

# Half Year Financial Results

December 2009



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MD & CEO

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[www.newcrest.com.au](http://www.newcrest.com.au)



# Disclaimer

## **Forward Looking Statements**

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such 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, the company does not in providing this information undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.

## ***Competent Persons Statement***

The information in this report that relates to (1) Exploration Results is based on information compiled by Mr C. Moorhead, EGM Minerals for Newcrest Mining Limited and (2) O'Callaghans Mineral Resources is based on information compiled by Mr P Dunham, Mineral Resources Manager – Telfer for Newcrest Mining Limited. Each of Mr Moorhead and Mr Dunham is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Newcrest Mining Limited. Each of Mr Moorhead and Mr Dunham 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of Mr Moorhead and Mr Dunham consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

# Introduction

## ■ Financials

- Underlying profit increased 10% to \$267M
- Statutory profit increased 14% to \$176M
- Increased profit margins (EBITDA 46%, EBIT 35%)
- Interim dividend 5 cents per share (unfranked)
- US\$600M Bilateral debt facilities finalised, remains undrawn

## ■ Growth

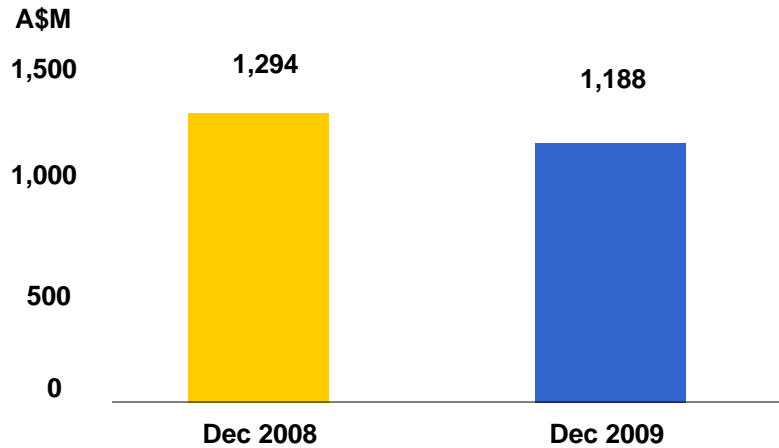
- Ridgeway Deeps substantially complete including the undercut
  1. the last of the extraction drives will be completed by the end of FY10
  2. the project is expected to be completed A\$40M under budget at A\$505M
- Hidden Valley commissioning expected to be completed during February 2010
- Gosowong Expansion expected to be completed by the end of the financial year
- Cadia East on track for Board approval early April
- Exciting exploration results, building next growth wave

