase of 17% on the prior year of A\$1,378 per ounce. The average realised copper price for the current year of A\$3.58 per pound was 9% lower than the prior year price of A\$3.93 per pound.

The Australian dollar strengthened against the US dollar by 5%, with an average A\$:US\$ rate in 2012 of \$1.032 compared to the prior year rate of \$0.987. A higher A\$ exchange rate reduced the Company's profit margins by reducing the A\$ value of the Company's US\$ denominated revenue.

Newcrest's EBITDA and EBIT margins of 49% and 36% respectively were slightly lower than the prior year (2011: 50% and 38% respectively). Notwithstanding the higher gold price, EBITDA and EBIT margins were adversely impacted primarily by operational interruptions during the year at Lihir, Hidden Valley and Cadia; lower grades at Gosowong; lower copper prices; higher labour, fuel and energy costs and a stronger Papua New Guinea Kina relative to the A\$.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 1. Financial and Operating Highlights (continued)

2012 was a year of significant investment in growth, with total capital expenditure in the year of A\$2,556 million, \$666 million or 35% higher than the prior year. Significant progress was made on advancing the two major growth projects of the Company: the US\$1.3 billion Lihir Million Ounce Plant Expansion ('MOPU') was approximately 91% complete and the A\$1.9 billion Cadia East project was approximately 80% complete at 30 June 2012. The successful delivery of these two projects underpins Newcrest's future production growth profile and both projects remain on schedule for completion (Lihir MOPU) and first commercial production (Cadia East) in the December 2012 quarter. 2012 represented a peak level of total capital expenditure for Newcrest due to the investment associated with the two major growth projects. Lower capital expenditure is expected going forward as these major projects are completed. In addition to the capital expenditure in the year, there was considerable investment in future production through elevated mining activity that resulted in a net increase in deferred stripping of A\$178 million (particularly at Telfer and Bonikro) and a A\$282 million increase in ore inventory (predominantly at Lihir and Telfer). Over the next five years the increase in deferred stripping at Telfer and Bonikro will be largely reversed as the stripping ratio reduces. Ore inventories at Lihir will reduce as the stripping ratio normalises and expanded processing capacity assists accelerated utilisation of ore inventory.

The Wafi-Golpu pre-feasibility study is nearing completion and the joint venture parties are currently reviewing the study findings. Subject to joint venture partner approval, an announcement of the resulting reserves for the project is likely to be provided on 29 August 2012.

Exploration continued with total expenditure for the year of A\$158 million, A\$32 million or 25% higher than the prior year. The focus of exploration is on the Asia Pacific region with strong drilling results in the period experienced at Lihir, Gosowong and Telfer. Drilling at Wafi-Golpu continued to assist the completion of the pre-feasibility study, whilst initial drilling of regional targets in Côte d'Ivoire and around Morobe confirmed the prospectivity of these regions. Early stage joint ventures are also underway at Tandai (Indonesia), Manus Island (Papua New Guinea, or 'PNG') and Mt Andewa (PNG).

Newcrest remains in a strong financial position at 30 June 2012 with gearing low at 12.5% and undrawn bilateral debt facilities of US\$780 million. This balance sheet strength combined with strong Operating Cash Flow ensures the Company is able to fund its sustaining capital, growth projects and ongoing exploration activities.

Newcrest raised US\$1,000 million in November 2011 through the issue of corporate bonds in the United States Rule 144A and Regulation S bond market. US\$750 million of these bonds are due for repayment in 2021 and have an interest cost of 4.45% per annum, with the remaining US\$250 million due for repayment in 2041 with an interest cost of 5.75% per annum. The proceeds of this bond raising were used to repay existing unsecured short term indebtedness and to fund a portion of Newcrest's major growth projects.

On 2 November 2011, Newcrest completed the sale of the Cracow and Mt Rawdon assets ('Queensland assets') to Evolution Mining Limited ('Evolution'). As consideration, Newcrest acquired a 38.95% interest in Evolution, which was subsequently diluted to 32.68% following an equity raising in which Newcrest did not participate.<sup>10</sup> Newcrest recognised a gain of A\$46 million after tax on the divestment.

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<sup>10</sup> Newcrest received A\$10 million from its non-participation in the rights issue.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2. Discussion and Analysis of Operations and the Income Statement

#### 2.1 Profit Overview

The Statutory Profit in 2012 of A\$1,117 million was a record profit outcome for Newcrest and 23% higher than the prior year result of A\$908 million. Underlying Profit of A\$1,084 million in 2012 was also a record, up 2% from the prior year result of A\$1,058 million.

The differences between Statutory Profit and Underlying Profit are quantified in the table below and are provided to assist the assessment of the relative performance of the Company. The adjustments reflect:

- Non-cash impacts of Newcrest's September 2007 equity raising and subsequent gold hedge book close-out and debt repayment;
- Acquisition and integration costs related to the LGL acquisition in August 2010; and
- Profit on the divestment of Newcrest's Queensland assets in November 2011.

| A\$ million  | For the years ended 30 June |              |
|--|-----------------------------|--------------|
|  | 2012                        | 2011         |
| <b>Profit after tax attributable to Newcrest Shareholders ("Statutory Profit")</b>   | <b>1,117</b>                | <b>908</b>   |
| Loss on restructured & closed-out hedge contracts (after tax)  | 5                           | 107          |
| Other close-out related losses (after tax)   | 0                           | 2            |
| Business acquisition & integration costs (after tax)   | 8                           | 41           |
| Business divestment gain (after tax)   | (46)                        | 0            |
| <b>Profit after tax before hedge restructure and other significant items attributable to Newcrest shareholders ("Underlying Profit")</b> | <b>1,084</b>                | <b>1,058</b> |

| A\$ million  |       |              |
|--|-------|--------------|
| <b>Underlying profit for the year ended 30 June 2011</b> |       | <b>1,058</b> |
| <b>Changes in revenues:</b>                              |       |              |
| Volume   |       |              |
| Gold   | (194) |              |
| Copper   | 42    |              |
| Silver   | 3     | <b>(149)</b> |
| Price  |       |              |
| Gold   | 525   |              |
| Copper   | (67)  |              |
| Silver   | 5     | <b>463</b>   |
| <b>Changes in mine cost of sales:</b>                    |       |              |
| Mine production cost                                     | (408) |              |
| Deferred mining  | 178   |              |
| Inventory movements                                      | 78    |              |
| Treatment, realisation and royalty                       | (13)  |              |
| Depreciation   | (41)  | <b>(206)</b> |
| <b>Other costs/income:</b>                               |       |              |
| Corporate administration                                 | (47)  |              |
| Exploration  | (25)  |              |
| Other income/expense                                     | (5)   |              |
| Net finance costs  | (5)   |              |
| Share of profit of associate                             | 15    | <b>(67)</b>  |
| <b>Tax:</b>  |       |              |
| Income tax expense                                       | (15)  | <b>(15)</b>  |
| <b>Underlying profit for the year ended 30 June 2012</b> |       | <b>1,084</b> |



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.1 Profit Overview (continued)

The increase in Underlying Profit in 2012 from the prior year is primarily due to higher realised gold prices. The average realised gold price for 2012 of A\$1,609 per ounce was 17% or A\$231 per ounce higher than the prior year. Gold sales of 2.333 million ounces in 2012 were 6% lower than achieved in 2011, primarily due to production being 10% lower in the year, partially offset by inventory sales.

### 2.2 Revenue

| Revenue <sup>11,12</sup>                  |            | For the years ended 30 |              |           |
|---|------------|------------------------|--------------|-----------|
|   |            | 2012                   | 2011         | % Change  |
|   |            | Company                | Company      |           |
| <b>Production Volumes<sup>11,12</sup></b> |            |                        |              |           |
| Gold                                      | oz         | 2,285,917              | 2,527,352    | (10%)     |
| Copper                                    | t          | 76,015                 | 75,631       | 1%        |
| Silver                                    | oz         | 1,997,247              | 1,895,610    | 5%        |
| <b>Sales Volumes</b>                      |            |                        |              |           |
| Gold                                      | oz         | 2,333,214              | 2,477,632    | (6%)      |
| Copper                                    | t          | 78,513                 | 73,930       | 6%        |
| Silver                                    | oz         | 1,997,294              | 1,891,811    | 6%        |
| <b>Realised Prices</b>                    |            |                        |              |           |
| Gold                                      | A\$/oz     | 1,609                  | 1,378        | 17%       |
| Copper                                    | A\$/lb     | 3.58                   | 3.93         | (9%)      |
| Silver                                    | A\$/oz     | 31.55                  | 29.04        | 9%        |
| <b>Average AUD:USD</b>                    |            | 1.0319                 | 0.9871       | 5%        |
| <b>Revenue</b>                            |            |                        |              |           |
| Gold                                      | \$m        | 3,740                  | 3,409        | 10%       |
| Copper                                    | \$m        | 613                    | 638          | (4%)      |
| Silver                                    | \$m        | 63                     | 55           | 15%       |
| <b>Total Sales Revenue</b>                | <b>\$m</b> | <b>4,416</b>           | <b>4,102</b> | <b>8%</b> |

| Gold production and sales<br>(ounces) <sup>12,13</sup> | For the years ended 30 June |                  |                  |                  |
|--|-----------------------------|------------------|------------------|------------------|
|  | 2012                        |                  | 2011             |                  |
|  | Production                  | Sales            | Production       | Sales            |
| Cadia Hill   | 241,430                     | 262,458          | 364,196          | 353,575          |
| Ridgeway   | 223,314                     | 225,149          | 147,904          | 151,297          |
| Cadia East   | 8,451                       | 8,451            | 3,320            | 3,320            |
| Telfer   | 540,114                     | 569,640          | 621,291          | 588,724          |
| Gosowong   | 439,384                     | 439,446          | 463,218          | 465,900          |
| Hidden Valley  | 88,801                      | 89,290           | 100,232          | 102,689          |
| Lihir  | 604,336                     | 595,184          | 639,256          | 635,610          |
| Bonikro  | 92,102                      | 91,654           | 41,235           | 29,867           |
| Cracow   | 23,787                      | 24,686           | 71,206           | 71,006           |
| Mt Rawdon  | 24,198                      | 27,256           | 75,494           | 75,644           |
| <b>Total</b>   | <b>2,285,917</b>            | <b>2,333,214</b> | <b>2,527,352</b> | <b>2,477,632</b> |

<sup>11</sup> The twelve months' production and sales data to 30 June 2012 includes 8,451 pre-production gold ounces and 801 copper tonnes for the Cadia East project. The twelve months' production and sales data to 30 June 2011 includes 3,320 pre-production gold ounces and 316 copper tonnes for the Cadia East project. These ounces have been capitalised and excluded from the unit cost calculations and profit and loss reporting.

