

## Update on status of Cadia operation

### Summary

- Focus remains on safely progressing the remediation and ground support upgrades
- Lower levels of ore production from both PC1 and PC2 expected in Q1 FY18; however, the seismic event is not expected to significantly impact Cadia's production beyond FY17<sup>1</sup>
- Current expected outlook for gold production in FY18 is between 650-750koz<sup>1</sup>
- Rehabilitation and upgrade of ground support of Panel Cave 1 (PC1) has commenced
- Rehabilitation and upgrade of ground support of Panel Cave 2 (PC2) is well advanced
- Currently processing stockpiles at a run rate of approximately 6mt per quarter
- Processing of stockpiles expected to cover all fixed and variable costs plus cost of ground support remediation and upgrades
- Cost of remediation and upgrade work is currently estimated to be approximately \$25m

Following the 14 April 2017 event the Cadia East mine was placed under a Prohibition Notice by the New South Wales Regulator. Newcrest has worked closely with the NSW Mining Inspectorate on the rehabilitation and support plans for PC1 and PC2. Currently the Prohibition Notice prohibits the extraction of ore in PC1 and PC2.

### Update on progress

Damage to the Cadia East underground mine infrastructure was minimal with no permanent damage detected. The majority of work being undertaken relates to increasing the dynamic ground support capacity around known fault structures and rehabilitating ground support in areas impacted by the seismic event.

It is currently estimated that the cost of rehabilitation and upgrades will be approximately \$25m.

Subject to the lifting of the Prohibition Notice, the current expected outlook for gold production in FY18 is between 650-750koz. FY18 Guidance will be provided in August with the FY17 results.

#### *Panel Cave 1*

Inspection of PC1 has been completed and the rehabilitation plans on remediating and enhancing ground support, where required, have been developed. Work on rehabilitating ground support has commenced.

An assessment of the crusher chamber and associated infrastructure has been conducted and ground support rehabilitation work in the crusher chamber has commenced with resin injection which will be followed with the installation of additional conventional cables and bolts to restore dynamic capacity, using long reach drilling equipment.

Subject to the lifting of the Prohibition Notice, production from PC1 is expected to re-commence in Q1 FY18. The material will initially be trucked to the PC2 crushers. When access to PC1 crusher becomes available, ore production is expected to increase.

#### *Panel Cave 2*

Work has continued on rehabilitating and upgrading the ground support in PC2. Subject to the lifting of the Prohibition Notice, it is currently assumed that PC2 ore production will re-commence in Q1 FY18.

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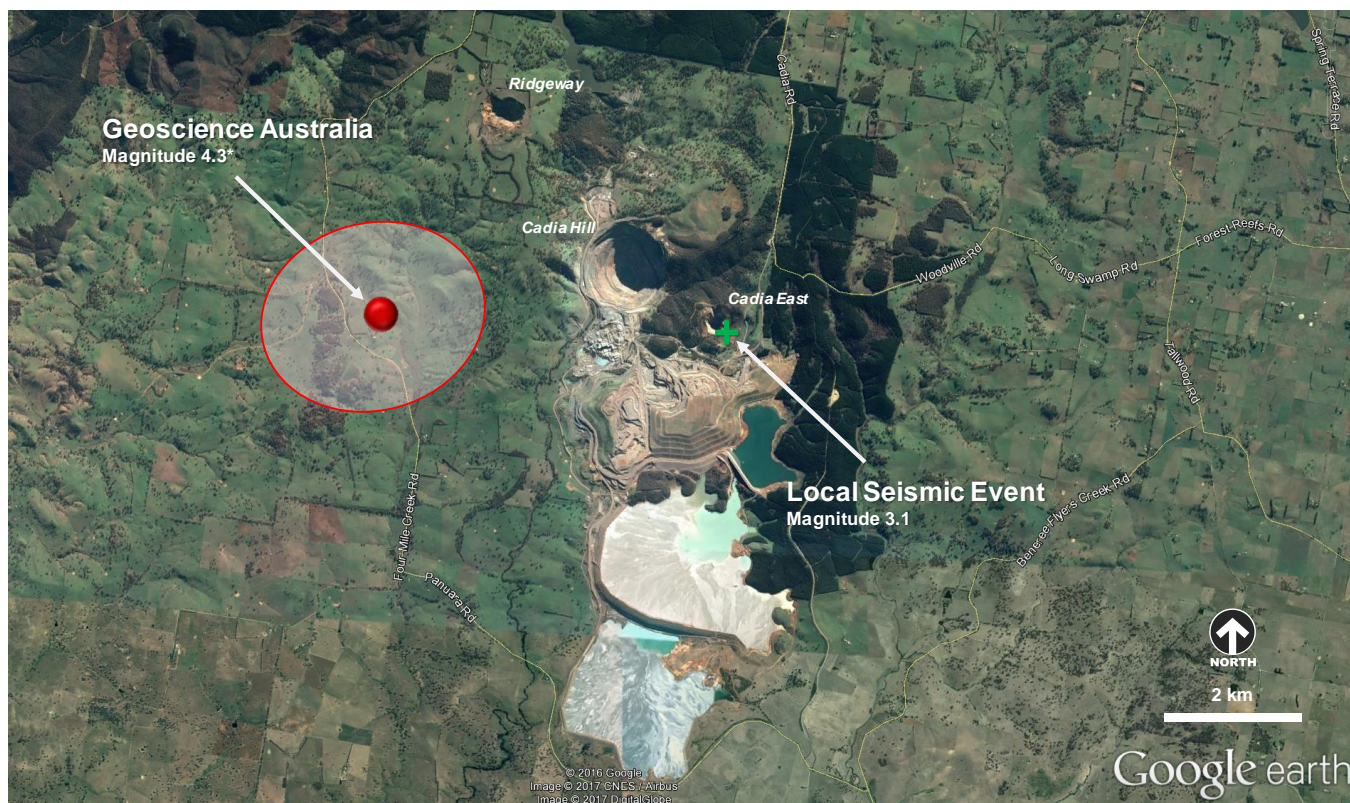
<sup>1</sup> Subject to market and operating conditions and the lifting of the Prohibition Notice