# Financials

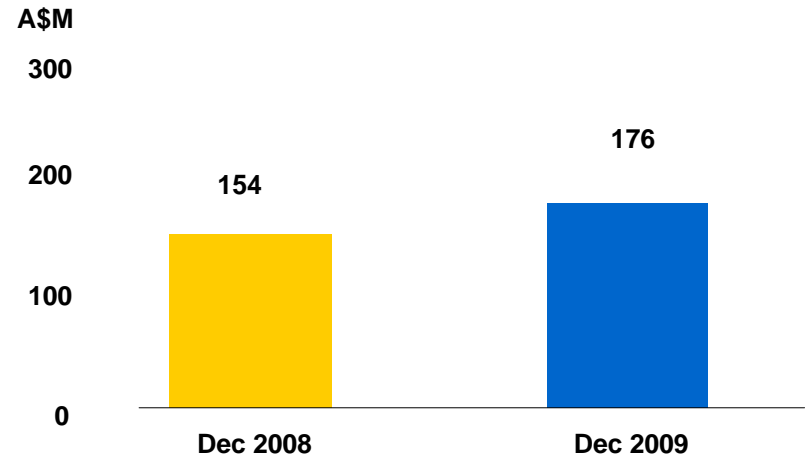


# Higher profit margins on lower sales

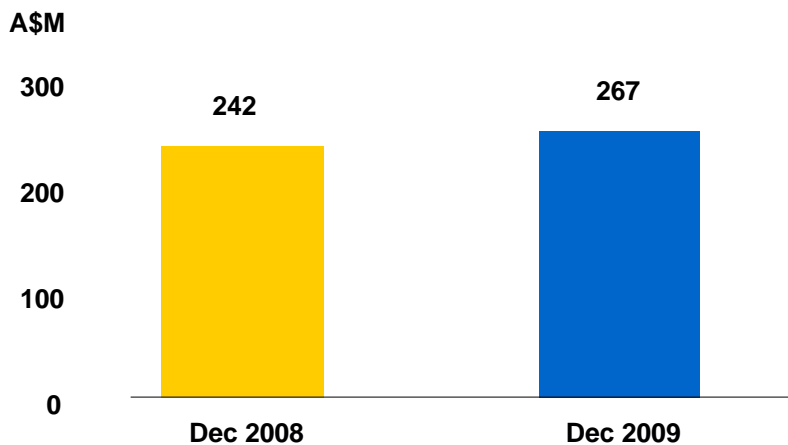
## Sales Revenue -8%



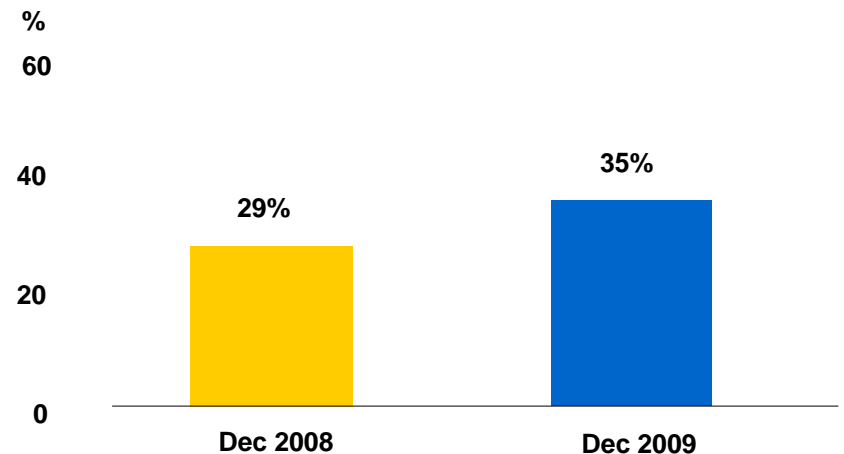
## Statutory profit +14%



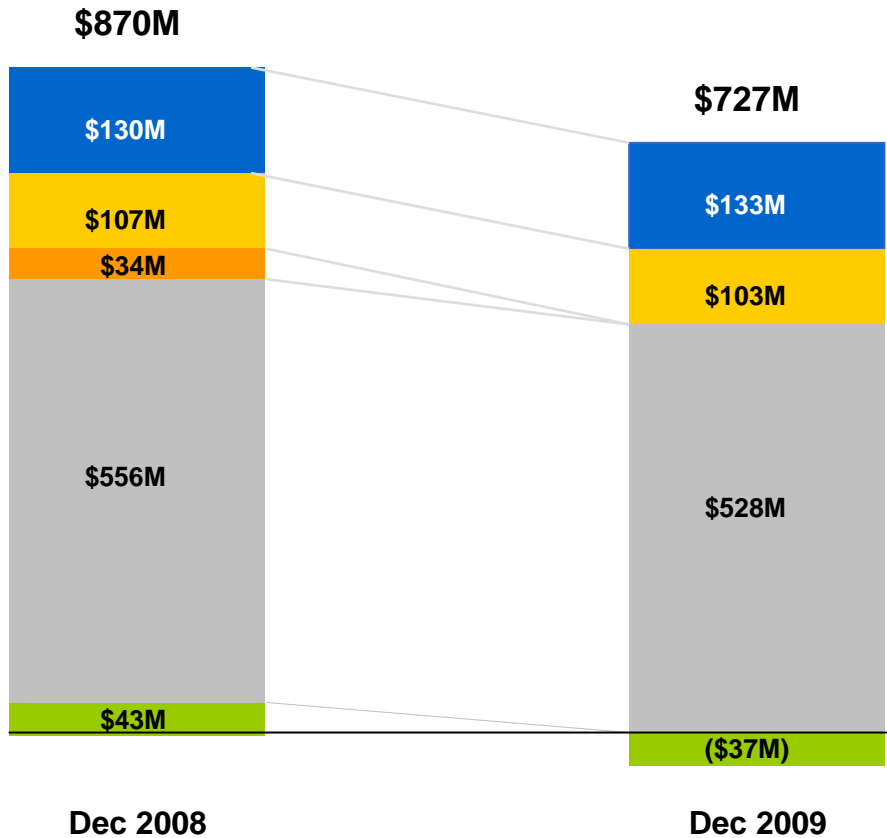
## Underlying profit +10%



## EBIT Margin + 6%



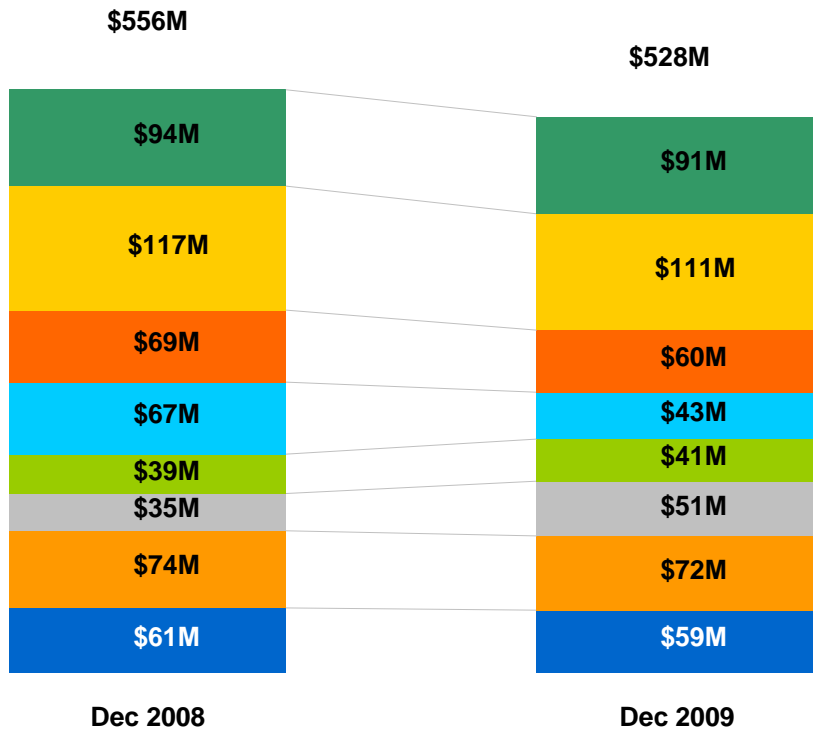
# Total Cost of Sales Declined by 16%



Cost of Sales	Dec 2008 to Dec 2009 Change
Deferred Mining and Inventory Adjustments	\$81M ↓
Mine production Costs	5% ↓
Telfer Gas Costs	\$34M ↓
Realisation & Royalty	4% ↓
Depreciation	3% ↑

- Deferred Mining and Inventory Adjustments
- Mine Production Costs
- Telfer Gas Costs
- Realisation & Royalty
- Depreciation

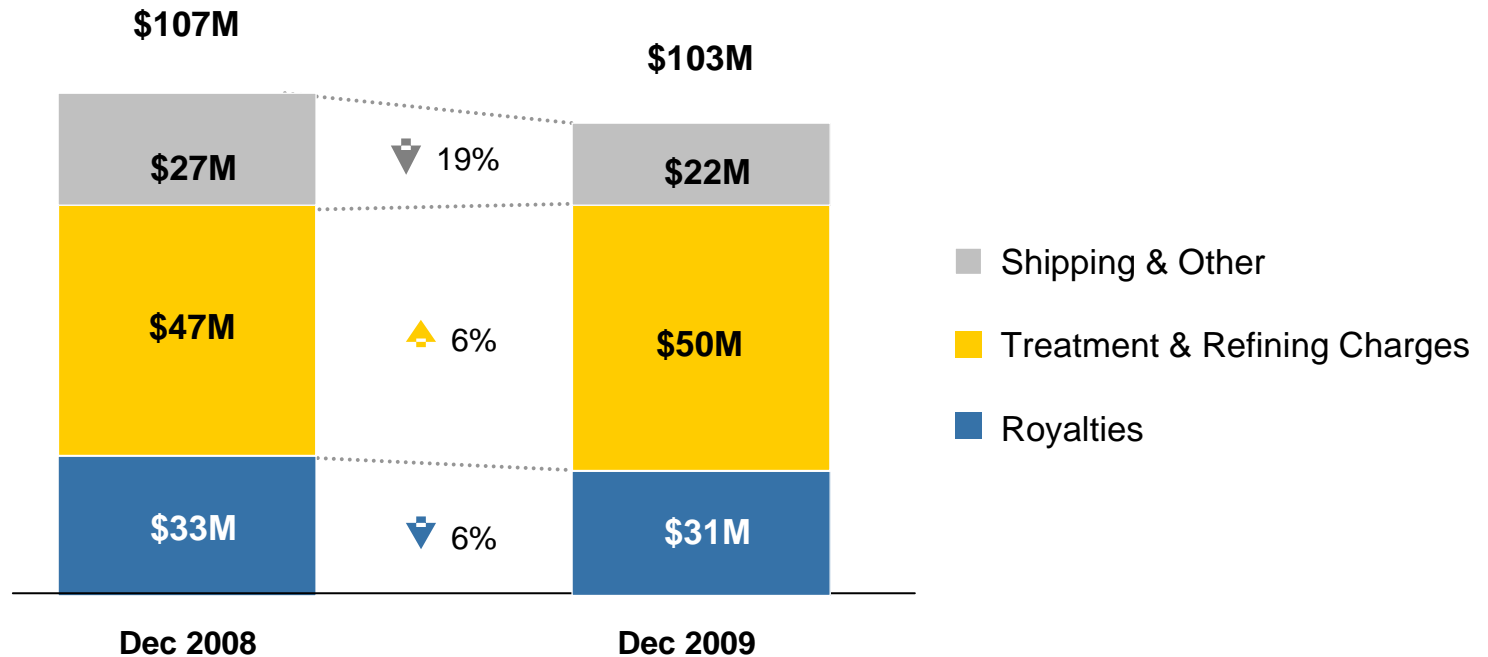
# Mine Production Costs – Reducing against the trend