<sup>12</sup> Production and sales from Cracow and Mt Rawdon in the 12 months to June 2012 contains approximately four months of production only, up to the date of divestment of 2 November 2011.

<sup>13</sup> All figures are 100% other than Cracow sales and production shown at 70% and Hidden Valley sales and production shown at 50%.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.2 Revenue (continued)

| Copper production and sales<br>(tonnes) | For the years ended 30 June |               |               |               |
|---|-----------------------------|---------------|---------------|---------------|
|   | 2012                        |               | 2011          |               |
|   | Production                  | Sales         | Production    | Sales         |
| Cadia Hill                              | 14,076                      | 15,060        | 23,449        | 23,708        |
| Ridgeway                                | 29,901                      | 30,050        | 19,788        | 19,811        |
| Cadia East                              | 801                         | 801           | 316           | 316           |
| Telfer                                  | 31,237                      | 32,602        | 32,078        | 30,095        |
| <b>Total</b>                            | <b>76,015</b>               | <b>78,513</b> | <b>75,631</b> | <b>73,930</b> |

| Silver production and sales<br>(ounces) <sup>12,13</sup> | For the years ended 30 June |                  |                  |                  |
|--|-----------------------------|------------------|------------------|------------------|
|  | 2012                        |                  | 2011             |                  |
|  | Production                  | Sales            | Production       | Sales            |
| Cadia Hill   | 196,108                     | 198,806          | 244,641          | 244,641          |
| Ridgeway   | 224,816                     | 224,816          | 177,389          | 177,389          |
| Cadia East   | 0                           | 0                | 0                | 0                |
| Telfer   | 366,945                     | 366,945          | 373,101          | 391,301          |
| Gosowong   | 271,342                     | 275,837          | 284,139          | 290,782          |
| Hidden Valley  | 857,540                     | 830,705          | 673,031          | 665,892          |
| Lihir  | 10,558                      | 10,558           | 0                | 0                |
| Bonikro  | 13,187                      | 9,654            | 3,145            | 0                |
| Cracow   | 16,843                      | 16,517           | 38,170           | 38,125           |
| Mt Rawdon  | 39,908                      | 63,456           | 101,994          | 83,681           |
| <b>Total</b>   | <b>1,997,247</b>            | <b>1,997,294</b> | <b>1,895,610</b> | <b>1,891,811</b> |

Total gold revenue in 2012 increased by 10% to A\$3,740 million (2011: A\$3,409 million), primarily due to a 17% increase in the realised gold price to A\$1,609 per ounce (2011: A\$1,378 per ounce). Gold sales volumes of 2,333,214 ounces were 6% lower than the prior year as a result of 2012 production of 2,285,917 ounces being 10% lower than the prior period, partially offset by higher inventory sales. The US\$ gold price reached a record high US\$1,921 per ounce during the 2012 financial year. The impact on A\$ revenue of the higher US\$ gold price was moderated by the continued strength of the A\$ against the US\$, with an average rate of exchange for the twelve months ending 30 June 2012 of \$1.032 compared to the prior year average rate of \$0.987.

Copper revenue in 2012 decreased by A\$25 million or 4% to A\$613 million, reflecting a 9% decrease in realised prices partially offset by an increase in sales volumes. Copper sales increased by 6% to 78,513 tonnes (2011: 73,930 tonnes), as a result of higher levels of production associated with the ramp-up of the Ridgeway Deeps mine.

Silver revenue increased by 15% from A\$55 million to A\$63 million due to higher silver prices and higher silver ounces sold. The average realised silver price of A\$31.55 per ounce was 9% higher than the A\$29.04 per ounce compared to the prior year. Sales volumes increased by 6% to 1,997,294 ounces primarily due to increased silver production at Hidden Valley.

Consistent with Newcrest's stated strategy, gold revenue continues to dominate Newcrest's activities, accounting for 85% of total sales revenue in the 2012 financial year (2011: 83%).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.2 Revenue (continued)

Gold production of 2,285,917 ounces in 2012 was 241,435 ounces or 10% lower than the prior period, with the key drivers of this difference period-on-period being:

- Cadia Hill production decreased by 122,766 ounces or 34% in line with lower rates of production and planned lower gold grades as mining of cutback 3 was completed. The Cadia Hill open pit ceased operation on 30 June 2012 and was placed on care and maintenance.
- Ridgeway production increased by 75,410 ounces or 51%, reflecting the first full year of post-commissioning production at Ridgeway Deeps. Increased block cave ore production, higher grade ore and higher mill throughput all contributed to this increase.
- Cadia East development production increased by 5,131 development ounces or 155%. Revenue and costs of production are capitalised as part of the project.
- Telfer production decreased by 81,177 ounces or 13% due to planned lower feed grade and associated recoveries, together with lower mill throughput.
- Gosowong production decreased by 23,834 ounces or 5% due to an expected reduction in gold grade. The grade impact was mostly offset by record mill throughput, delivering a 20% increase in volume milled over the prior year.
- Lihir production decreased by 34,920 ounces or 5%. The current period included a full twelve months of ownership, while the prior period included ten months. Production in the current period was adversely impacted by heavy rainfall and subsequent flooding in the open pit, reducing access to higher grade ore. Mill throughput was also restricted due to a major planned maintenance shutdown in August 2011 and plant reliability issues throughout the year. Production for the June 2012 quarter was 9% higher than that achieved in the March 2012 quarter, reflecting improvements in reliability and mine dewatering capacity.
- Hidden Valley production (Newcrest 50% share) decreased by 11,431 ounces or 11% primarily due to high rainfall experienced over the six months to June 2012 constraining mining rates and ore feed grade.
- Bonikro production increased by 50,867 ounces or 123%, reflecting higher mining and mill throughput and a full year of production (2011 represents approximately six months of production).
- Cracow production decreased by 47,419 ounces. As Newcrest divested this asset on 2 November 2011, only four months of production in the current period have been reported.
- Mt Rawdon production decreased by 51,296 ounces. Newcrest also divested this asset on 2 November 2011, therefore only four months of production in the current period have been reported.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.3 Cost of Sales

#### Cash costs<sup>14</sup>

| A\$ million   | For the years ended 30 June |              |           |           |
|---------------|-----------------------------|--------------|-----------|-----------|
|               | 2012                        | 2011         | Change    | Change %  |
| Cadia Valley  | 560                         | 548          | 12        | 2%        |
| Telfer        | 678                         | 706          | (28)      | (4%)      |
| Lihir         | 339                         | 266          | 73        | 27%       |
| Gosowong      | 186                         | 161          | 25        | 16%       |
| Bonikro       | 83                          | 52           | 31        | 60%       |
| Hidden Valley | 140                         | 121          | 19        | 16%       |
| Mt Rawdon     | 25                          | 56           | (31)      | (55%)     |
| Cracow        | 20                          | 48           | (28)      | (58%)     |
| <b>Total</b>  | <b>2,031</b>                | <b>1,958</b> | <b>73</b> | <b>4%</b> |

Cash costs increased by A\$73 million or 4% in 2012, with the major increase being at Lihir reflecting inclusion of operations for a full 12 months compared to 10 months in the prior year.

Cadia Valley cash costs increased by A\$12 million or 2%, reflecting higher electricity prices and higher labour rates.

Telfer cash costs decreased by A\$28 million or 4%, reflecting a 5% reduction in milling volumes. Total material moved in 2012 was 66% or 35Mt higher than the prior year, primarily due to waste stripping of Main Dome Stage 4 (an increase of 30Mt moved at a cost of A\$117 million) and West Dome Stage 1 (an increase of 2.6Mt moved at a cost of \$11 million). This elevated level of mining activity and associated expenditure related to future gold production and therefore was capitalised as deferred mining costs in the current period.

Lihir cash costs increased by A\$73 million or 27%, reflecting an additional 2 months of operation and the adverse impact of a 14% weakening of the Australian Dollar against the PNG Kina. In addition, maintenance activity increased during 2012 to improve the reliability in the processing plant, while lower geothermal power generation increased the reliance on higher cost heavy fuel oil power generation.

Gosowong cash costs increased by A\$25 million or 16%, reflecting a 20% increase in tonnes milled and Indonesian labour market pressures increasing labour costs, partially offset by a 6% strengthening of Australian Dollar against the Indonesian Rupiah.

Bonikro cash costs increased by A\$31 million or 60%, reflecting a full 12 months of operation. In the 2011 financial year, Newcrest acquired the asset from 30 August 2010 and shortly afterwards temporarily suspended operations as a precaution against the possibility of civil unrest following presidential elections in Côte d'Ivoire.

Hidden Valley cash costs increased by A\$19 million or 16% as a result of higher ore haulage costs resulting from the restricted capacity of the overland conveyor, increased mining and treatment volumes, and a 14% weakening of the Australian Dollar against the PNG Kina in the period.

Lower cash costs at Cracow and Mt Rawdon reflect their divestment to Evolution on 2 November 2011.

