



Market Release

Newcrest Mining

15 December 2014



GOLPU STUDY TO PROCEED TO FEASIBILITY

Melbourne, Australia, 15 December, 2014 – An update of the 2012 Golpu pre-feasibility study has identified an improved business case for the project by splitting it into two stages. Stage one targets the upper higher value portion of the ore body. Stage two will encompass the rest of the ore reserve.

The Board of Newcrest Mining Limited (Newcrest) has approved stage one progressing to feasibility study and for work to continue on updating the 2012 pre-feasibility study for stage two. Both are scheduled to be completed by the end of calendar year 2015.

The updated pre-feasibility study demonstrates the potential of this world class ore body, which contains mineral resources of 20 million ounces of gold and 9 million tonnes of copper (100%)¹.

Highlights of the pre-feasibility study²:

- Stage one capital expenditure is forecast at US\$2.3 billion (100%) with life of mine estimated capital expenditure of US\$3.1 billion (100%)
- Maximum cumulative negative cash flow is forecast to be US\$1.6 billion (100%)
- First production forecast for calendar year 2020
- Lowest quartile cost for gold is forecast with an All-In Sustaining Cost for gold sold of negative US\$1,685/oz after copper credits
- Stage one consists of two block cave mines, with the initial block cave operating at 3Mtpa, which will be replaced by a deeper block cave operating at 6Mtpa in steady state from 2024
- Stage one has an approximate mine life of 27 years, with annual production expected to peak at 320,000 ounces of gold and 150,000 tonnes of copper in 2025
- Stage two of the updated 2012 pre-feasibility study will focus on a third block cave mine

Newcrest Managing Director and Chief Executive Officer, Sandeep Biswas said “By targeting the high value core of the ore body first, we have increased the economic returns from the mine by being cash flow positive earlier in the life of the mine as well as funding the infrastructure that will support future stages of ore extraction and processing.”

“Progressing stage one to the feasibility study stage aligns with Newcrest’s strategy of profitable growth through low cost operations.”

The Golpu deposit forms part of the Wafi-Golpu project located 65 kilometres from Lae in Papua New Guinea. Newcrest and Harmony Gold Mining Limited each have a 50% interest in the project through the Wafi-Golpu Joint Venture (WGJV).

¹ Newcrest Annual Report 2014 and Newcrest Annual Statement of Mineral Resources and Ore Reserves as at December 31, 2013. Data is reported to two significant figures to reflect appropriate precision in the estimate and this may cause some apparent discrepancies in totals.

² Estimates in this release are from a prefeasibility study and as such are subject to an accuracy range of $\pm 25\%$

Average grades over the life of stage one are forecast in the updated pre-feasibility study to be 1.02g/t Au and 1.60% Cu with higher grades in the first 10 years.

Central to the development of the project will be ongoing engagement with key stakeholders including the Papua New Guinea and Morobe Province Governments, landholders and community representatives to establish a suitable and sustainable framework for advancing the project.

Summary of key items for stage one (100%)

Area	Measure	Unit	
Production	First ore	Date	2020
	Steady-state production	Date	2024
	Ore mined	Mt	146
	Life of mine	Years	27
	Copper metal produced	t Cu	2.2M
	Gold metal produced	oz Au	3.7M
	Peak Au production	koz pa	320
	Peak Cu production	kt pa	150
	Gold recoveries	%	77%
	Copper recoveries	%	94%
Capital	Project capital	US\$ billion	2.3
	Sustaining Capital	US\$ billion	0.8
	Total life of project capital (including initial capital)	US\$ billion	3.1
Operating	Total operating cost (real)	US\$/t	34.64
	Cash cost (C1)	US\$/lb Cu produced	0.78
	Total production cost	US\$/lb Cu produced	1.42
	All-In Sustaining Cost ³	US\$/oz Au sold	-1,685
	All-In Cost	US\$/oz Au sold	-955
Economic assumptions	Gold price	US\$/oz	1,250
	Copper price	US\$/lb	3.10
	Exchange rates	AUD/USD	0.90
		PGK/USD	2.58
Stage 1 outcomes	Percentage of reserve tonnes utilised	%	~30%
	Percentage of reserve contained metal utilised	%	~40%
	Internal Rate of Return	%	16.9%

Overview of mining operations

The updated pre-feasibility study for stage one of Golpu recommends at least two block caves accessing the high value core of the Golpu ore body. Combined, they are expected to extract a total of 146Mt at an average grade of 1.02g/t Au and 1.60% Cu. The proposed start-up production rate is 3Mtpa mined from Block Cave 1 (BC1) and 6Mtpa mined from the deeper Block Cave 2 (BC2).

