

Cadia East Official Opening

21 May 2014

Greg Robinson
Managing Director and Chief Executive Officer
Newcrest Mining Limited

Thank you Neil for your warm welcome. On behalf of Newcrest, I would like to acknowledge and pay respect to the Wiradjuri people, and to their Elders both past and present, as the traditional owners of this land.

Good morning everyone and thank you all for being here today to help us celebrate the official opening of Cadia East.

I am very pleased to acknowledge the presence of:

- The Honourable Mike Baird, Premier of NSW and Minister for Infrastructure and Western Sydney
- The Honourable Katrina Hodgkinson MP, Minister for Primary Industries and Assistant Minister for Tourism and Major Events
- Mr Andrew Gee MP, the Member for Orange
 - Premier, Minister, Andrew - the NSW Government's foresight of the positive contribution that Cadia East would make to the Central West and the State is being realized and we thank you for your support during the approval and construction stages of this project.
- The Honourable John Cobb MP, the Member for Calare
 - We are also very appreciative of the Federal Government's role in the Cadia East approval process
- Councilors John Davis, Mayor of Orange, Scott Ferguson, Mayor of Blayney and Ian Gosper, Mayor of Cabonne
 - Your steadfast support over many years for Cadia Valley Operations is greatly appreciated
- Former Newcrest Chairman, Mr Don Mercer, and my predecessor, Mr Ian Smith
 - Who championed the development of Cadia East during their years leading Newcrest

- Tony McPaul, Leigh Cox, Craig Jones and the whole Cadia East team, many of whom I am pleased to see here today
 - You have all worked through the design phase, successfully completed the first stage of this project; a very significant achievement
- Our neighbors for the last 20 years, some of whom are here today, you have provided valuable input and terrific support which we value highly
- Sandeep Biswas, who will become Managing Director and Chief Executive Officer of Newcrest in July
- and Vince Gauci one of Newcrest's non-executive directors.

I am extremely proud to be here at the official opening of the Cadia East mine. Like many others at Newcrest, the development of Cadia East has been a major part of my life since I started with the Company back in 2006.

It is difficult to overstate the importance of this mine to Newcrest's future. Cadia East is a large, long life asset and the fundamental bedrock in our Company's strategy. This mine will continue to deliver significant economic benefits to the local community, the government and of course Newcrest's shareholders for the long term.

As many of you know, mineral exploration and mining have been part of the Cadia district's history since the 1850s. There has been production of gold, copper and even iron ore over the last 130 years. Modern era exploration has been underway since the mid-1960s but it was Newcrest's discovery of three major gold deposits within a four year period - Cadia Hill in 1992, Cadia East in 1994 and Ridgeway in 1996 - that demonstrated the potential for large scale, long life mining operations in the district. These discoveries were an extraordinary, world-recognized achievement by Newcrest's 1990s, Orange-based exploration team led by Dan Wood, our head of exploration at the time, and in particular John Holliday.

Cadia Valley has seen three significant mines developed in the last 20 years.

- The Cadia Hill open pit which ran for 14 years before being placed on care and maintenance in 2012
- The higher grade underground Ridgeway mine that helped us develop sub-level caving skills and then after more than \$500 million in capital investment has been developed into our first block caving operation
- And now the development of the Cadia East mine.

Most of the current production comes from the Ridgeway mine, Australia's third largest underground metalliferous mine, which is now maturing, producing approximately eight million tonnes of ore per annum. Together the old Cadia Hill open pit and the Ridgeway mines have produced around eight million ounces of gold and over 800,000 tonnes of copper.

Each mine has demonstrated the ability of Newcrest and in particular local people to demonstrate the “can do” Australian spirit to push the technical boundaries of mining development. Although the operations have a low profile, Cadia Valley is one of the great mining success stories in Australia.

Following Cadia East’s discovery in 1994, Newcrest undertook a bold deep drilling program the following year that confirmed the orebody extending over 1.6 kilometers below the surface. It has since been confirmed as one of the largest gold/copper deposits in the world with 2.8 billion tonnes of ore estimated to contain some 37 million ounces of gold and 7.5 million tonnes of copper. Thank you to Colin Moorhead, who heads up Newcrest’s exploration department, and his team, who were integral in proving up this world class resource.