Work has been prioritised to restore PC2 production safely and as quickly as possible, whilst the remainder of the ground support upgrades are completed in PC1 and other areas of the mine.

## Event

On 14 April 2017, at approximately 2.30am, Geoscience Australia recorded a 4.3 Richter scale magnitude earthquake, approximately 4km away from the Cadia operation.

No injuries were sustained and in accordance with standard operating procedure, all personnel working in the Cadia East underground mine moved to refuge chambers or safe areas, before being safely evacuated.



Source: Geoscience Australia (<http://www.ga.gov.au/earthquakes/>). Image from Google Earth

Newcrest's seismic systems are designed to record seismic events at the mine. Concurrent with the earthquake recorded by Geoscience Australia, a 3.1ML local magnitude scale seismic event was recorded by the Newcrest mine seismic systems. These recordings indicate there was a fault slip approximately 200m from the southern end of PC1.

Newcrest's technical teams have been working closely with external experts to fully understand the seismic event and its impacts. The level of upgraded ground support required has been reviewed by independent geotechnical experts and deemed to provide sufficient capacity to manage the impact of future local and regional seismic events.

## Alternative ore sources

Currently there are 10 trucks conveying approximately 65kt of ore to the processing plant each day (approximately 24mtpa) from the low-grade Cadia Hill stockpiles. This ore contains approximately 0.35 g/t of gold and between 0.10-0.12% copper and is currently being processed at a recovery rate of approximately 70%.

To date, we have identified another approximately 20mt of economically viable stockpile material available for processing.

Work has also commenced on re-commissioning the Ridgeway sub-level cave with first ore expected to be available in June 2017. It is estimated that there is approximately 600kt of accessible ore at 0.35g/t and 0.30% copper. The Ridgeway sub-level cave has a material handling system which can deliver ore directly to the processing plant, reducing the need for material to be trucked.

### **Cadia processing plant expansion**

The feasibility study on the proposed expansion to the Cadia processing plant has been completed but the approval of the study is pending while the team at site is focused on the finalisation of the remediation work.

### **Safety**

The safety of our people remains Newcrest's primary objective as we progress all future assessment, evaluation and re-start activity. Mine operations will only recommence when it has been assessed as safe to do so.

### **For further information please contact**

#### **Investor Enquiries**

Chris Maitland

+61 3 9522 5717

+1 (844) 310-1232\*

[Chris.Maitland@newcrest.com.au](mailto:Chris.Maitland@newcrest.com.au)

Ryan Skaleskog

+61 3 9522 5407

+1 (844) 310-1232\*

[Ryan.Skaleskog@newcrest.com.au](mailto:Ryan.Skaleskog@newcrest.com.au)

#### **Media Enquiries**

Anna Freeman

+61 3 9522 5548

[Anna.Freeman@newcrest.com.au](mailto:Anna.Freeman@newcrest.com.au)

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

\* Pacific Daylight Savings Time 12:00pm - 12:00am (Mon – Thu)