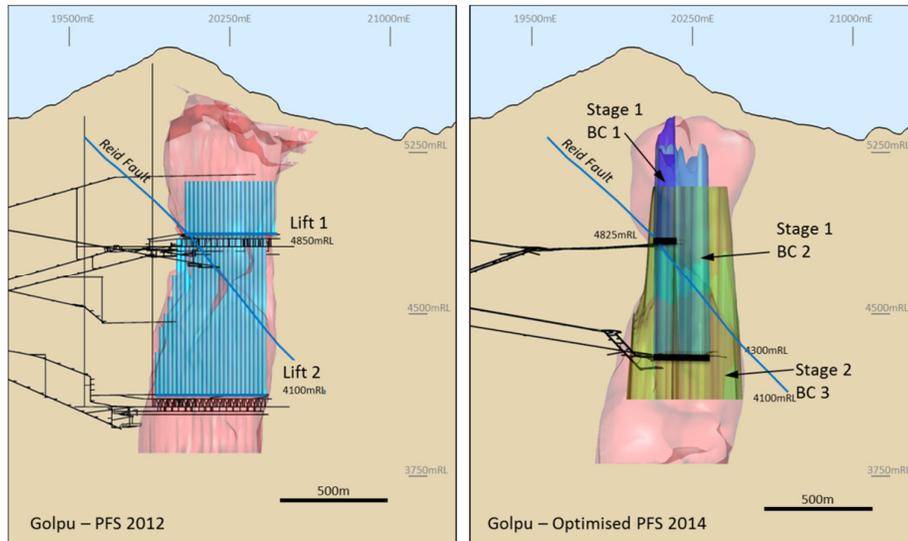
³ All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013

BC1 is situated approximately 425m below the decline portal and targets extracting 12Mt of cave ore over a five year period at a peak production rate of 3Mtpa. During caving operations, ore from the block cave draw points would be delivered by diesel load haul dump units to an underground jaw crusher and then conveyed to surface.

BC2 is situated approximately 1,050m below surface. BC2 is expected to be mined at a rate of 6Mtpa to extract 134Mt of cave ore over a 23 year period.

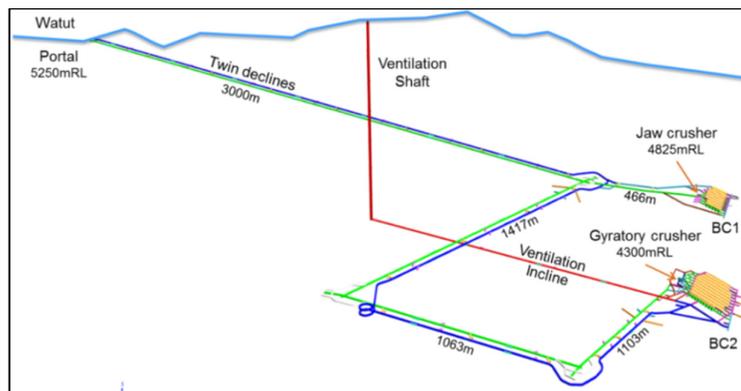
A total of 52,046m of new drill core samples were incorporated into this study significantly improving the understanding of the geological framework. This has redefined the boundaries of the high grade porphyry event in the upper part of the ore body to be mined by block caving method. This has enabled a reduction in the size of the block caves' footprint compared to the 2012 pre-feasibility study, thereby significantly reducing capital requirements. The updated understanding of the Mineral Resource formed the basis of the stage one optimisation.

Schematic cross section of Golpu porphyry deposit 2012 compared to 2014



Access to the mine is planned to be via twin declines developed from the Watut River flats. If the feasibility study is approved it is envisaged that an inclined conveyor be installed in one of the declines for transportation of production ore to the process plant located near the portal; with the other decline being used for ventilation.

Schematic of proposed operations



The two proposed block caves in stage one are designed to access approximately 30% of the tonnes containing approximately 40% of the contained metal (gold and copper) of the Golpu ore reserve. The mining and processing infrastructure would then be utilised to exploit the remainder of the Golpu ore reserve at a future date subject to operating, regulatory and economic conditions. Stage two optimisation of the pre-feasibility study will focus on a third block cave. Study work completed to date on the combined stage one and stage two indicates no material difference in metal recovered from the 2012 Reserve.

Process plant, infrastructure and waste management

The updated pre-feasibility study anticipates the construction of a 6Mtpa process plant scheduled for commissioning in the first year of production in calendar year 2020 which will produce a copper-gold concentrate.

The Golpu project is located in a greenfields location. There is currently minimal effective local infrastructure with respect to power, water and roads trafficable by vehicles larger than small trucks. The main infrastructure requirements for the Golpu project are therefore access roads, tailings storage, water management, port facilities and power supply and transmission.