<sup>14</sup> Total cash costs represent cost of sales excluding finished goods inventory movements and depreciation.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.3 Cost of Sales (continued)

| A\$ million                          | For the years ended<br>30 June |                    | % Change<br>Increase/<br>(Decrease) | % Change<br>attributable<br>to price | % Change<br>attributable<br>to activity |
|--------------------------------------|--------------------------------|--------------------|-------------------------------------|--------------------------------------|---|
|                                      | 2012                           | 2011 <sup>15</sup> |                                     |                                      |   |
| Employee Costs                       | 352                            | 304                | 16%                                 | 8%                                   | 8%                                      |
| Maintenance incl. Contract Labour    | 498                            | 433                | 15%                                 | 5%                                   | 10%                                     |
| Mining Contracts                     | 298                            | 152                | 96%                                 | 5%                                   | 91%                                     |
| Fuel & Lubes                         | 146                            | 106                | 38%                                 | 22%                                  | 16%                                     |
| Utilities & Power                    | 211                            | 171                | 23%                                 | 17%                                  | 6%                                      |
| Liners & Grinding Media              | 119                            | 113                | 5%                                  | (4%)                                 | 9%                                      |
| Mining Consumables                   | 287                            | 249                | 15%                                 | 5%                                   | 10%                                     |
| Other Input Costs                    | 310                            | 285                | 9%                                  | 4%                                   | 5%                                      |
| <b>Mine production costs</b>         | <b>2,221</b>                   | <b>1,813</b>       | <b>23%</b>                          | <b>7%</b>                            | <b>16%</b>                              |
| Deferred mining costs                | (178)                          | 0                  |                                     |                                      |   |
| Ore inventory movements              | (282)                          | (112)              | 152%                                |                                      |   |
| Royalties                            | 130                            | 121                | 7%                                  |                                      |   |
| Treatment and Realisation            | 140                            | 136                | 3%                                  |                                      |   |
| <b>Cash Costs</b>                    | <b>2,031</b>                   | <b>1,958</b>       | <b>4%</b>                           |                                      |   |
| Finished goods inventory movements   | 34                             | (58)               |                                     |                                      |   |
| Depreciation                         | 542                            | 501                | 8%                                  |                                      |   |
| <b>Cost of Sales<sup>16,17</sup></b> | <b>2,607</b>                   | <b>2,401</b>       | <b>9%</b>                           |                                      |   |

Cost of sales for the year ended 30 June 2012 increased by A\$206 million or 9% compared to the prior year. As detailed earlier, comparability between periods is impacted by different periods of ownership and activity of the following assets:

- The current period includes a full twelve months of activity for Lihir and Bonikro compared with ten months of Lihir and six months of Bonikro in the prior year; and
- Ownership of Cracow and Mt Rawdon for four months of the current period only compared with twelve months for Cracow and ten months for Mt Rawdon in the prior year.

Cost pressures remain in the industry. The level of activity in the resources industry in the regions in which Newcrest operates results in supply-side constraints and higher prices than what might otherwise be experienced, particularly in labour, fuel, energy and consumables.

The strengthening of the PNG Kina against the Australian Dollar has further negatively impacted costs by approximately A\$36 million in 2012 at the Lihir and Hidden Valley operations. This was partially offset by the Australian Dollar strengthening against the Indonesian Rupiah, positively impacting costs at Gosowong by approximately A\$4 million.

Mine Production costs were characterised by elevated levels of mining activity at Telfer and Bonikro in particular, with both being necessary to secure ore sources integral to their respective 5 year production profiles and – in the case of Telfer - to address underinvestment in this activity in prior years. As these stripping costs relate to future production, they are accounted for as deferred mining. These deferred mining balances will unwind over the coming 5 year period as the stripping ratio reduces. Ore inventories increased, predominantly at Lihir and Telfer. Ore inventories at Lihir will reduce as the stripping ratio normalises and expanded processing capacity assists accelerated utilisation of ore inventory.

<sup>15</sup> The prior year comparatives have been restated in line with any cost classification adjustments made for the current year.

<sup>16</sup> Costs of Cracow and Mt Rawdon included to the date of divestment on 2 November 2011.

<sup>17</sup> Costs from the former LGL operations included from the acquisition date of 30 August 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.3 Cost of Sales (continued)

Employee Costs increased by A\$48 million or 16% in the year. Approximately half of this increase is attributable to tight labour markets, particularly in Australia and Indonesia, and the impact of a stronger PNG Kina against the Australian dollar on the Lihir and Hidden Valley operations. The main activity-related impacts on Employee Costs comprise inclusion of a full year of operation at Lihir and revised maintenance and roster arrangements at Telfer.

Maintenance costs in 2012 were A\$65 million or 15% higher than the prior period. More than two thirds of this increase occurred at Lihir, reflecting both an additional 2 months of operations in 2012 compared with 2011, and increased maintenance activity in 2012 to improve the reliability in the processing plant. Cadia and Telfer costs were adversely impacted by longer term, lower cost contracts rolling off.

Mining Contract costs increased by A\$146 million or 96% compared with the prior period. This has been predominantly activity-driven, due to the major open pit waste stripping projects at Telfer (Main Dome Stage 4) and Bonikro (Pushback 4) as follows:

- At Telfer, mining contractors have been engaged to undertake waste stripping in Main Dome Stage 4, with this activity scheduled to continue in the 2013 financial year before the exposed ore becomes a major ore source in the 2014 financial year.
- Similarly, a mining contractor commenced waste stripping of Stage 4 during the year at Bonikro, with this activity scheduled to continue during the 2013 financial year as Stage 4 is the major ore source in Bonikro's five year production profile.

The majority of these Mining Contract costs relate to future gold production and do not impact cash costs in relation to current year production as they have been capitalised in deferred mining.

Fuel and Lubes costs increased by A\$40 million or 38%. Price was a key driver with diesel prices more than 20% higher in 2012 relative to 2011. Increased stripping activity at Telfer (Main Dome Stage 4) and Bonikro (Stage 4) further contributed to the cost increase.

Utilities and Power costs increased by A\$40 million or 23%. Two thirds of the increase occurred at Lihir, reflecting a full year of operation, an increase in tonnes milled of 16%, an increase in the price of Heavy Fuel Oil of more than 20%, and lower geothermal steam supply in the 2012 year increasing the reliance on higher cost Heavy Fuel Oil power generation. Higher contract electricity prices at Cadia also contributed to increased power costs relative to the prior year.

Liners and Grinding Media costs have increased by A\$6 million or 5%. The increase was driven by higher throughput and a full year of operation at Lihir, and increased mill reline activities at Cadia. These activity-driven increases were partially offset by a decline in contract prices for grinding media.

Mining Consumables - which includes reagents, tyres and explosives - increased by A\$38 million or 15% in the year. More than three quarters of the increase was attributable to the Telfer and Bonikro operations and reflect increased mining activity. The other main increase was at Lihir where mill throughput was higher. On average there were moderate price increases during the year.

Other Input Costs, including mine site overheads, have increased by A\$25 million or 9% this period. In addition to the impact of a full year of costs from Lihir, flight and accommodation costs at Telfer have been higher with increased numbers on site due to the Stage 4 cutback and amended roster arrangements. On average there were moderate price increases during the year.

Total Mine Production Costs have increased by A\$408 million or 23% which, in addition to the different periods of ownership referred to above (particularly Lihir), is primarily associated with increased waste stripping activity at Telfer and Bonikro, combined with continued price increases for labour, fuel, energy and consumables.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.3 Cost of Sales (continued)

#### Deferred Mining

The net cost associated with waste stripping and capitalised as Deferred Mining during the period was A\$178 million, significantly higher than the amount capitalised in the prior year (2011: a net amount of nil). Major components of this Deferred Mining were:

- Telfer A\$127 million (an increase of A\$102 million on the prior period) - comprising A\$117 million for 30Mt of Main Dome Stage 4 waste deferred and A\$10 million for 2.6Mt of West Dome Stage 1 waste deferred. The elevated level of stripping in 2012 addressed underinvestment in prior periods in this activity;
- Bonikro A\$31 million (an increase of A\$27 million) - comprising A\$35 million for 10Mt of waste deferred in relation to Stage 4, offset by A\$4 million of Stage 2 waste expensed; and
- Hidden Valley A\$17 million (an increase of A\$12 million) - comprising the Newcrest share of deferring 4Mt of Hamata waste and 6Mt of waste in relation to Hidden Valley Stage 3.

Lihir and Gosowong collectively deferred A\$12 million of waste (a decrease of A\$8 million compared to 2011) while a further A\$11 million was deferred by the Queensland assets prior to divestment (a decrease of A\$8 million).

These increases in deferred stripping were partially offset by a deferred waste expense of A\$20 million at Cadia Valley relating to ore sourced from the open pit. This charge was A\$53 million lower than 2011, reflecting lower production from the open pit and a lower charge per ounce.

#### Inventory Movements

Inventory movements for the purpose of calculating cost of sales occur in relation to both ore inventory and finished goods inventory.

An increase in ore and finished goods inventories reduced cost of sales by A\$248 million during the period (2011: A\$170 million), comprising a A\$282 million increase in ore inventories offset by a A\$34 million draw-down of Telfer and Cadia Valley finished goods (concentrate) inventory.

At Lihir, ore mined (20Mt) exceeded ore milled (6Mt) by 14Mt in the year. This inventory build-up reduced cost of sales by A\$204 million (2011: A\$151 million). The high amount of ore mined reflected the low ratio of waste (11Mt) to ore (20Mt) in 2012, with the majority of mining activity occurring in the Lienetz pit where stripping activity has occurred in prior periods. At 30 June 2012, Lihir had approximately 100Mt of ore inventory containing 5.94Moz of gold with a carrying value of A\$1,078 million, at an average cost of A\$181/oz. Over the next 5 years, Lihir's ore inventory will decline as the enhanced processing capacity from MOPU accelerates production and as mining activity increasingly focuses on waste stripping.

Ore inventory accumulation also occurred at Telfer in the period, reducing cost of sales by A\$57 million (an increase of A\$83 million from 2011). This increase reflects the ore mined from open pit and underground sources (24Mt) exceeding ore milled (21Mt), together with an increase in dump leach inventories of A\$34 million.

#### Treatment, realisation and royalty costs

Treatment charges and refining costs ('TC/RC') of A\$140 million have increased by A\$4 million or 3% on the prior year, predominantly due to higher concentrate sales volume and increased TC/RC unit rates. The net impact of this rate increase has been reduced as TC/RC rates are priced in US\$ and have benefited on translation to A\$ due to the strengthening of the A\$ against the US\$.

Royalties expense was A\$9 million or 7% higher in the period, consistent with the increase in sales revenue and realised gold price.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.3 Cost of Sales (continued)

#### Depreciation

Depreciation expense increased by A\$41 million or 8%. The increase was primarily driven by Cadia Valley, reflecting higher levels of production from Ridgeway Deeps, and production from Bonikro. Overall Company depreciation costs of A\$240 per ounce sold accordingly increased from the A\$208 per ounce in the prior year.