- Employee Salaries
- Mining Contracts
- Utilities & Power
- Mining Consumables
- Maintenance incl Contract Labour
- Fuel & Lubes
- Liners & Grinding Media
- Other Input Costs

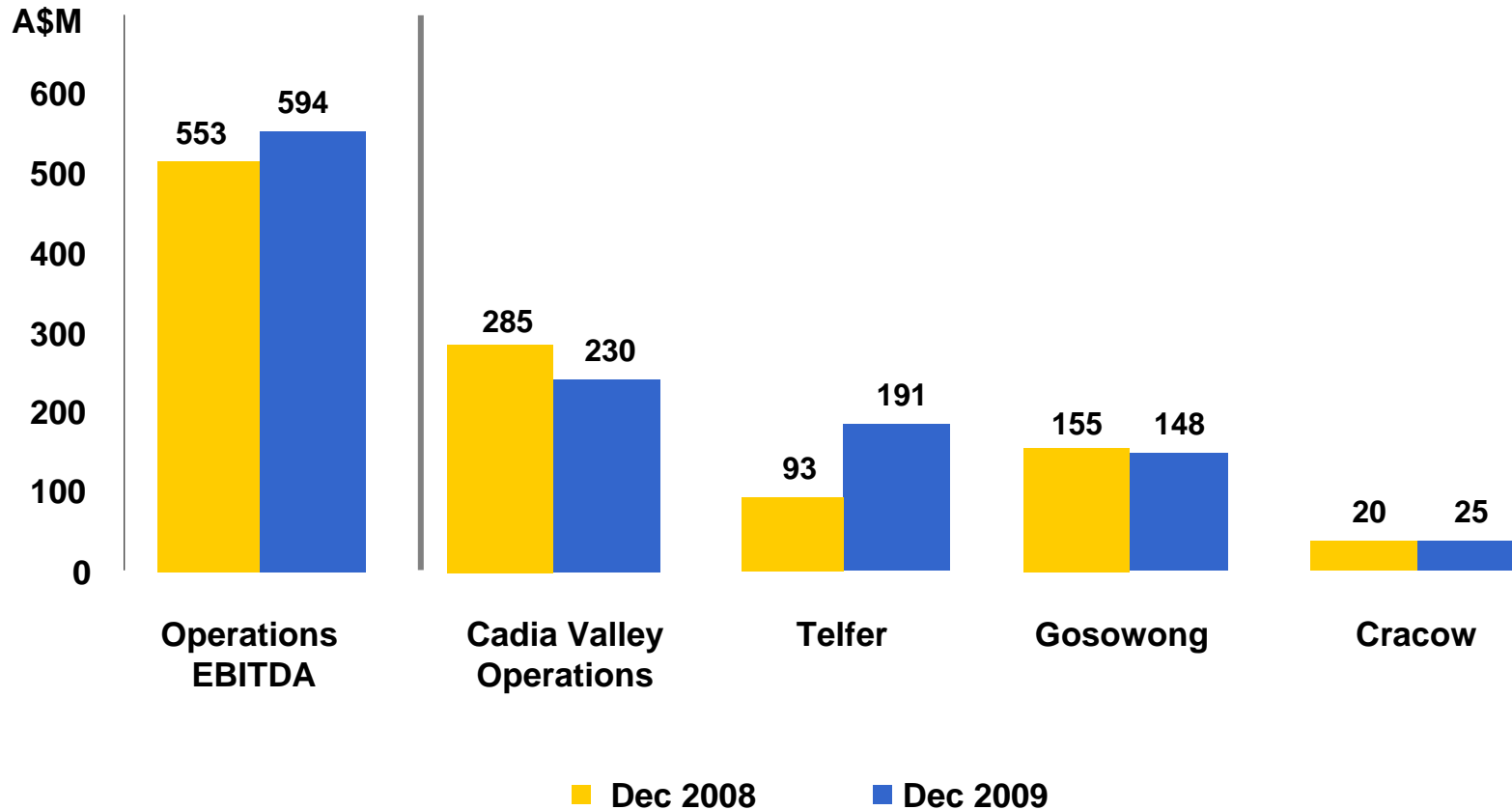
Dec 2008 to Dec 2009	Change Due to:	
	Volume	Price
Employee Salaries	↓ 5%	↑ 2%
Maintenance incl Contract Labour	↓ 11%	↑ 6%
Mining Contracts	↓ 14%	↑ 1%
Fuels & Lubes	↑ 3%	↓ 38%
Utilities & Power	↑ 7%	↓ 1%
Liners & Grinding Media	↑ 16%	↑ 30%
Mining Consumables	↑ 5%	↓ 7%
Other Input Costs	-	↓ 4%
<b>Total</b>	<b>↓ 2%</b>	<b>↓ 3%</b>

# Royalties & Realisation Costs 4% lower





# EBITDA by Operation



# Deferred Mining and Inventory Movements

- Group deferred mining asset \$282M at 31 December 2009
  - \$210M relating to Cadia Hill
  - Group deferred mining expense \$29M during current period
  - No cashflow impact
- Increase in Inventories during period
  - Finished goods \$35M
  - Ore stockpiles \$34M
- Group full year net impact of deferred mining and inventory movement expected to be a cost of \$5M - \$15M