We considered several development options for Cadia East but due to the depth and grade of the deposit, the most technically and economically viable option was to build a large underground panel cave mine, the first of its type in Australia.

In designing and building the panel cave we learnt a lot from our Ridgeway block cave and have also worked with global leaders in the industry, particularly Codelco in Chile. I would like to thank our dedicated technical mining experts, in particular Andrew Logan, German Flores, Geoff Dunstan and Lino Manca, who were instrumental during the design and now operation of Cadia East.

Cadia East is being developed in two stages, what we refer to as Panel Cave 1 and Panel Cave 2. Newcrest invested \$2 billion constructing Panel Cave 1 and the associated infrastructure, which included a major expansion of Cadia’s processing plant capacity from 24 to 26 million tonnes per annum. Commercial production from Panel Cave 1 commenced in January 2013. Panel Cave 2 remains in construction and we are planning to spend \$340-380 million this financial year to target commercial production in the 2015 financial year.

Over 4,200 individuals and 280 contracting companies, mostly Australian companies, worked on this project. At the peak of construction, approximately 3,200 people were working on the project and when combined with Cadia’s workforce at the time of around 1,400 people, this was a very busy place indeed.

When Panel Cave 2 is completed, the center of our mining activity will be located approximately 1.4 kilometers below the surface, a highly automated and technically sophisticated underground mine. Cadia Valley’s gold production is expected to grow from around 450,000 last financial year to around 700,000 ounces in the 2016 financial year and higher again in 2017.

For perspective, when Cadia East reaches its capacity of 26 million tonnes per year, it will become the largest metalliferous underground mine in Australia and one of the largest in the world with an approved mine life of 21 years.

I referred earlier to economic benefits. By the end of this financial year, Newcrest will have invested over \$4 billion into developing the Cadia Valley Operations in addition to annual site operating costs and sustaining capital expenditure, which is expected to exceed \$600 million for the 2014 financial year.

The Western Research Institute in Bathurst recently completed an updated economic impact assessment for Cadia Valley Operations. It estimated that last financial year Cadia's impact on the region was:

- The largest employer in the Central West of NSW
- Creating 2,430 full time equivalent jobs, which represents 6.5 percent of total full time equivalent employment in the region
- \$210 million in household income, representing 9.2 percent of total regional household income
- Creating \$1.5 billion in output - the value of goods and services attributable to Cadia.

Cadia Valley has paid more than \$145 million in mineral royalties and \$32 million in payroll tax to the NSW Government, and around \$12 million in rates to local government over the last five years.

We also support a wide range of community programs and activities every year, often in long term partnerships with community organisations, including:

- The Orange Local Aboriginal Land Council which is establishing viable commercial enterprises for the local aboriginal community
- The Smith Family Learning for Life Program which provides scholarships to more than 260 students in the local region aimed at breaking the cycle of disadvantage
- The Centroc Beyond the Range initiative which attracts medical specialists and general practitioners to the Orange region

We have also provided seed funding for the establishment of key community infrastructure such as the Orange Regional Museum, an extension to the Orange Airport runway, Orange Ronald McDonald House and the Orange Cancer Carewest Lodge.

While these are substantial contributions, a mine can only operate successfully with the support of the local community. Our people have worked very hard to build strong relationships with the landowners around our operation and be accepted as part of the community.

While Newcrest certainly makes a strong direct financial contribution to a wide range of community projects and activities every year, it is the people-to-people links that underpin our relationship. All of our employees take some responsibility for that relationship, however I would like to specifically thank Tony McPaul and Nedra Burns who have spent many years listening and responding to community ideas and concerns about how to manage our operational impact while ensuring we make a strong contribution to the region.

I would like to finish as I started by thanking everyone involved in Cadia East - this highly technical, cutting edge underground mining project.

- To the NSW Government, local councils and the community for their support during the planning, approval and construction stages of Cadia East
- To our project partners, contractors and suppliers, both large and small, who have worked with us so collaboratively
- And to Leigh Cox and the entire Cadia East team for your efforts in delivering such a large and complex project successfully.

Thank you all for attending today to help us celebrate this significant milestone.