### 2.4 Corporate Administration Costs

Corporate Administration Costs of A\$140 million in 2012 were A\$47 million higher than the prior year. Key drivers of this increase were as follows:

- A full 12 months of Newcrest owning the Lihir assets in 2012 compared with 10 months in 2011.
- A A\$6 million increase in expenditure on innovation and technology, targeting the future generation of significant step change improvements in production. Effort has focused on mining methods to accelerate the ramp-up of underground production rates, earlier waste rejection to improve mill throughput and reduce energy consumption, and composite gravity test work targeting improved metallurgical recoveries.
- A\$4 million more was spent on safety and health initiatives during 2012, including major hazard management and an extensive review of transportation arrangements following the tragic helicopter accident in Indonesia in August 2011.
- A\$5 million on pursuing operational efficiencies via projects directed to enhancing total material movement, asset reliability and metallurgy.
- A\$7 million on establishing operational control hubs in Australia and enhancing the representative office arrangements in PNG.
- A\$8m on supporting larger, more standardised information systems including depreciation on recent systems implementations.
- A\$11 million on higher insurance costs, higher legal and securities exchange registration and compliance costs, and new industry body memberships.

### 2.5 Exploration

Exploration expenditure during the year of A\$158 million (2011: A\$126 million) was focused on greenfields exploration in Côte d'Ivoire, Papua New Guinea and Indonesia, as well as increasing exploration in existing project and production areas. Of this amount, A\$80 million was expensed (2011: A\$55 million) resulting in a capitalisation rate of 49%, reflecting the proportion of exploration effort on brownfields and reserve definition activity.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.6 Other Income / (Expense)

| A\$ million   | For the years ended 30 June |            |
|---|-----------------------------|------------|
|   | 2012                        | 2011       |
| Net foreign exchange gain/(loss)                        | (14)                        | (26)       |
| Net fair value gain/(loss) on gold & copper derivatives | 16                          | 15         |
| Net gain/(loss) on sale of non-current assets           | (3)                         | 0          |
| Cadia Valley royalty dispute                            | 0                           | 11         |
| Other   | (13)                        | (9)        |
| <b>Other Income/(Expense)</b>                           | <b>(14)</b>                 | <b>(9)</b> |

Other Income/(Expense) was a net expense of A\$14 million (2011: Net expense of A\$9 million).

The net fair value gain on gold and copper derivatives relates to the movement in spot prices impacting the quotational period adjustments on sales. Newcrest locks in the copper price for concentrate shipments at the time of shipment 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 versus three or four months for copper). With the realised gold price increasing during the year the one month quotational period adjustments were positive.

In 2011, the Company received a favourable ruling by the High Court of Australia in respect of a mineral royalties dispute at Cadia Valley, resulting in a reversal of previously expensed royalties.

### 2.7 Finance Costs

Total finance costs of A\$43 million in 2012 were A\$2 million lower than the prior year.

Gross finance costs in 2012 of A\$83 million increased by A\$36 million over that of 2011 due to a higher level of debt drawdown during the period.

Interest of A\$40 million was capitalised during the 2012 year in relation to the Cadia East development project and the Lihir MOPU project. Interest of A\$2 million was capitalised in the prior year.

### 2.8 Income Tax Expense

The income tax expense in the current period was A\$402 million (2011: A\$334 million), resulting in an effective tax rate of 26% (2011: 26%). This is lower than the Australian company tax rate of 30% primarily due to research and development benefits in relation to previous financial years, the utilisation of capital losses and the recognition of Australian tax losses.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 2.9 Hedge Restructure and Other Significant Items

| A\$ million   | For the years ended 30 June |              |
|---|-----------------------------|--------------|
|   | 2012                        | 2011         |
| Losses on restructured and closed-out hedge contracts           | (7)                         | (153)        |
| Other close-out related losses                                  | 0                           | (3)          |
| Business acquisition and integration costs                      | (11)                        | (52)         |
| Gain on business divestment                                     | 46                          | 0            |
| <b>Hedge Restructure and Other Significant Items (pre-tax)</b>  | <b>28</b>                   | <b>(208)</b> |
| Income tax benefit/(expense)                                    | 5                           | 58           |
| <b>Hedge Restructure and Other Significant Items (post-tax)</b> | <b>33</b>                   | <b>(150)</b> |

Hedge Restructure and Other Significant Items resulted in a A\$28 million pre-tax gain (2011: A\$208 million pre-tax loss).

#### Losses on restructured and closed-out hedges

During the 2008 financial year, Newcrest closed out its gold hedge book and realised the gold hedging losses and extinguished any future obligation with respect to the hedge contracts.

Accounting standards require the accumulated losses on the contracts closed out to remain deferred in the Hedge Reserve within equity. The losses in the Hedge Reserve are transferred to the Income Statement in future periods in line with the original sales to which they were designated. A pre-tax loss on restructured and closed out hedge contracts of A\$7 million has been recognised in the current period (2011: A\$153 million). This Hedge Reserve has now been fully released to the Income Statement.

There are no liabilities remaining for the closed-out contracts. The profit impact in the current period is a non-cash item.

#### Business acquisition and integration costs

The LGL acquisition resulted in transaction and integration costs of A\$11 million for the period (2011: A\$52 million). These costs relate primarily to the standardisation of key processes and systems.

#### Business divestment

The Company recognised a gain of A\$46 million after tax on the disposal of the Cracow and Mt Rawdon assets during the period as summarised below. The proceeds from the sale were non-cash, taking the form of a share investment in the acquirer of those assets, Evolution. Following Newcrest's non-participation in a capital raising by Evolution, Newcrest holds a 32.68% interest in Evolution.

| A\$ million                        | For the year ended 30 June |  |
|------------------------------------|----------------------------|--|
|                                    | 2012                       |  |
| Consideration received             | 390                        |  |
| Carrying value of assets sold      | (336)                      |  |
| Disposal costs                     | (8)                        |  |
| <b>Gain on business divestment</b> | <b>46</b>                  |  |

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 3. Discussion and Analysis of Cash Flows

#### 3.1 Cash flow - Operations

| A\$ millions                                     | For the years ended 30 June |                |        |          |
|--|-----------------------------|----------------|--------|----------|
|  | 2012                        | 2011           | Change | Change % |
| <b>Cash Flow from Operations</b>                 | <b>1,726</b>                | <b>1,729</b>   | (3)    | 0%       |
| <b>Cash Flow related to Investing Activities</b> | <b>(2,755)</b>              | <b>(2,294)</b> | (461)  | 20%      |
| <b>Cash Flow related to Financing Activities</b> | <b>1,090</b>                | <b>131</b>     | 959    | 732%     |
| <b>Net movement in cash</b>                      | <b>61</b>                   | <b>(434)</b>   |        |          |
| Cash at the beginning of the period              | 185                         | 643            |        |          |
| Effects of exchange rate changes on cash held    | (4)                         | (24)           |        |          |
| <b>Cash at the end of the period</b>             | <b>242</b>                  | <b>185</b>     |        |          |

Operating cash flow for the 2012 financial year of A\$1,726 million was in line with the prior year operating cash flow of A\$1,729 million. The benefit of increased sales revenue in the current period was offset by higher operating costs and an increase in income tax payments.

#### 3.2 Cash flow - Investing Activities

| A\$ millions  | For the years ended 30 June |              |            |            |
|---|-----------------------------|--------------|------------|------------|
|   | 2012                        | 2011         | Change     | Change %   |
| Capital expenditure                                 |                             |              |            |            |
| - Sustaining  | 445                         | 359          | 86         | 24%        |
| - Development                                       | 138                         | 97           | 41         | 42%        |
| - Projects - Construction & Studies                 | 1,973                       | 1,434        | 539        | 38%        |
| <b>Total Capital Expenditure</b>                    | <b>2,556</b>                | <b>1,890</b> | <b>666</b> | <b>35%</b> |
| Exploration   | 158                         | 126          | 32         | 25%        |
| Payment for LGL (net of cash acquired)              | 0                           | 272          | (272)      | (100%)     |
| Payment for investments                             | 3                           | 4            | (1)        | (25%)      |
| Interest capitalised to development projects        | 40                          | 2            | 38         | 1,900%     |
| Other   | (2)                         | 0            | (2)        |            |
| <b>Total Cash Outflow from Investing activities</b> | <b>2,755</b>                | <b>2,294</b> | <b>461</b> | <b>20%</b> |

Net cash used in investing activities increased by A\$461 million, or 20%, to A\$2,755 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 3.2 Cash flow - Investing Activities (continued)

#### Sustaining capital

Total sustaining capital expenditure increased by A\$86 million to A\$445 million, predominantly driven by:

- Corporate capital investment increasing by A\$40 million, primarily due to the business process and systems development (i.e. SAP) projects undertaken as part of the strategy to provide a platform of standard, technology enabled business processes to help deliver operational benefits across the Newcrest business.
- Telfer increasing by A\$30 million, due to expenditure on mobile equipment, tailings dam raising, and pipe and tank refurbishments.
- Cadia increasing by A\$10m including expenditure on mobile equipment and the tailings storage facility.

The majority of sustaining capital was incurred at the Lihir operation (A\$188 million or 42% of the 2012 total) with expenditure predominantly on plant reliability, upgraded dewatering capacity, mobile equipment, and power generation.

#### Projects - Construction and Studies

Major projects capital expenditure was primarily focused on the following projects:

- Cadia East (A\$1,108 million in the period) remains on schedule to achieve first commercial production in the December 2012 quarter, being approximately 80% complete at 30 June 2012. Capital costs to the first commercial production milestone are within 10% above the A\$1.9 billion budget, with this increase in capital cost due to lower production from the block cave before commercial commissioning (resulting in a lower revenue credit);
- Lihir Million Ounce Plant Upgrade ('MOPU') (US\$440 million in the period) was approximately 91% complete at 30 June 2012, with commissioning activities approximately 54% complete. The project is expected to increase total annual gold production from Lihir by approximately 240,000 ounces per year and is on schedule for ramp-up of production in the December 2012 quarter; and
- The pre-feasibility study at Wafi-Golpu (A\$54 million in the period) is nearing completion and the joint venture parties are currently reviewing the study findings. Subject to joint venture partner approval, an announcement of the resulting reserves for the project is likely to be provided on 29 August 2012.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 3.2 Cash flow - Investing Activities (continued)

#### Exploration

| A\$ millions                 | For the years ended 30 June |            |           |            |
|------------------------------|-----------------------------|------------|-----------|------------|
|                              | 2012                        | 2011       | Change    | Change %   |
| <b>Expenditure by nature</b> |                             |            |           |            |
| Greenfields                  | 44                          | 33         | 11        | 33%        |
| Brownfields                  | 42                          | 32         | 10        | 31%        |
| Reserve definition           |                             |            |           |            |
| Telfer                       | 17                          | 10         | 7         | 70%        |
| Gosowong                     | 5                           | 10         | (5)       | (50%)      |
| Hidden Valley & Wafi-Golpu   | 25                          | 24         | 1         | 4%         |
| Lihir                        | 14                          | 13         | 1         | 8%         |
| West Africa                  | 10                          | 3          | 7         | 233%       |
| Other                        | 1                           | 1          | 0         | 0%         |
|                              | <b>158</b>                  | <b>126</b> | <b>32</b> | <b>25%</b> |
| <b>Expenditure by Region</b> |                             |            |           |            |
| Australia                    | 41                          | 41         | 0         | 0%         |
| Indonesia                    | 32                          | 22         | 10        | 45%        |
| Papua New Guinea             | 57                          | 48         | 9         | 19%        |
| West Africa                  | 21                          | 11         | 10        | 91%        |
| Fiji                         | 7                           | 4          | 3         | 75%        |
|                              | <b>158</b>                  | <b>126</b> | <b>32</b> | <b>25%</b> |

Exploration expenditure during the period has been focused on existing operations and projects, including:

- Wafi-Golpu - infill drilling to support the pre-feasibility study data collection process and facilitate a reserve estimate update.
- Telfer - continued drilling of the Vertical Stockwork Corridor located below the Telfer Deeps sub-level cave mine, and West Dome to expand the underground mine life.
- Gosowong - drilling to the north and south of the previously mined Toguraci open pit to identify future ore sources.
- Lihir - continued resource definition drilling at Lihir.