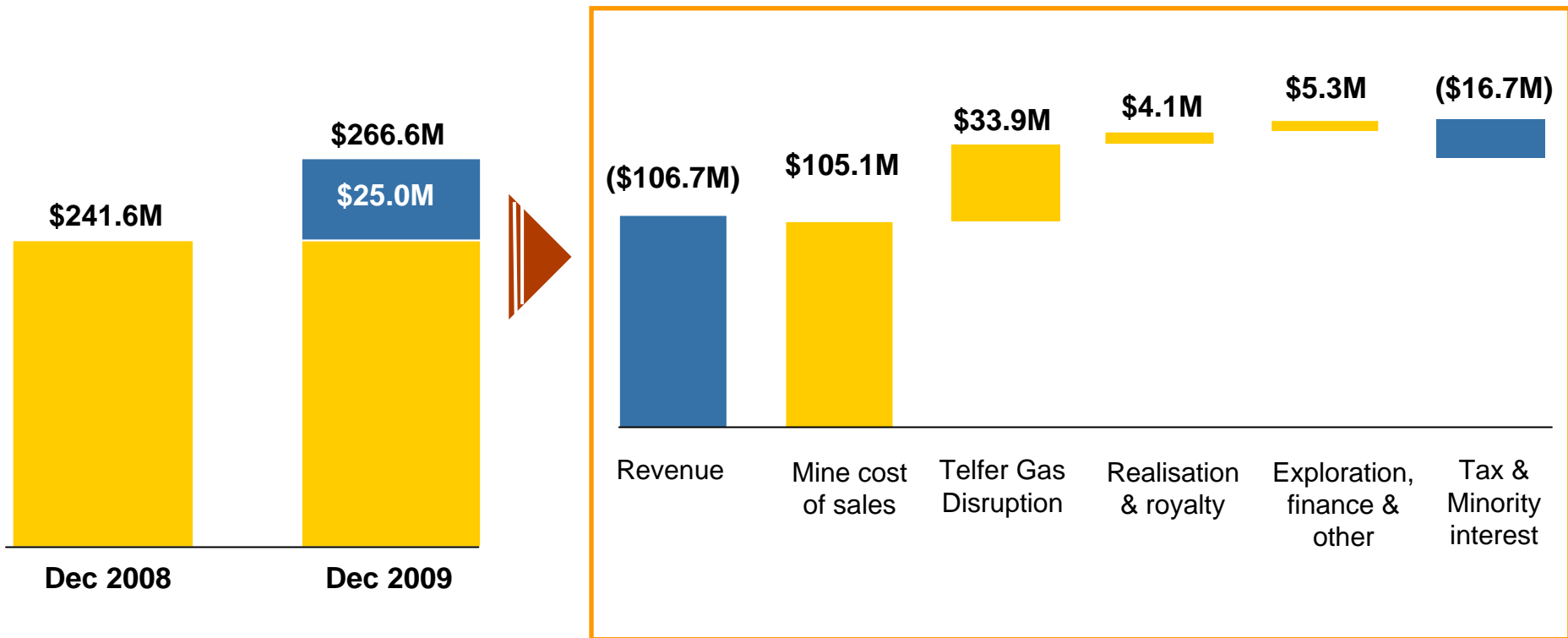
# Other Items

- Underlying profit
  - Fair value gain on quotation period price movements \$22.3M (\$4.1M loss)
  - FX loss on USD denominated concentrate debtors \$7.1M (\$16.8M gain)
  - Cadia Valley royalty dispute provision \$10.9M
  
- Statutory profit
  - Hedge loss \$93.8M after tax (\$120.7M)
  - Foreign exchange gain on borrowings designated as hedges \$6.6M after tax (\$16.2M gain)
  - Fair value loss on put options \$3.2M after tax (\$16.9M gain)

# Depreciation and Tax

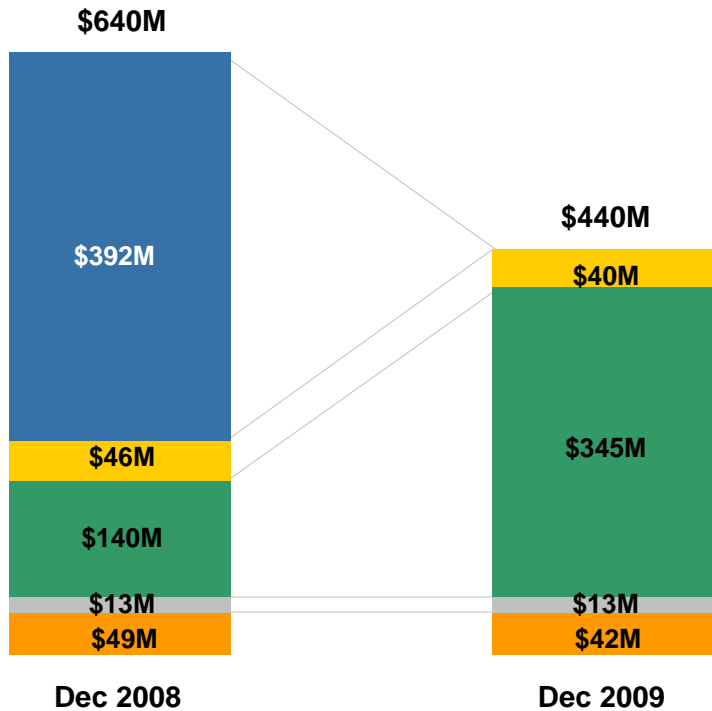
- Depreciation
  - Group depreciation \$134M for period (\$130M in prior period)
  - Higher depreciation charges expected in FY10H2 as current growth projects reach full production (Ridgeway Deeps, Gosowong, Hidden Valley)
  - Group full year depreciation expected to be at lower end of guidance range
  
- Tax
  - Period end tax losses of A\$356M
  - Effective tax rate of 29.8%

# Underlying Profit – Key Impacts



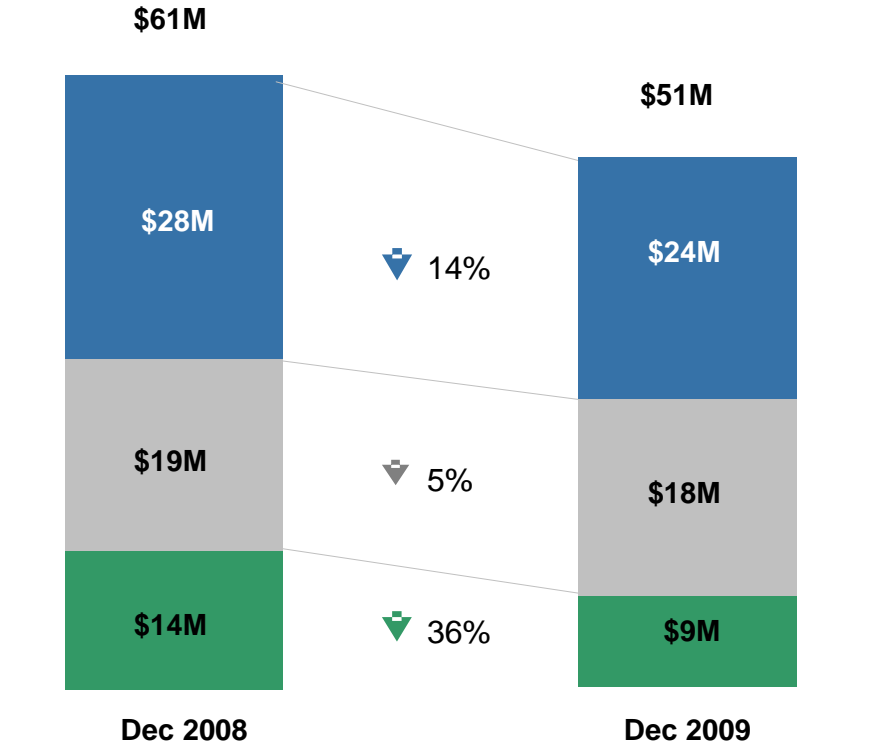
# Investment in Future Growth – Capital Expenditure & Exploration

## Capital Expenditure



- Sustaining
- Development
- Project - construction
- Project - feasibility
- Acquisition of JV

