

Expected asset impairment

The Company is conducting its carrying value review of all assets as at 30 June 2014 in accordance with its usual policy and processes, including an assessment of the reasonableness of all physical, cost and economic assumptions used in these valuations.

As detailed in Newcrest's 2013 Financial Statements, the valuation of Newcrest's assets is sensitive to changes in these physical, cost and economic assumptions.

Areas of particular significance in the carrying value review work currently being undertaken include:

- a review of the operating cost assumptions for Lihir taking into account recent cost performance following a full year of operation post the plant expansion and the knowledge being gained from a major review of operating costs currently underway at the site.
- a review of exchange rate assumptions, noting the strength of the Australian dollar relative to the long term US\$0.80 assumption applied for previous carrying value assessments, particularly in relation to Telfer.
- an assessment of timing, cost and resource utilisation in relation to Bonikro.

The assessment of carrying values remains work in progress and is incomplete. While no decision has been made, the Board considers it likely that its review will indicate an impairment of the carrying value of assets in the range of A\$1.5 billion to A\$2.5 billion after tax, primarily in relation to Lihir but also at Telfer and Bonikro. This is in addition to the A\$47 million after tax impairment of West African exploration assets included in the financial results for the six months ended 31 December 2013. The Company is scheduled to release its 2014 financial results on 18 August 2014.

There are other assets within the Newcrest portfolio that the Board believes have a market value much greater than their carrying value, including Cadia Valley, Gosowong and Wafi Golpu.

Although an impairment has no impact on cash flow, a reduction in book values in the range of A\$1.5 billion to A\$2.5 billion is estimated to adversely impact gearing by approximately 3% to 6%. Under current market and operating conditions, the Board remains comfortable with gearing being at this level in the short to medium term given the near term cash flow growth outlook of the Group.

The Board remains focussed on applying the free cash flow generated by the Company to reduce debt and to progressively return to paying dividends.

The Company has no present intention to undertake an equity raising.

For further information, please contact:

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