Initial results from greenfields exploration programs in Côte d'Ivoire and at Manus Island in Papua New Guinea have been encouraging.

### 3.3 Cash flow - Financing Activities

Cash flows provided by financing activities were an inflow of A\$1,090 million, compared with an inflow of A\$131 million in the prior year. For the current year this included:

- Net proceeds from the issue of US Corporate Bonds of A\$963 million;
- Net drawdown of A\$699 million on the USD bilateral facility;
- Repayment of notes issued into the North American Private Placement market of A\$119 million; and
- Dividend payments to Shareholders of Newcrest of A\$362 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4. Discussion and Analysis of the Balance Sheet

#### 4.1 Net Assets and Total Equity

| A\$ millions                           | As at 30 June   |                 |                |            |
|--|-----------------|-----------------|----------------|------------|
|  | 2012            | 2011            | Change         | Change %   |
| <b>Assets</b>                          |                 |                 |                |            |
| Cash and Cash Equivalent               | 242             | 185             | 57             | 31%        |
| Inventories                            | 1,843           | 1,401           | 442            | 32%        |
| Receivables                            | 251             | 441             | (190)          | (43%)      |
| Property, Plant & Equipment            | 4,364           | 3,310           | 1,054          | 32%        |
| Exploration, Feasibility & Development | 8,795           | 7,675           | 1,120          | 15%        |
| Intangibles                            | 3,852           | 3,682           | 170            | 5%         |
| Deferred Tax Assets                    | 259             | 230             | 29             | 13%        |
| Investments in Associates              | 395             | 0               | 395            |            |
| Other Assets                           | 508             | 358             | 150            | 42%        |
| <b>Total Assets</b>                    | <b>20,509</b>   | <b>17,282</b>   | <b>3,227</b>   | <b>19%</b> |
| <b>Liabilities</b>                     |                 |                 |                |            |
| Payables                               | (482)           | (432)           | (50)           | 12%        |
| Borrowings                             | (2,408)         | (800)           | (1,608)        | 201%       |
| Derivative Financial Liabilities       | (18)            | (7)             | (11)           | 157%       |
| Provisions                             | (508)           | (402)           | (106)          | 26%        |
| Tax Liabilities                        | (1,999)         | (1,766)         | (233)          | 13%        |
| <b>Total Liabilities</b>               | <b>(5,415)</b>  | <b>(3,407)</b>  | <b>(2,008)</b> | <b>59%</b> |
| <b>Net Assets</b>                      | <b>15,094</b>   | <b>13,875</b>   | <b>1,219</b>   | <b>9%</b>  |
| <b>Equity</b>                          |                 |                 |                |            |
| Equity - Newcrest Interest             | (14,975)        | (13,776)        | (1,199)        | 9%         |
| Non-Controlling Interests              | (119)           | (99)            | (20)           | 20%        |
| <b>Total Equity</b>                    | <b>(15,094)</b> | <b>(13,875)</b> | <b>(1,219)</b> | <b>9%</b>  |

Newcrest's Net Assets and Total Equity increased by A\$1,219 million during the year to A\$15,094 million. The increase in equity was driven by the record profit for the period and the effect of translation of US\$ functional currency entities into A\$.

The increase in Net Assets reflects the capital expenditure on Newcrest's key growth projects, Cadia East and Lihir MOPU.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 4.2 Net Debt and Gearing

As at 30 June 2012, Newcrest had net debt, comprising total borrowings less cash, of A\$2,166 million, A\$1,551 million higher than the 30 June 2011 net debt position of A\$615 million, as outlined in the table below. The primary driver of the movement during the period was funding of the Company's major growth projects.

| A\$ million                            | As at 30 June |
|--|---------------|
| <b>Net debt at 30 June 2011</b>        | <b>615</b>    |
| Issue of USD corporate bonds           | 963           |
| Net drawdown on USD bilateral facility | 699           |
| Repayment of USD private placement     | (119)         |
| Retranslation of USD denominated debt  | 69            |
| Increase in cash balances              | (57)          |
| Net movement in finance leases         | (4)           |
| <b>Net movement in 2012</b>            | <b>1,551</b>  |
| <b>Net debt at 30 June 2012</b>        | <b>2,166</b>  |

The gearing ratio (net debt to net debt plus equity) as at 30 June 2012 was 12.5% (30 June 2011: 4.2%).

| A\$ million                                   | As at 30 June |               |
|---|---------------|---------------|
|   | 2012          | 2011          |
| Total debt                                    | 2,408         | 800           |
| Less cash and cash equivalents                | (242)         | (185)         |
| Net Debt                                      | 2,166         | 615           |
| Equity  | 15,094        | 13,875        |
| <b>Net Debt and Equity</b>                    | <b>17,260</b> | <b>14,490</b> |
| <b>Gearing (net debt/net debt and equity)</b> | <b>12.5%</b>  | <b>4.2%</b>   |

### 4.3 Liquidity and Debt Facilities

In November 2011, 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. The notes consist of:

- 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 has US dollar bilateral facilities of US\$2,000 million, with US\$1,220 million drawn down as at 30 June 2012. These are unsecured revolving facilities with maturities ranging between December 2012 and February 2013. Interest is based on LIBOR plus a margin.

At the date of this report the Company is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of 3 years or more.

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

**CONSOLIDATED INCOME STATEMENT**  
 FOR THE YEAR ENDED 30 JUNE 2012

|   |             | <b>Consolidated</b> |              |
|---|-------------|---------------------|--------------|
|   | <b>Note</b> | <b>2012</b>         | <b>2011</b>  |
|   |             | <b>\$M</b>          | <b>\$M</b>   |
| Operating sales revenue                               | 4(a)        | 4,416               | 4,102        |
| Cost of sales   | 4(b)        | (2,607)             | (2,401)      |
| <b>Gross profit</b>                                   |             | <b>1,809</b>        | <b>1,701</b> |
| Exploration expenses                                  |             | (80)                | (55)         |
| Corporate administration expenses                     | 4(c)        | (140)               | (93)         |
| Other income/(expenses)                               | 4(d)        | (14)                | (9)          |
| Share of profit of associate                          |             | 15                  | -            |
| Losses on restructured and closed-out hedge contracts | 4(i)        | (7)                 | (153)        |
| Other close-out related costs                         | 4(j)        | -                   | (3)          |
| Business acquisition and integration costs            | 4(k)        | (11)                | (52)         |
| Gain on business divestment                           | 4(l)        | 46                  | -            |
| <b>Profit before interest and income tax</b>          |             | <b>1,618</b>        | <b>1,336</b> |
| Finance income  |             | 2                   | 9            |
| Finance costs   | 4(e)        | (43)                | (45)         |
| <b>Profit before income tax</b>                       |             | <b>1,577</b>        | <b>1,300</b> |
| Income tax expense                                    |             | (402)               | (334)        |
| <b>Profit after income tax</b>                        |             | <b>1,175</b>        | <b>966</b>   |
| <b>Profit after tax attributable to:</b>              |             |                     |              |
| Owners of the parent                                  |             | 1,117               | 908          |
| Non-controlling interest                              |             | 58                  | 58           |
|   |             | <b>1,175</b>        | <b>966</b>   |
| <b>Earnings per share (EPS) (cents per share)</b>     |             |                     |              |
| Basic earnings per share                              | 3           | 146.0               | 126.4        |
| Diluted earnings per share                            | 3           | 145.8               | 126.2        |

The above Statement should be read in conjunction with the Management Discussion and Analysis.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 30 JUNE 2012

|  | <b>Note</b> | <b>Consolidated<br/>2012<br/>\$M</b> | <b>2011<br/>\$M</b> |
|--|-------------|--------------------------------------|---------------------|
| <b>Profit after income tax</b>   |             | <b>1,175</b>                         | <b>966</b>          |
| <b>Other comprehensive Income</b>  |             |                                      |                     |
| <b><i>Cashflow hedges</i></b>  |             |                                      |                     |
| Losses on restructured hedge contracts transferred to the Income Statement         | 4(i)        | 7                                    | 153                 |
| Foreign exchange gains on US dollar borrowings transferred to the Income Statement |             | (10)                                 | -                   |
| Other cash flow hedges deferred in equity  |             | (1)                                  | 1                   |
| Income tax expense/(benefit)   |             | 2                                    | (47)                |
|  |             | <u>(2)</u>                           | <u>107</u>          |
| <b><i>Available-for-sale investments</i></b>                                       |             |                                      |                     |
| Net loss on available-for-sale financial assets                                    |             | (2)                                  | -                   |
|  |             | <u>(2)</u>                           | <u>-</u>            |
| <b><i>Foreign currency translation</i></b>   |             |                                      |                     |
| Foreign currency translation   |             | 488                                  | (1,926)             |
|  |             | <u>488</u>                           | <u>(1,926)</u>      |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>                  |             | <b>484</b>                           | <b>(1,819)</b>      |
| <b>Total comprehensive income/(loss) for the year</b>                              |             | <b>1,659</b>                         | <b>(853)</b>        |
| <b>Total comprehensive income/(loss) attributable to:</b>                          |             |                                      |                     |
| Owners of the parent   |             | 1,596                                | (887)               |
| Non-controlling interest   |             | 63                                   | 34                  |
|  |             | <u>1,659</u>                         | <u>(853)</u>        |