## Exploration



- Greenfields
- Brownfields
- Province Development

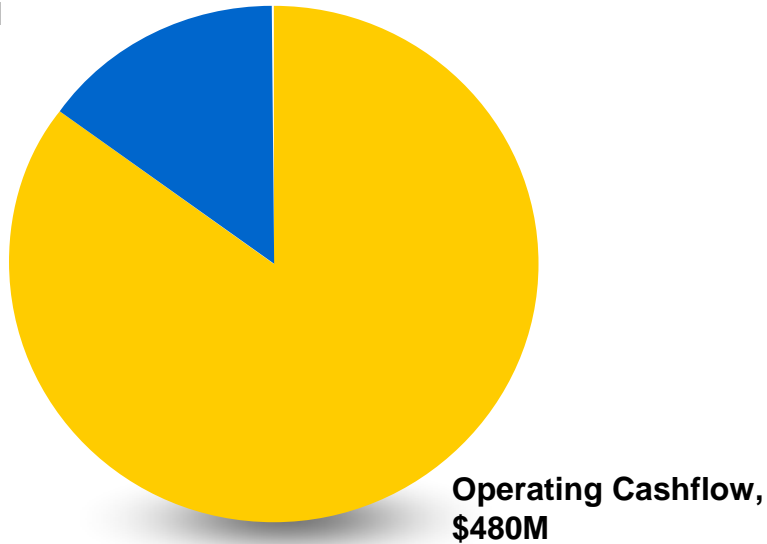
Capital Expenditure & Exploration in line with FY10 guidance

# Cashflow Funding Growth

For the 6 months ended 31 December 2009

## Sources of Cash

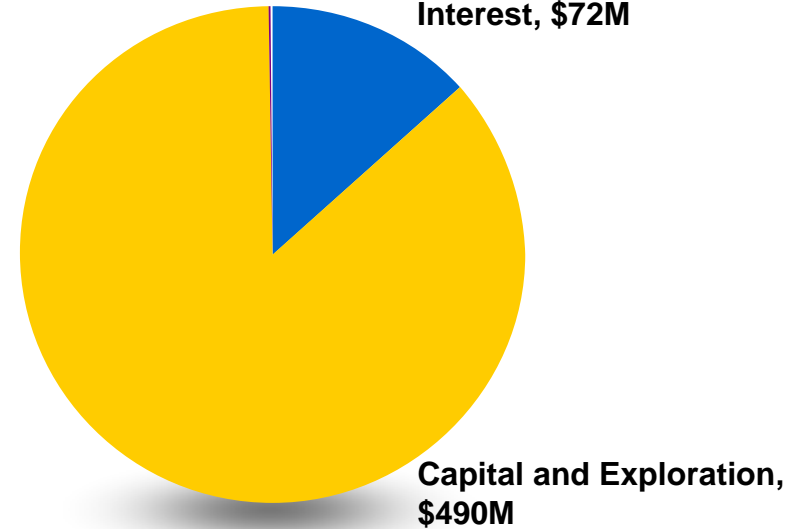
Change in Cash,  
\$84M



## Uses of Cash

Other, \$2M

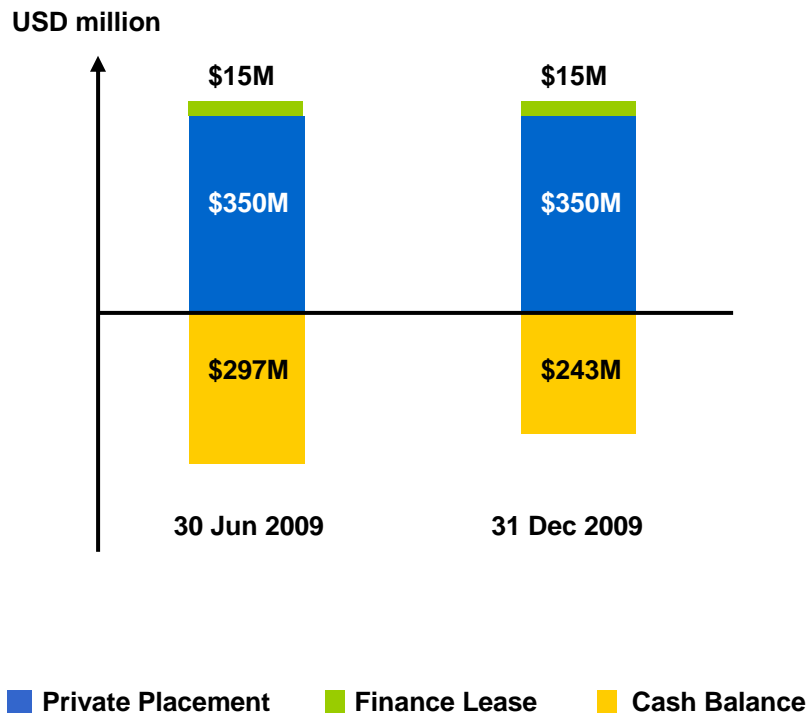
Dividends and Minority  
Interest, \$72M



**Net Gearing 3%**

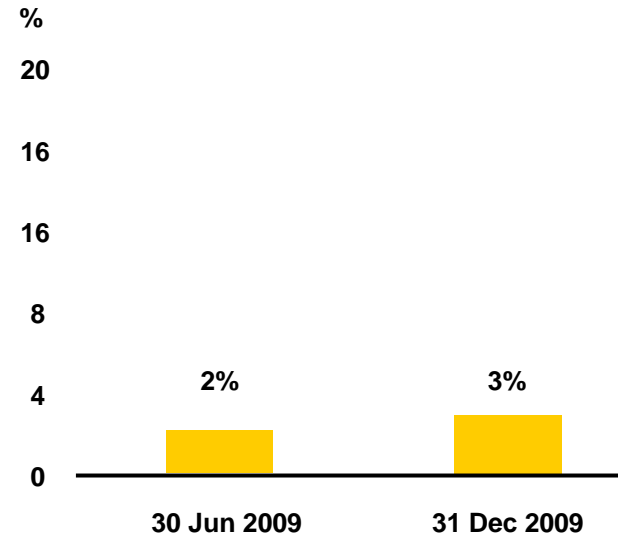
# Strong Balance Sheet

## Outstanding Debt Position



Cash balances converted at period end exchange rates

## Gearing





# Profit Sensitivities FY10

Movement in FX Negates Changes in Commodity Prices

Parameter	Movement	EBIT Impact
Gold Price	↑ US\$10/oz	↑ A\$24M
Copper Price	↓ US\$0.05c/lb	↓ A\$13M
FX Rate	↓ US\$0.01	↑ A\$30M
Oil Price	↓ US\$10/barrel	↑ A\$1M

Note: Sensitivities are for full financial year

# Concentrate Market

- Benchmark TC/RC US\$46.50/DMT & 4.65¢/lb (CY10)
- Previous benchmark \$75.00/DMT & 7.5¢/lb
- Merchant and spot sales in FY10 below benchmark
- Sales FY10:
  - Direct smelter 55%
  - Merchants 35%
  - Open tonnage 10%

# CVO Main Smelter Contracts

Any FY is a mixture of 3 bricks, 2 blocks, merchant and open sales

		Calendar 08		Calendar 09		Calendar 10		Calendar 11	
			FY09		FY 10		FY 11		
Brick A	TC	45.00	45.00	45.00	45.00	46.50	46.50	46.50	46.50
	RC	4.50	4.50	4.50	4.50	4.65	4.65	4.65	4.65
Brick B	TC	60.00	60.00	75.00	75.00	75.00	75.00	?	?
	RC	6.00	6.00	7.50	7.50	7.50	7.50	?	?