It is expected that the copper-gold concentrate will be filtered at the mine site and transported to the Port of Lae by trucks for the initial production, with the concentrate to be pumped to the filtration plant located at the port as production rates increase.

Community, environment, health and safety

The updated pre-feasibility study confirmed that Golpu has the potential to deliver significant benefits to local and regional communities and the broader economy of Papua New Guinea, including local business opportunities, taxation and royalty revenues to government. It will also offer benefits through training and employment opportunities, business and community development programmes, health and education investments and improved regional infrastructure.

Golpu's environmental plans and operations would be guided by the WGJV's policies and standards, which are in line with international benchmarks, and subject to the Environment Act 2000 (PNG) and supporting regulations. Environmental baseline studies and risk and impact assessments were undertaken as part of the updated pre-feasibility study and will be further developed during the feasibility study on stage one in preparation for the submission of an Environmental and Social Impact Assessment to the PNG Government for consideration.

Capital cost

Stage one capital cost estimate (100%)	
Area	US\$m
Direct costs	
Mine	893
Process plant	155
Infrastructure	554
Total direct costs	1602
Indirect costs	
Project management	284
Owners' costs	127
Total indirect costs	411
Contingency	287
Total capital costs	2300

Newcrest's share (50%) of study and capital requirements for stage one is estimated to be as follows;

Study & capital costs for stage one:	US\$m (NCM share, 50%)
H2 FY15	15
FY16	55
FY17	105
FY18	205
FY19	250
Total	630

The feasibility study for stage one is expected to cost US\$42 million (100%) / US\$21 million (Newcrest share).

The updated pre-feasibility study recommends the development of an exploration decline to establish further geotechnical and geological data to support the feasibility study. Any such advanced exploration and feasibility activities are subject to Newcrest Board and regulatory approval. A decision on the exploration decline is anticipated in the first half of 2015.

Operating costs

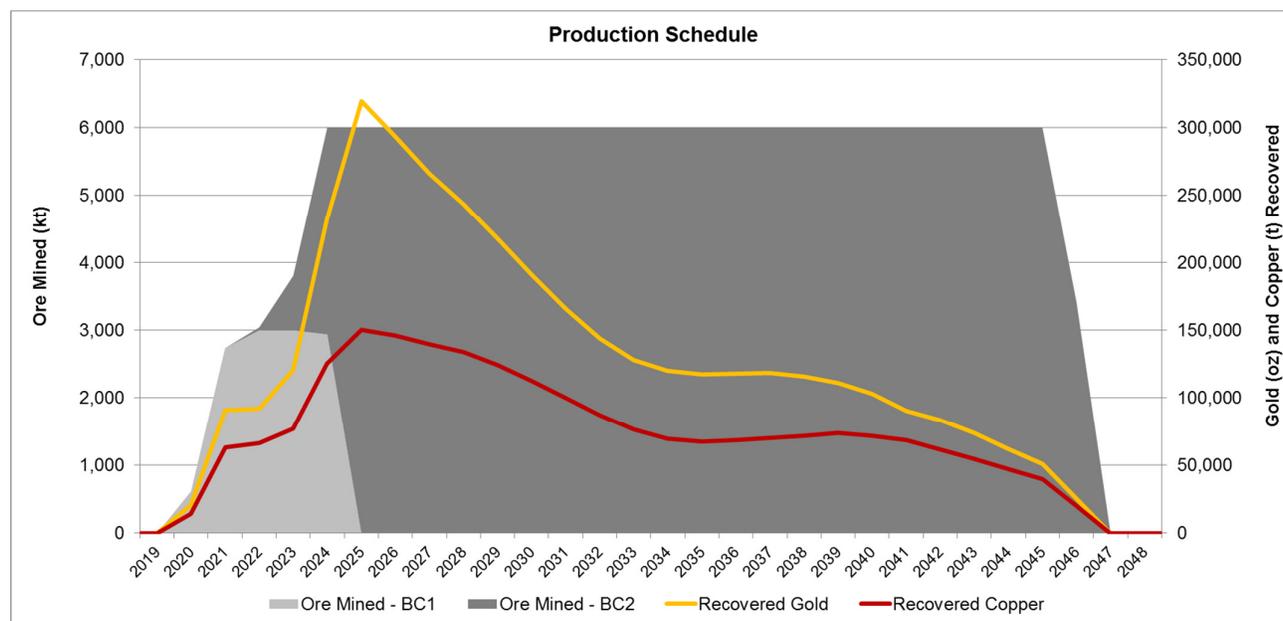
The key driver for the mining cost estimate is ventilation, cooling and mine dewatering, which accounts for US\$6.56/t (55%) of the mining costs. The key driver for ore treatment costs is power, which accounts for US\$5.40/t (42%) of treatment costs.