The above Statement should be read in conjunction with the Management Discussion and Analysis.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 AS AT 30 JUNE 2012

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
| <b>Note</b>                             | <b>2012</b>         | <b>2011</b>   |
|   | <b>\$M</b>          | <b>\$M</b>    |
| <b>Current assets</b>                   |                     |               |
| Cash and cash equivalents               | 242                 | 185           |
| Trade and other receivables             | 251                 | 441           |
| Inventories                             | 748                 | 691           |
| Derivative and other financial assets   | 11                  | 15            |
| Other assets                            | 212                 | 210           |
| <b>Total current assets</b>             | <b>1,464</b>        | <b>1,542</b>  |
| <b>Non-current assets</b>               |                     |               |
| Inventories                             | 1,095               | 710           |
| Property, plant and equipment           | 4,364               | 3,310         |
| Exploration, evaluation and development | 8,795               | 7,675         |
| Goodwill                                | 3,759               | 3,621         |
| Other intangible assets                 | 93                  | 61            |
| Deferred tax assets                     | 259                 | 230           |
| Derivative and other financial assets   | 8                   | 9             |
| Investment in associate                 | 7 395               | -             |
| Other assets                            | 277                 | 124           |
| <b>Total non-current assets</b>         | <b>19,045</b>       | <b>15,740</b> |
| <b>Total assets</b>                     | <b>20,509</b>       | <b>17,282</b> |
| <b>Current liabilities</b>              |                     |               |
| Trade and other payables                | 482                 | 432           |
| Borrowings                              | 1,200               | 116           |
| Provisions                              | 200                 | 170           |
| Derivative financial liabilities        | 18                  | 7             |
| Income tax payable                      | 92                  | 92            |
| <b>Total current liabilities</b>        | <b>1,992</b>        | <b>817</b>    |
| <b>Non-current liabilities</b>          |                     |               |
| Borrowings                              | 1,208               | 684           |
| Provisions                              | 308                 | 232           |
| Deferred tax liabilities                | 1,907               | 1,674         |
| <b>Total non-current liabilities</b>    | <b>3,423</b>        | <b>2,590</b>  |
| <b>Total liabilities</b>                | <b>5,415</b>        | <b>3,407</b>  |
| <b>Net assets</b>                       | <b>15,094</b>       | <b>13,875</b> |
| <b>Equity</b>                           |                     |               |
| Issued capital                          | 13,561              | 13,569        |
| Retained earnings                       | 2,890               | 2,171         |
| Reserves                                | (1,476)             | (1,964)       |
| <b>Parent entity interest</b>           | <b>14,975</b>       | <b>13,776</b> |
| <b>Non-controlling interest</b>         | <b>119</b>          | <b>99</b>     |
| <b>Total equity</b>                     | <b>15,094</b>       | <b>13,875</b> |

The above Statement should be read in conjunction with the Management Discussion and Analysis.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED 30 JUNE 2012

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
| <b>Note</b>  | <b>2012</b>         | <b>2011</b>    |
|  | <b>\$M</b>          | <b>\$M</b>     |
| <b>Cash flows from operating activities</b>                      |                     |                |
| Receipts from customers  | 4,624               | 4,013          |
| Payments to suppliers and employees                              | (2,648)             | (2,157)        |
| Interest received  | 2                   | 12             |
| Interest paid  | (33)                | (32)           |
| Income taxes paid  | (219)               | (107)          |
| <b>Net cash provided by operating activities</b>                 | <b>1,726</b>        | <b>1,729</b>   |
| <b>Cash flows from investing activities</b>                      |                     |                |
| Payments for property, plant and equipment                       | (436)               | (356)          |
| Mine under construction, development and feasibility expenditure | (2,075)             | (1,531)        |
| Exploration and evaluation expenditure                           | (158)               | (126)          |
| Information systems development                                  | (45)                | (3)            |
| Proceeds from non-participation in rights issue                  | 6 10                | -              |
| Payments for business divestment transaction costs               | 6 (8)               | -              |
| Acquisition of subsidiary, net of cash acquired                  | -                   | (272)          |
| Payment for investments  | (3)                 | (4)            |
| Interest capitalised to development projects                     | (40)                | (2)            |
| <b>Net cash (used in) investing activities</b>                   | <b>(2,755)</b>      | <b>(2,294)</b> |
| <b>Cash flows from financing activities</b>                      |                     |                |
| Proceeds from borrowings:  |                     |                |
| • US dollar bilateral debt                                       | 1,785               | 614            |
| • US dollar corporate bonds                                      | 963                 | -              |
| Repayment of borrowings:   |                     |                |
| • US dollar bilateral debt                                       | (1,086)             | (135)          |
| • US dollar private placement                                    | (119)               | -              |
| • Other debt   | -                   | (52)           |
| Net repayment of finance lease principal                         | (4)                 | (5)            |
| Share issue costs  | -                   | (2)            |
| Share buy-back   | (35)                | (28)           |
| Payment for treasury shares                                      | (9)                 | (30)           |
| Dividends paid:  |                     |                |
| • Members of the parent entity                                   | (362)               | (187)          |
| • Non-controlling interest                                       | (43)                | (44)           |
| <b>Net cash provided by financing activities</b>                 | <b>1,090</b>        | <b>131</b>     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      | <b>61</b>           | <b>(434)</b>   |
| Cash and cash equivalents at the beginning of the year           | 185                 | 643            |
| Effects of exchange rate changes on cash held                    | (4)                 | (24)           |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>242</b>          | <b>185</b>     |

The above Statement should be read in conjunction with the Management Discussion and Analysis.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 30 JUNE 2012

| 2012  | Attributable to Owners of the Parent |                               |                      |                                   |                           |                          |               | Non-Controlling Interest<br>\$M | Total<br>\$M  |
|---|--------------------------------------|-------------------------------|----------------------|-----------------------------------|---------------------------|--------------------------|---------------|---------------------------------|---------------|
|   | Issued Capital<br>\$M                | FX Translation Reserve<br>\$M | Hedge Reserve<br>\$M | Equity Settlements Reserve<br>\$M | Fair Value Reserve<br>\$M | Retained Earnings<br>\$M | Total<br>\$M  |                                 |               |
| <b>Balance at 1 July 2011</b>                               | <b>13,569</b>                        | <b>(2,026)</b>                | <b>17</b>            | <b>45</b>                         | <b>-</b>                  | <b>2,171</b>             | <b>13,776</b> | <b>99</b>                       | <b>13,875</b> |
| Profit for the year   | -                                    | -                             | -                    | -                                 | -                         | 1,117                    | 1,117         | 58                              | 1,175         |
| Other comprehensive income for the year                     | -                                    | 483                           | (2)                  | -                                 | (2)                       | -                        | 479           | 5                               | 484           |
| <b>Total Comprehensive Income for the year</b>              | <b>-</b>                             | <b>483</b>                    | <b>(2)</b>           | <b>-</b>                          | <b>(2)</b>                | <b>1,117</b>             | <b>1,596</b>  | <b>63</b>                       | <b>1,659</b>  |
| <b>Transactions with owners in their capacity as owners</b> |                                      |                               |                      |                                   |                           |                          |               |                                 |               |
| Share-based payments  | -                                    | -                             | -                    | 9                                 | -                         | -                        | 9             | -                               | 9             |
| Shares issued - Dividend Reinvestment Plan                  | 36                                   | -                             | -                    | -                                 | -                         | -                        | 36            | -                               | 36            |
| Share buy-back  | (35)                                 | -                             | -                    | -                                 | -                         | -                        | (35)          | -                               | (35)          |
| Treasury shares   | (9)                                  | -                             | -                    | -                                 | -                         | -                        | (9)           | -                               | (9)           |
| Dividends paid  | -                                    | -                             | -                    | -                                 | -                         | (398)                    | (398)         | (43)                            | (441)         |
| <b>Balance at 30 June 2012</b>                              | <b>13,561</b>                        | <b>(1,543)</b>                | <b>15</b>            | <b>54</b>                         | <b>(2)</b>                | <b>2,890</b>             | <b>14,975</b> | <b>119</b>                      | <b>15,094</b> |

The above Statement should be read in conjunction with the Management Discussion and Analysis.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 30 JUNE 2011

| 2011  | Attributable to Owners of the Parent |                               |                      |                                   |                          |               | Non-Controlling Interest<br>\$M | Total<br>\$M  |
|---|--------------------------------------|-------------------------------|----------------------|-----------------------------------|--------------------------|---------------|---------------------------------|---------------|
|   | Issued Capital<br>\$M                | FX Translation Reserve<br>\$M | Hedge Reserve<br>\$M | Equity Settlements Reserve<br>\$M | Retained Earnings<br>\$M | Total<br>\$M  |                                 |               |
| <b>Balance at 1 July 2010</b>                               | <b>3,640</b>                         | <b>(124)</b>                  | <b>(90)</b>          | <b>36</b>                         | <b>1,492</b>             | <b>4,954</b>  | <b>56</b>                       | <b>5,010</b>  |
| Profit for the year   | -                                    | -                             | -                    | -                                 | 908                      | 908           | 58                              | 966           |
| Other comprehensive income for the year                     | -                                    | (1,902)                       | 107                  | -                                 | -                        | (1,795)       | (24)                            | (1,819)       |
| <b>Total Comprehensive Income for the year</b>              | <b>-</b>                             | <b>(1,902)</b>                | <b>107</b>           | <b>-</b>                          | <b>908</b>               | <b>(887)</b>  | <b>34</b>                       | <b>(853)</b>  |
| <b>Transactions with owners in their capacity as owners</b> |                                      |                               |                      |                                   |                          |               |                                 |               |
| Acquisition of Lihir Gold Limited, net of share issue costs | 9,945                                | -                             | -                    | -                                 | -                        | 9,945         | 53                              | 9,998         |
| Share-based payments  | -                                    | -                             | -                    | 9                                 | -                        | 9             | -                               | 9             |
| Shares issued - Dividend Reinvestment Plan                  | 42                                   | -                             | -                    | -                                 | -                        | 42            | -                               | 42            |
| Share buy-back  | (28)                                 | -                             | -                    | -                                 | -                        | (28)          | -                               | (28)          |
| Treasury shares   | (30)                                 | -                             | -                    | -                                 | -                        | (30)          | -                               | (30)          |
| Dividends paid  | -                                    | -                             | -                    | -                                 | (229)                    | (229)         | (44)                            | (273)         |
| <b>Balance at 30 June 2011</b>                              | <b>13,569</b>                        | <b>(2,026)</b>                | <b>17</b>            | <b>45</b>                         | <b>2,171</b>             | <b>13,776</b> | <b>99</b>                       | <b>13,875</b> |

The above Statement should be read in conjunction with the Management Discussion and Analysis.