CVO + Telfer	FY 10	FY 11	FY 12
Smelter	56%	→	→
Merchant	36%	↓	↓
Open	9%	↑	↑

# Operations



# Operations

- Cadia Valley
  - mining at Cadia Hill has reached higher grade zones
  - waste mining substantially complete
  - higher production in second half of financial year in line with guidance
  - Ridgeway sublevel cave mining expected to be completed in March
  
- Telfer
  - improved operating performance delivered 105% increase in EBITDA during period
    - 15% increase in production
    - 18% reduction in cost of sales

# Operations

- Cracow
  - new mineralised structure intersected in December 2009
  - resource definition drilling has commenced from underground platforms
  
- Gosowong
  - access to higher grade zones has been established
  - mill throughput achieved design capacity of 65tph
  - process plant gold recoveries
    1. 90.4%      July 2008 – June 2009
    2. 95.4%      July 2009 – December 2009

# Projects

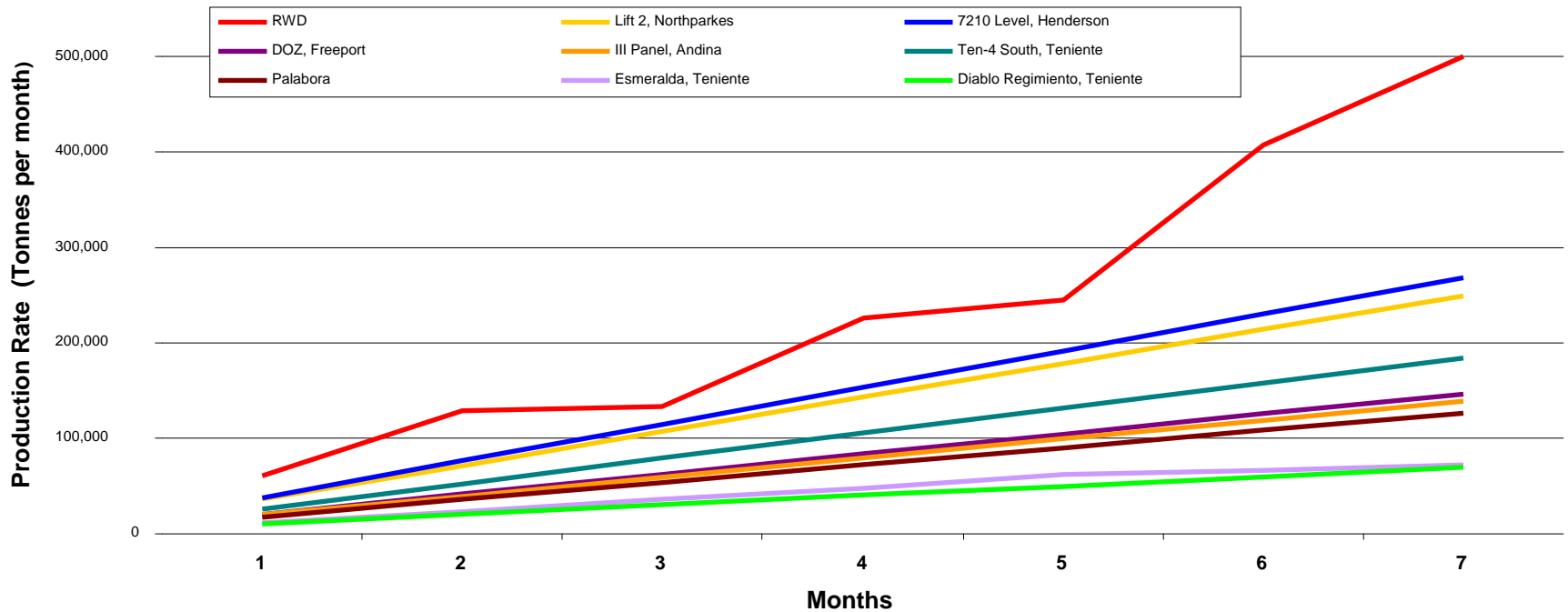


# Current Growth Projects

- Ridgeway Deeps
  - full production rate in March 2010 quarter, 3 months ahead of schedule
  - expected final project cost of \$A505M, \$A40M under budget
  
- Gosowong Expansion
  - full production rate with higher grades expected in March 2010 quarter
  - project cost remains under budget
  
- Hidden Valley
  - full production rate expected in June 2010 quarter
  - capitalisation to finish at the end of February 2010



# Ridgeway Deeps Ramp Up



## Reasons for Record Ramp Up

1. Preconditioning (PC)
2. Cave monitoring system
3. Rapid cave establishment
  - o Rapid development
  - o Drawpoint design
  - o Faster undercutting

Source: MassMin 2000, 2004 and 2008 and 1<sup>st</sup> Symposium on Block and Sublevel Caving, 2007