Power is a key project driver that influences both mining and treatment cost assumptions. The study has used a power price assumption of 20c/kwh. The mine will source bulk power from either its own power station or from an independent power producer.

Stage one operating cost estimate at 6mtpa (100%)	
Area	US\$/t
Mining	11.83
Treatment	12.86
Infrastructure	3.17
G&A	6.78
Total operating cost	34.64

Production profile

The indicative stage one production schedule below outlines the estimated physical mining volumes and metal recovered.



The cash flow for stage one forecasts a maximum negative cash position of US\$1.6 billion (100%) in calendar year 2020 as the project moves into initial production from BC1. Once BC2 is in full production in 2024, it is estimated the project will produce significant free cash flows, with total undiscounted free cash flow of approximately US\$5.8 billion over the 27 year mine life.

The updated pre-feasibility study indicates the Golpu stage one mine would be a lowest quartile cash cost producer at US\$0.78/lb for copper and All In Sustaining Cost for gold of negative US\$1,685/oz gold. With a copper concentrate grade expected to be approximately 27% and contain between 10g/t and 20g/t of gold with low concentrations of deleterious elements, the Golpu concentrate is expected to be a high quality product.

Summary of next steps

The feasibility study will address and finalise technical and other issues identified in the pre-feasibility study. It will progress further environmental, social and cultural heritage studies associated with access roads and tailings storage. Further work will also be conducted to identify the optimal solution for power for the operations.

During the feasibility study the joint venture partners will engage with key stakeholders, including government and landowner representatives, to ensure alignment of the project and key elements of the next phase of work.

WGJV is engaging with the PNG Government and local landowners to establish a suitable framework and supporting arrangements for advanced exploration and feasibility support activities proposed in the updated pre-feasibility study. Newcrest Board consideration of these proposed activities is anticipated in the first half of calendar year 2015.

Both the stage one feasibility study and the prefeasibility study for stage two are targeted to be released by the end of calendar year 2015 at which time the mineral resource and ore reserve will be reviewed.

About Golpu Project

Newcrest and Harmony Gold Mining Company Limited (Harmony) each currently own 50% of Golpu through the WGJV. The PNG Government retains the right to purchase, for its pro-rata share of historical costs, up to a 30% equity interest in any mineral discovery at Wafi-Golpu, at any time before the commencement of mining. If the PNG Government chooses to take-up its full 30% interest, the interest of each of Newcrest and Harmony will become 35%. The 2012 pre-feasibility study was released to the ASX in August 2012.

The Golpu deposit is located approximately 65km south-west of Lae in the Morobe Province of PNG which is the second largest city in PNG and will host Golpu's export facilities. The proposed mine site sits at an elevation of approximately 400 metres above sea level in moderately hilly terrain and is located near the Watut River approximately 30km upstream from the confluence of the Watut and Markham rivers.



For further information, please contact:

Investor Enquiries

Christopher Maitland

T: +61 3 9522 5717

E: chris.maitland@newcrest.com.au

Media Enquiries

Kerrina Watson

T: +61 3 9522 5593

E: kerrina.watson@newcrest.com.au

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

Forward Looking Statements

These materials include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements.

Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control.

Although the company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Ore Reserves and Mineral Resources Reporting Requirements

As an Australian company with securities listed on the Australian Securities Exchange (**ASX**), Newcrest is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act 2001 and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the **JORC Code**) and that Newcrest's ore reserve and mineral resource estimates comply with the JORC Code.

Competent Person's Statement

The information in this release that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr C. Moorhead. Mr Moorhead is the Executive General Manager Minerals and a full-time employee of Newcrest Mining Limited. He is a shareholder in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2014 Remuneration Report. Ore Reserves growth and reserves and resources depletion replacement are performance measures under that plan. He is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Moorhead has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The JORC Code 2012. Mr Moorhead consents to the inclusion in this release of the matters based on his information in the form and context in which it appears including sampling, analytical and test data underlying the results.

The information in this release that relates to Golpu Mineral Resources and Ore Reserves is based on and accurately reflects reports prepared by Mr G. Job. Mr Job is Executive General Manager for Minerals and Strategic Planning for the Morobe Mining Joint Ventures, a full time employee of and seconded to the JVs from Harmony Gold Mining Company Limited, Newcrest's joint venture partner in each of the Morobe Mining Joint Ventures. He is entitled to participate in Harmony's equity long term incentive plan, details of which are included in Harmony's 2014 Remuneration Report. He is a Member of The Australasian Institute of Mining and Metallurgy. Mr Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Job consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.