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**1. Accounting Policies**

The ASX Appendix 4E has been prepared in accordance with the ASX Listing Rules. Information included in the ASX Appendix 4E has been extracted from the Group's full financial report, and is presented in Australian dollars.

A full description of the accounting policies adopted by the Group can be found in the Group's full financial report. These accounting policies have been consistently applied by each entity in the Group.

The full financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The full financial report of the Group also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board.

**2. Dividends**
**a) Dividend determined and paid**

The following dividends (unfranked) on ordinary shares were determined and paid:

**2011 financial year**

|   | Cents<br>per<br>share | Total<br>amount<br>\$M | Date of<br>payment |
|---|-----------------------|------------------------|--------------------|
| Final - In respect to the year ended 30 June 2010   | 20.0                  | 153                    | 22 Oct 2010        |
| Interim - In respect to the year ended 30 June 2011 | 10.0                  | 76                     | 15 Apr 2011        |
|   | <b>30.0</b>           | <b>229</b>             |                    |

**2012 financial year**

|   |             |            |             |
|---|-------------|------------|-------------|
| Final - In respect to the year ended 30 June 2011   | 20.0        | 153        | 21 Oct 2011 |
| Special – In respect to the year ended 30 June 2011 | 20.0        | 153        | 16 Dec 2011 |
| Interim - In respect to the year ended 30 June 2012 | 12.0        | 92         | 17 Apr 2012 |
|   | <b>52.0</b> | <b>398</b> |             |

Participation in the Dividend Reinvestment Plan reduced the cash amount paid to owners of the parent to \$362 million (2011: \$187 million).

**b) Dividend proposed and not recognised as a liability**

Subsequent to the end of the year, the Directors determined the following dividend (15% franked) be paid:

|   |             |            |             |
|---|-------------|------------|-------------|
| Final – In respect to the year ended 30 June 2012 | <b>23.0</b> | <b>176</b> | 19 Oct 2012 |
|---|-------------|------------|-------------|

**c) Dividend franking account balance**

Franking credits at 30% as at 30 June 2012 available for the subsequent financial year is \$20 million (2011: nil).

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**3. Earnings Per Share (EPS)**

|                              | <b>2012</b> | 2011  |
|------------------------------|-------------|-------|
|                              | <b>¢</b>    | ¢     |
| <b>EPS (cents per share)</b> |             |       |
| Basic EPS                    | 146.0       | 126.4 |
| Diluted EPS                  | 145.8       | 126.2 |

|  | <b>2012</b> | 2011 |
|--|-------------|------|
|  | <b>\$M</b>  | \$M  |
| <b>Earnings used in calculating EPS</b>                      |             |      |
| Earnings used in the calculation of basic and diluted EPS:   |             |      |
| Profit after income tax attributable to owners of the parent | 1,117       | 908  |

|   | <b>2012</b>          | 2011          |
|---|----------------------|---------------|
|   | <b>No. of shares</b> | No. of shares |
| <b>Weighted average number of shares</b>  |                      |               |
| Share data used in the calculation of basic and diluted EPS:                        |                      |               |
| Weighted average number of ordinary shares used in calculating basic EPS:           | 765,048,302          | 718,079,536   |
| Effect of dilutive securities:  |                      |               |
| Share options   | 1,108,181            | 1,176,963     |
| Adjusted weighted average number of ordinary shares used in calculating diluted EPS | 766,156,483          | 719,256,499   |

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**4. Revenue and Expenses**

|  | <b>Consolidated</b> |              |
|--|---------------------|--------------|
|  | <b>2012</b>         | <b>2011</b>  |
|  | <b>\$M</b>          | <b>\$M</b>   |
| <b>Specific items</b>  |                     |              |
| Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group: |                     |              |
| <b>(a) Operating Sales Revenue</b>   |                     |              |
| Gold   | 3,740               | 3,409        |
| Copper   | 613                 | 638          |
| Silver   | 63                  | 55           |
| <b>Total operating sales revenue</b>   | <b>4,416</b>        | <b>4,102</b> |
| <b>Total revenue</b>   | <b>4,416</b>        | <b>4,102</b> |
| <b>(b) Cost of Sales</b>   |                     |              |
| Mine production costs  | 2,221               | 1,813        |
| Royalty  | 130                 | 121          |
| Concentrate treatment and realisation  | 140                 | 136          |
| Deferred mining adjustment   | (178)               | -            |
| Inventory movements  | (248)               | (170)        |
|  | 2,065               | 1,900        |
| Depreciation   | 542                 | 501          |
| <b>Total cost of sales</b>   | <b>2,607</b>        | <b>2,401</b> |
| <b>(c) Corporate Administration Expenses</b>   |                     |              |
| Corporate costs  | 112                 | 70           |
| Corporate depreciation   | 19                  | 14           |
| Equity settled share-based payments  | 9                   | 9            |
| <b>Total corporate administration expenses</b>   | <b>140</b>          | <b>93</b>    |
| <b>(d) Other Income/(Expenses)</b>   |                     |              |
| Joint venture management fees  | -                   | 1            |
| Net foreign exchange gain/(loss)   | (14)                | (26)         |
| Net fair value gain/(loss) on gold and copper derivatives  | 16                  | 15           |
| Net gain/(loss) on sale of non-current assets  | (3)                 | -            |
| Royalty dispute <sup>(1)</sup>   | -                   | 11           |
| Other  | (13)                | (10)         |
| <b>Total other income/(expenses)</b>   | <b>(14)</b>         | <b>(9)</b>   |

<sup>(1)</sup> In 2010 the Group received an unfavourable ruling by the NSW Court of Appeal in respect to a mineral royalties dispute at Cadia Valley, and the Group had accrued for this exposure. The ruling was subsequently overturned by the High Court of Australia on appeal by the Group, and the accrual was released in 2011.



**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**4. Revenue and Expenses (continued)**

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>2012</b>         | <b>2011</b>       |
|  | <b>\$M</b>          | <b>\$M</b>        |
| <b>(e) Finance Costs</b>                                     |                     |                   |
| Interest Costs:  |                     |                   |
| Interest on loans  | 58                  | 22                |
| Finance leases   | -                   | 1                 |
| Other:   |                     |                   |
| Facility fees and other costs                                | 17                  | 13                |
| Discount unwind on provisions                                | 8                   | 11                |
|  | <u>83</u>           | <u>47</u>         |
| Less: Capitalised borrowing costs                            | (40)                | (2)               |
| <b>Total finance costs</b>                                   | <b><u>43</u></b>    | <b><u>45</u></b>  |
| <b>(f) Depreciation and Amortisation</b>                     |                     |                   |
| Property, plant and equipment                                | 316                 | 269               |
| Mine development   | 291                 | 306               |
| Intangible assets  | 19                  | 17                |
|  | <u>626</u>          | <u>592</u>        |
| Add/(Less):  |                     |                   |
| Capitalised to inventory on hand or mines under construction | (65)                | (77)              |
| <b>Total depreciation and amortisation expense</b>           | <b><u>561</u></b>   | <b><u>515</u></b> |
| Included in:   |                     |                   |
| Cost of Sales Depreciation                                   | 542                 | 501               |
| Corporate Depreciation                                       | 19                  | 14                |
| <b>Total depreciation and amortisation expense</b>           | <b><u>561</u></b>   | <b><u>515</u></b> |
| <b>(g) Employee Benefits Expense</b>                         |                     |                   |
| Defined contribution plan expense                            | 37                  | 33                |
| Equity settled share-based payments                          | 9                   | 9                 |
| Other employment benefits                                    | 458                 | 431               |
| <b>Total employee benefits expense</b>                       | <b><u>504</u></b>   | <b><u>473</u></b> |
| <b>(h) Other Items</b>                                       |                     |                   |
| Operating lease rentals                                      | <u>8</u>            | <u>8</u>          |

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**4. Revenue and Expenses (continued)**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2012</b>         | <b>2011</b> |
|   | <b>\$M</b>          | <b>\$M</b>  |
| <b>(i) Losses on Restructured and Closed out Hedge contracts</b>                |                     |             |
| Losses on restructured and closed-out hedge contracts transferred from reserves | 7                   | 153         |
| Applicable income tax/(benefit)   | (2)                 | (46)        |
| <b>Total losses on restructured and closed-out hedges (after tax)</b>           | <b>5</b>            | <b>107</b>  |
| <b>(j) Other Close-Out Related Costs</b>  |                     |             |
| Fair value loss on gold put options   | -                   | 3           |
| Applicable income tax/(benefit)   | -                   | (1)         |
| <b>Total other close-out related costs (after tax)</b>                          | <b>-</b>            | <b>2</b>    |
| <b>(k) Business Acquisition and Integration costs</b>                           |                     |             |
| Acquisition related costs   | -                   | 15          |
| Integration costs <sup>(1)</sup>  | 11                  | 37          |
|   | 11                  | 52          |
| Applicable income tax expense/(benefit)   | (3)                 | (11)        |
| <b>Total business acquisition and integration costs (after tax)</b>             | <b>8</b>            | <b>41</b>   |
| <b>(l) Gain on Business Divestment</b>  |                     |             |
| Consideration received  | 390                 | -           |
| Written down value of net assets sold   | (336)               | -           |
| Disposal costs  | (8)                 | -           |
| Applicable income tax expense/(benefit)   | -                   | -           |
| <b>Gain on business divestment <sup>(1)</sup></b>                               | <b>46</b>           | <b>-</b>    |

<sup>(1)</sup> Represents costs associated with the acquisition of Lihir Gold Limited on 30 August 2010.

<sup>(1)</sup> Represents gain on the divestment of Cracow and Mt Rawdon operations on 2 November 2011. Refer Note 6.