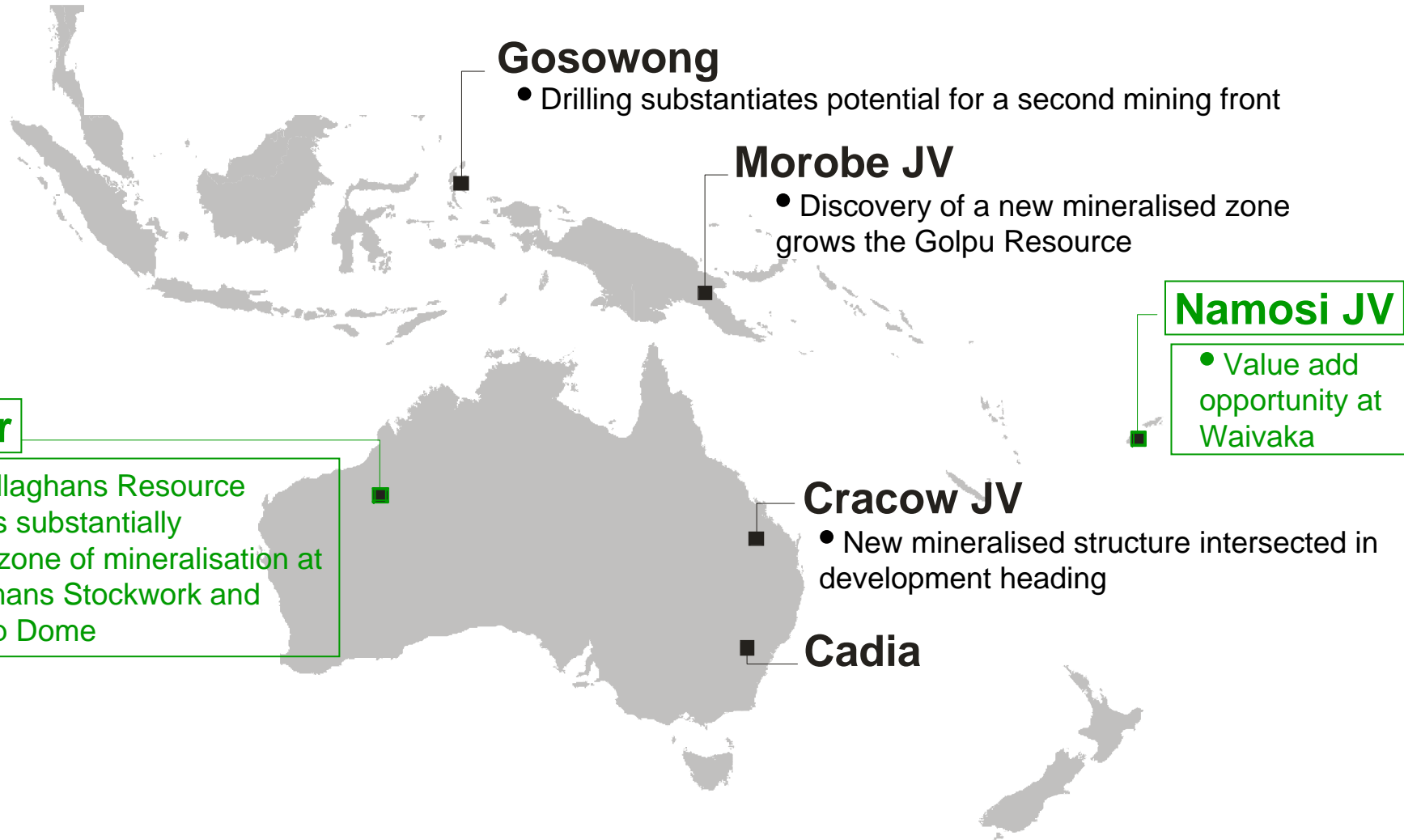
# Growth Projects

- Cadia East
  - NSW Government planning approval received
  - Board approval in early April, feasibility substantially completed
  
- Hidden Valley Expansion
  - debottlenecking has commenced that will increase processing capacity from nameplate 4.2 to 4.6Mtpa mid 2010
  - study of expansion options is underway
  - expected expansion to 5.5Mtpa capacity by 2012 calendar year
  
- Wafi - Golpu
  - revisiting existing development concepts following recent discovery of high grade mineralised zone adjacent to existing Golpu Resource
  - review expected to be completed by the end of the financial year

# Exploration

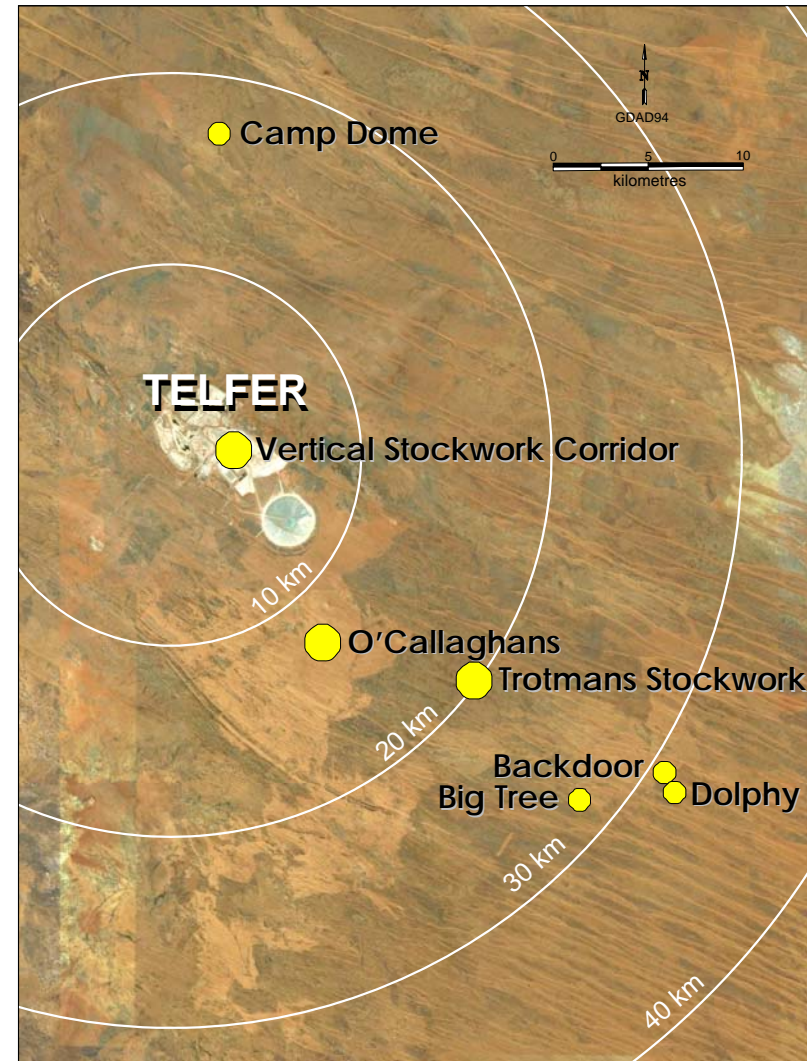


# Exploration Activities



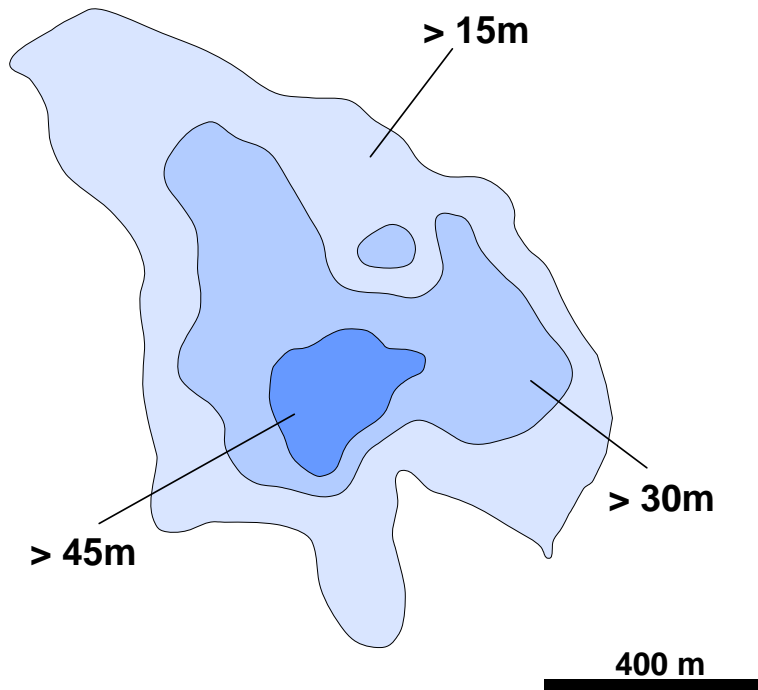
# Telfer

- O'Callaghans mineral resource grows in size and classification
- Initial drilling completed at Trotmans Stockwork and Camp Dome
- Drilling of Vertical Stockwork Corridor continues with encouraging results

