



# Market Release

## Newcrest Mining Limited

2 February 2009

## Trading Update – Preliminary Results

Newcrest today announced that it expects its Underlying Profit after Tax<sup>1</sup> for the six months to 31 December 2008 to be in the range of \$235 million to \$245 million. This compares to \$207.9 million for the corresponding period last year.

Statutory Profit after Tax for the six months to 31 December 2008 is expected to be in the range of \$147 million to \$157 million, compared to a loss of \$8.1 million in the corresponding period last year. The statutory profit includes a net expense after tax of \$87.6 million relating to non-cash items associated with Newcrest's close out of its gold hedge book in 2007. These non-cash items include the further release from equity of realised gold hedge losses (\$120.7 million after tax expense) and realised foreign exchange gains on USD borrowings hedges (\$16.2 million after tax gain), plus an increase in fair value on gold put options purchased in 2007 (\$16.9 million after tax gain). The impact for the corresponding period was an after tax expense of \$216.0 million.

The guidance included in this update is preliminary in nature and still subject to finalisation by Newcrest and review by the company's external auditors. Accordingly, the actual results may differ from this preliminary result. Newcrest will release its actual results for the six months to 31 December 2008 on 13 February 2009.

Further details on Newcrest's preliminary results for the six months to 31 December 2008 include:

**Revenue:** Operating sales revenue for the six months of \$1,294.2 million was 15% higher than the same period last year, with higher A\$ gold prices and copper volumes more than offsetting lower A\$ copper prices.

Gold revenue of \$955.7 million was 27% higher than the corresponding period driven by higher realised gold prices (A\$1,076 per ounce compared to A\$843 per ounce). Gold sales volume of 0.888 million ounces for the current period was only 0.4% below the sales volume of 0.891 million ounces for the comparative period.

Copper revenue for the current half of \$328.8 million was 9% below the same half last year, with the realised copper price 13% lower (A\$3.29 per pound compared to \$3.80 per pound). Copper sales of 45,274 tonnes were 5% higher than the comparative period.

**Cost of Sales:** Total cost of sales for the half year of \$870.4 million (2007: \$734.7 million) was 18% higher than the corresponding period due to increased mine production costs, higher deferred mining charges to profit and impacts from the Varanus Island gas incident.

Mine production costs of \$558.9 million (2007: \$489.2 million) were higher due to industry wide cost pressures on diesel fuel, maintenance costs and contract labour plus increased employee numbers at Gosowong and Cadia Valley. As reported in the December 2008 Quarterly Results briefing, Newcrest has started to experience some cost relief for diesel and expect reduced cost pressure in other inputs in the 2009 calendar year.

Deferred mining charged to profit of \$50.4 million (2007: \$4.4 million credit) was higher mostly due to lower waste movement at the Telfer open pit.

The Varanus Island gas incident interrupted Telfer's contract gas supply resulting in \$33.9 million of higher fuel costs required to be sourced at market rates. Newcrest is vigorously pursuing a claim with its insurers for recovery of these costs (estimated to be \$30.6 million after the deductible).

Depreciation expense included in cost of sales reduced by \$8.5 million to \$130.0 million.

---

<sup>1</sup> Underlying profit is profit after tax before hedge restructure and close out impacts attributable to members of the parent entity

**Exploration:** Total exploration expenditure for the period was \$60.6 million (2007: \$27.6 million) with \$36.8 million charged against income compared to \$18.6 million in the corresponding period. The increased expenditure in the current period is consistent with FY 2009 guidance provided to the market .

**Corporate Costs:** Corporate administration expense of \$30.6 million was an increase of \$3.4 million from the corresponding period.

**Other Revenue and Other Income/(Expense):** Other revenue and other income/expense was \$21.5 million (2007: \$0.2 million). The increase was mostly due to a net foreign exchange gain on USD denominated concentrate debtors in the current period of \$16.8 million, caused by depreciation of the A\$:US\$ exchange rate. The corresponding period had a net foreign exchange loss of \$5.7 million for the same item, due to the appreciation of the A\$:US\$ exchange rate in that period.

**Borrowing Costs:** Gross borrowing costs were \$19.2 million (2007: \$28.6 million). Interest of \$16.2 million (2007: \$26.4 million) was expensed and \$3.0 million (2007: \$2.2 million) was capitalised.

**Losses on Delivered Hedges:** In the prior period, Newcrest incurred losses on delivered gold hedges of \$33.8 million. Newcrest closed out all of its remaining gold hedge contracts in the 2007/08 financial year.

**Income Tax Expense:** The income tax expense on the Underlying Profit in the current period was \$104.5 million, resulting in an effective tax rate of 28.9%.

**Cash Flow from Operating Activities:** The stronger revenue performance in the current period drove a 56% increase in operating cash flow from \$377.5 million to \$588.5 million.

**Cash Flow from Investing Activities:** Net cash used in investing activities increased substantially to \$700.2 million (2007: \$233.0 million) in the current period. This included progressive expenditure of \$396.6 million for Newcrest's acquisition of 50% in the Morobe Mining JV in PNG. Other major expenditure included continuing construction of the Ridgeway Deeps mine (\$112.6 million) and feasibility for the Cadia East project (\$33.2 million).

**Net Debt:** Net debt, comprising total borrowings less cash of \$669.3 million (30 June 2008: \$291.1 million) increased by \$378.2 million during the half year due to draw downs to fund the acquisition of the Morobe Mining Joint Venture and depreciation of the AU\$:US\$ exchange rate which increased the A\$ equivalent of the USD denominated debt by A\$204.2 million.

**Gearing:** The gearing ratio of net debt to net debt plus equity as at 31 December 2008 is 16% (30 June 2008: 8%).

I K Smith  
CEO & Managing Director

For further information, please contact:

**Investor Enquiries**

Karen McRae,  
Telephone: +61 3 9522 5316  
Email: [karen.mcrae@newcrest.com.au](mailto:karen.mcrae@newcrest.com.au)

**Media Enquiries**

Daryl Corp  
61 3 9522 5376  
[daryl.corp@newcrest.com.au](mailto:daryl.corp@newcrest.com.au)

This information is available on our website at [www.newcrest.com.au](http://www.newcrest.com.au)