

FY18 Carrying Value Update

As Newcrest continues to finalise its Financial Report for the year ended 30 June 2018, it provides the following update to the market in relation to earnings, free cash flow and net debt.

The Company is conducting its carrying value review of assets as at 30 June 2018 in accordance with its usual policy and processes. While the 2018 Financial Report is yet to be finalised by the Board of Directors and remains subject to finalisation of the external audit, the Board considers it likely that a reduction in the carrying values of certain assets is required, with a non-cash earnings impact in the range of \$260 million to \$270 million after tax. This reduction primarily relates to:

- Telfer (approximately \$190 million after tax), where the latest life of mine plan indicates lower levels of ore mined and higher levels of waste from West Dome, lower gold recoveries, higher estimated closure costs and higher operating costs than previously forecast. There has also been a reduction in the value attributed to a potential future block cave.
- Namosi (approximately \$70 million after tax), where assessment of potential project configurations has prompted a reassessment of the appropriateness to continue to carry forward previous study costs.

The outcomes of these reviews may potentially impact the reported Mineral Resources and Ore Reserves for these assets, which will be assessed in Newcrest's annual Mineral Resource and Ore Reserve estimate process to be completed at 31 December 2018. An infill drilling campaign to more tightly define Telfer's open pit Mineral Resources and Ore Reserves is underway.

The likely carrying value adjustments at 30 June 2018 will be non-cash, reported as significant items and not included in Underlying Profit.

Newcrest has previously indicated other significant items totalling a net \$6 million gain after tax in FY18 as follows:

- Gosowong \$8 million write-down of non-current tax asset and Bonikro \$15 million asset write-down following its reclassification as 'held for sale' (both initially recognised in the Financial Report for the half year ended 31 December 2017).
- Release to profit of \$29 million foreign exchange gain on the completion of the Bonikro sale in March 2018 (noted in the Financial Report for the half year ended 31 December 2017).

Newcrest's free cash flow for the year ended 30 June 2018 is expected to be approximately \$600 million. This \$600 million of free cash flow is inclusive of net \$48m cash proceeds from the sale of Bonikro and after expenditure on growth focussed investments during the financial year of:

- \$251 million for a 27.1% interest in Lundin Gold Inc.
- \$15 million for a 19.9% interest in Azucar Minerals Ltd. (formerly Almadex Minerals Ltd); and
- a further investment of \$9 million in SolGold Plc.

Newcrest's free cash flow during the 2018 financial year has been applied to:

- \$460 million reduction in net debt;
- \$105 million paid in dividends to Newcrest shareholders;
- \$24 million paid in dividends to non-controlling interests; and
- \$11 million purchasing Newcrest shares to meet future entitlements of share based incentive schemes.

Newcrest expects net debt as at 30 June 2018 to be \$1,040 million, which is \$459 million lower than as at 30 June 2017.

Newcrest is scheduled to release its Financial Report for the year ended 30 June 2018 after market on 22 August 2018.

For further information please contact

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