## **NOTES TO THE FINANCIAL INFORMATION**

FOR THE YEAR ENDED 30 JUNE 2012

### **5. 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
- Cracow JV (70% interest) & Mt Rawdon, Australia (divested on 2 November 2011)
- 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.

#### **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 earning before interest, tax, depreciation, amortisation, hedge restructure and other significant items. EBIT is earnings before interest, tax, hedge restructure and other significant items. The reconciliation of EBITDA and EBIT to profit before tax is shown in the following table.

Segment assets exclude deferred tax assets and intercompany receivables.

Segment liabilities exclude intercompany payables.

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**5. Segment Information (continued)**

| 2012  | Cadia Valley<br>\$M | Telfer<br>\$M | Cracow & Mt Rawdon <sup>(ii)</sup><br>\$M | Gosowong<br>\$M | Lihir<br>\$M | Hidden Valley<br>\$M | West Africa<br>\$M | Total Operations<br>\$M | Exploration & Other<br>\$M | Corporate <sup>(i)</sup><br>\$M | Total Group<br>\$M |
|---|---------------------|---------------|---|-----------------|--------------|----------------------|--------------------|-------------------------|----------------------------|---------------------------------|--------------------|
| External sales revenue                                | 1,141               | 1,192         | 89  | 711             | 964          | 172                  | 147                | 4,416                   | -                          | -                               | 4,416              |
| EBITDA  | 568                 | 473           | 37  | 527             | 651          | 32                   | 63                 | 2,351                   | (80)                       | (120)                           | 2,151              |
| Depreciation and amortisation                         | (111)               | (187)         | (11)                                      | (67)            | (97)         | (36)                 | (33)               | (542)                   | -                          | (19)                            | (561)              |
| <b>EBIT (Segment result)</b>                          | <b>457</b>          | <b>286</b>    | <b>26</b>                                 | <b>460</b>      | <b>554</b>   | <b>(4)</b>           | <b>30</b>          | <b>1,809</b>            | <b>(80)</b>                | <b>(139)</b>                    | <b>1,590</b>       |
| Finance income  |                     |               |   |                 |              |                      |                    |                         |                            | 2                               | 2                  |
| Finance costs   |                     |               |   |                 |              |                      |                    |                         |                            | (43)                            | (43)               |
| <i>Hedge restructure and other significant items:</i> |                     |               |   |                 |              |                      |                    |                         |                            |                                 |                    |
| Losses on restructured and closed-out hedge contracts |                     |               |   |                 |              |                      |                    |                         |                            | (7)                             | (7)                |
| Business acquisition and integration costs            |                     |               |   |                 |              |                      |                    |                         |                            | (11)                            | (11)               |
| Gain on business divestment                           |                     |               |   |                 |              |                      |                    |                         |                            | 46                              | 46                 |
| <b>Profit before income tax</b>                       |                     |               |   |                 |              |                      |                    |                         |                            | <b>(152)</b>                    | <b>1,577</b>       |
| <b>Other Information</b>                              |                     |               |   |                 |              |                      |                    |                         |                            |                                 |                    |
| Segment assets  | 3,835               | 2,241         | -   | 523             | 10,669       | 679                  | 960                | 18,907                  | 638                        | 964                             | 20,509             |
| Segment liabilities                                   | 230                 | 233           | -   | 86              | 1,553        | 68                   | 120                | 2,290                   | 22                         | 3,103                           | 5,415              |
| Capital expenditure <sup>(iii)</sup>                  | 1,278               | 279           | 8   | 88              | 773          | 38                   | 17                 | 2,481                   | 231                        | 121                             | 2,833              |

**Notes:**

- (i) Includes eliminations
- (ii) Segment Result attributable to Mt Rawdon and Cracow is for the period 1 July to 2 November 2011.
- (iii) Represents additions to Property, plant and equipment, Exploration, evaluation and development and Other intangible assets.

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**5. Segment Information (continued)**

| 2011  | Cadia Valley<br>\$M | Telfer<br>\$M | Cracow & Mt Rawdon <sup>(iii)</sup><br>\$M | Gosowong<br>\$M | Lihir <sup>(ii)</sup><br>\$M | Hidden Valley<br>\$M | West Africa <sup>(iii)</sup><br>\$M | Total Operations<br>\$M | Exploration & Other<br>\$M | Corporate <sup>(i)</sup><br>\$M | Total Group<br>\$M |
|---|---------------------|---------------|--|-----------------|------------------------------|----------------------|-------------------------------------|-------------------------|----------------------------|---------------------------------|--------------------|
| External sales revenue                                | 1,083               | 1,065         | 209  | 654             | 887                          | 162                  | 42                                  | 4,102                   | -                          | -                               | 4,102              |
| EBITDA  | 551                 | 409           | 106  | 504             | 594                          | 37                   | 1                                   | 2,202                   | (55)                       | (88)                            | 2,059              |
| Depreciation and amortisation                         | (77)                | (172)         | (31)                                       | (67)            | (106)                        | (39)                 | (9)                                 | (501)                   | -                          | (14)                            | (515)              |
| <b>EBIT (Segment result)</b>                          | <b>474</b>          | <b>237</b>    | <b>75</b>                                  | <b>437</b>      | <b>488</b>                   | <b>(2)</b>           | <b>(8)</b>                          | <b>1,701</b>            | <b>(55)</b>                | <b>(102)</b>                    | <b>1,544</b>       |
| Finance income  |                     |               |  |                 |                              |                      |                                     |                         |                            | 9                               | 9                  |
| Finance costs   |                     |               |  |                 |                              |                      |                                     |                         |                            | (45)                            | (45)               |
| <i>Hedge restructure and other significant items:</i> |                     |               |  |                 |                              |                      |                                     |                         |                            |                                 |                    |
| Losses on restructured and closed-out hedge contracts |                     |               |  |                 |                              |                      |                                     |                         |                            | (153)                           | (153)              |
| Other close-out related costs                         |                     |               |  |                 |                              |                      |                                     |                         |                            | (3)                             | (3)                |
| Business acquisition and integration costs            |                     |               |  |                 |                              |                      |                                     |                         |                            | (52)                            | (52)               |
| <b>Profit before income tax</b>                       |                     |               |  |                 |                              |                      |                                     |                         |                            | <b>(346)</b>                    | <b>1,300</b>       |
| <b>Other Information</b>                              |                     |               |  |                 |                              |                      |                                     |                         |                            |                                 |                    |
| Segment assets  | 2,851               | 2,007         | 388  | 432             | 9,241                        | 586                  | 830                                 | 16,335                  | 501                        | 446                             | 17,282             |
| Segment liabilities                                   | 185                 | 169           | 82   | 86              | 1,346                        | 58                   | 99                                  | 2,025                   | 12                         | 1,370                           | 3,407              |
| Capital expenditure <sup>(iii)</sup>                  | 1,022               | 119           | 28   | 93              | 609                          | 50                   | 5                                   | 1,926                   | 150                        | 29                              | 2,105              |

**Notes:**

- (i) Includes eliminations  
 (ii) Segment Result attribute to Mt Rawdon, Lihir and West Africa are for the period 30 August to 30 June 2011  
 (iii) Represents additions to Property, plant and equipment, Exploration, evaluation and development and Other intangible assets.

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**6. Business Divestment**

On 2 November 2011, the Group sold its 70% interest in the Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine (the Assets). The Assets were sold to Evolution Mining Limited (Evolution), which was a company formed through the merger of Catalpa Resources Limited and Conquest Mining Limited.

Newcrest received 231,082,631 shares in Evolution as consideration for the Assets, resulting in an initial 38.95% interest in Evolution. This interest was subsequently diluted to 32.68% following a 3 for 17 accelerated renounceable entitlement offer (rights issue) undertaken by Evolution, in which Newcrest had agreed not to take up its entitlement. Newcrest received \$10 million from its non-participation in the rights issue.

**Gain on Divestment**

The gain on the divestment of the Assets was as follows:

|                                       | <b>Consolidated</b> |             |
|---------------------------------------|---------------------|-------------|
|                                       | <b>\$M</b>          | <b>Note</b> |
| Consideration received                | 390                 | (i)         |
| Written down value of net assets sold | (336)               | (ii)        |
| Disposal costs                        | (8)                 |             |
| Applicable income tax                 | -                   | (iii)       |
|                                       | <b>46</b>           |             |

(i) Represents 231,082,631 shares in Evolution at \$1.6893 per share, based on the quoted price of Evolution shares at the divestment date (2 November 2011).

(ii) Represents the carrying values of the net assets disposed, as detailed below:

|   | <b>Consolidated</b>  |
|---|----------------------|
|   | <b>Book Value on</b> |
|   | <b>Divestment</b>    |
|   | <b>\$M</b>           |
| <b>Assets</b>                           |                      |
| Inventories                             | 10                   |
| Deferred mining                         | 57                   |
| Property, plant and equipment           | 52                   |
| Exploration, evaluation and development | 229                  |
| Goodwill                                | 53                   |
| <b>Total assets</b>                     | <b>401</b>           |
| <b>Liabilities</b>                      |                      |
| Provisions                              | 14                   |
| Deferred tax liabilities                | 51                   |
| <b>Total liabilities</b>                | <b>65</b>            |
| <b>Net assets divested</b>              | <b>336</b>           |

(iii) The Group has utilised previously unrecognised capital losses to offset the taxable capital gain.

**NOTES TO THE FINANCIAL INFORMATION**  
 FOR THE YEAR ENDED 30 JUNE 2012

**7. Investment in Associate**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2012</b>         | <b>2011</b> |
|   | <b>\$M</b>          | <b>\$M</b>  |
| <b>Investment in Evolution Mining Limited</b> |                     |             |
| Opening balance                               | -                   | -           |
| Acquisitions (Note 6)                         | 390                 | -           |
| Share of profit of associate                  | 15                  | -           |
| Non-participation in rights issue             | (10)                | -           |
| <b>Closing balance</b>                        | <b>395</b>          | <b>-</b>    |

At 30 June 2012, the Group has a 32.68% (2011: nil) interest in Evolution Mining Limited, which is an Australian gold mining company listed on the Australian Securities Exchange (ASX).

**8. Events Subsequent to Reporting Date**

The Directors of Newcrest Mining Limited determined that a final dividend of 23 cents per ordinary share (15% franked) is to be paid in respect of the 2012 financial year. The total amount of the dividend is \$176 million. This dividend has not been provided for in the 30 June 2012 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2012 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.