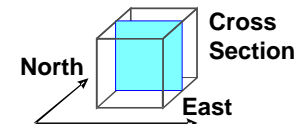
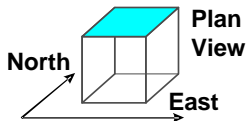
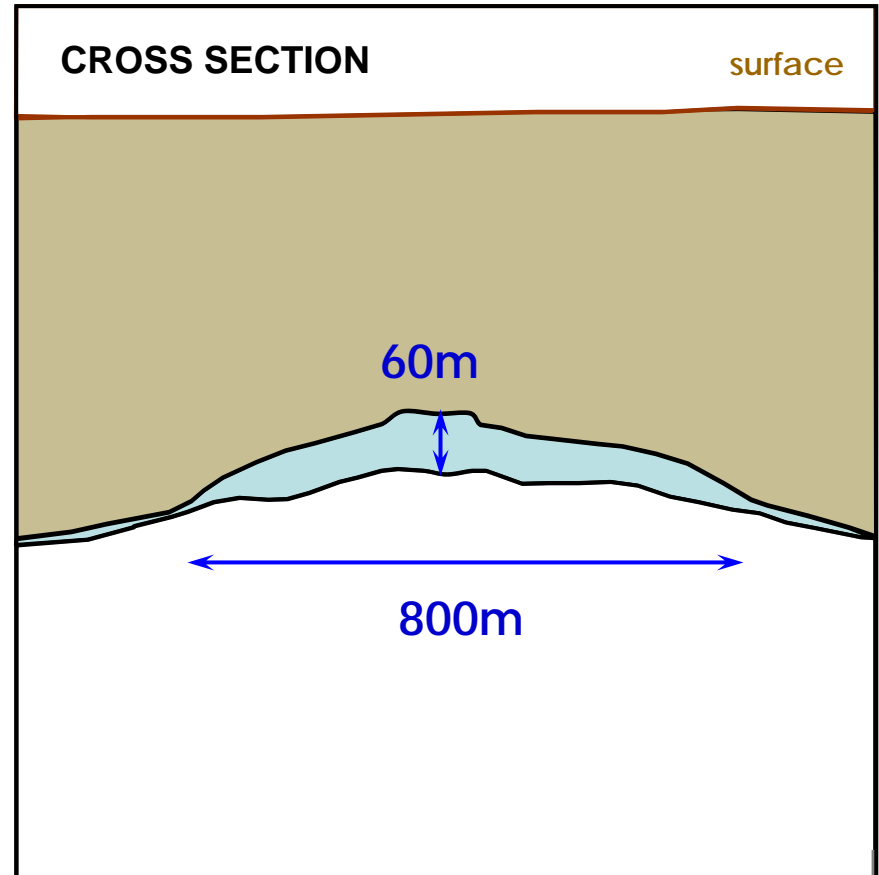


# Telfer – O'Callaghans

PLAN VIEW SHOWING SKARN THICKNESS



CROSS SECTION



# Telfer – O’Callaghans

## Initial Resource - June 2009

	M tonnes	Grades %		Contained Metal (Kt)	
		WO <sub>3</sub>	Cu	WO <sub>3</sub>	Cu
Indicated	0	0	0	0	0
Inferred	59	0.29	0.27	170	160
<b>Total</b>	<b>59</b>	<b>0.29</b>	<b>0.27</b>	<b>170</b>	<b>160</b>

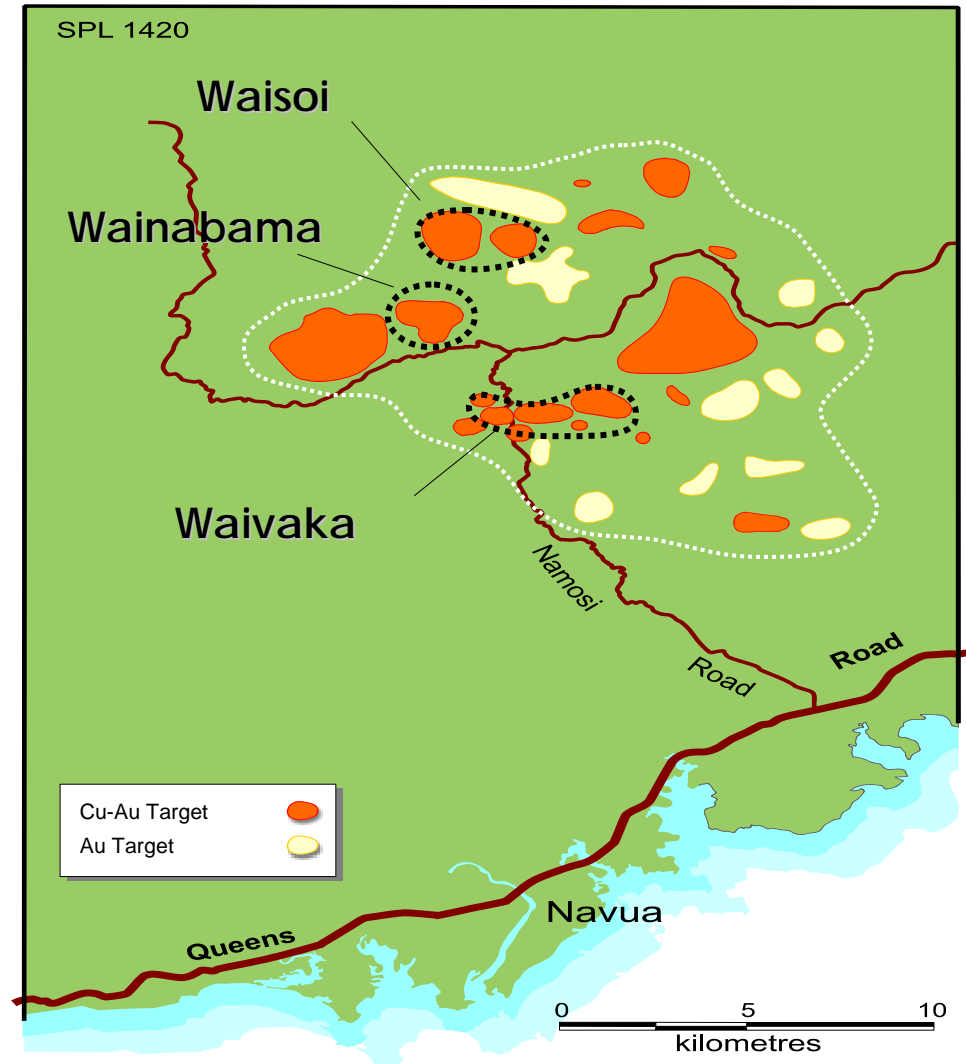
## Updated Resource - February 2010

	M tonnes	Grades %		Contained Metal (Kt)	
		WO <sub>3</sub>	Cu	WO <sub>3</sub>	Cu
Indicated	65	0.34	0.30	220	190
Inferred	13	0.27	0.25	40	30
<b>Total</b>	<b>78</b>	<b>0.33</b>	<b>0.29</b>	<b>260</b>	<b>220</b>

# Namosi



- Waisoi ore reserve expected by end of financial year
- higher grades at Waivaka
- multiple targets remain to be drilled at Namosi





# Namosi – Waivaka

- Waivaka’s higher grade copper mineralisation shows that the Namosi tenements may contain zones of varying grade
- drilling has confirmed continuity at depth
- a second “finger” of mineralisation is being drilled in the Waivaka area

