

NEWCREST MINING

SUSTAINABILITY REPORT
SUMMARY 2008



Vision and Strategy



Newcrest is a leading gold and copper producer. It provides investors with exposure to low-cost, long-life and small, high-margin gold and gold/copper mines in Australia and the Pacific region. It aims to be in the lowest quartile for costs. Newcrest has technical skills and mining experience to deliver strong financial returns and growth through exploration success, project development and mine operation.

Our Vision

Newcrest's vision is to be the 'Miner of Choice', and we recognise that social responsibility, safety and sustainability are fundamental guideposts to the achievement of this vision. We aspire to be the 'Miner of Choice' for all of our stakeholders; this includes our employees, our suppliers, our investors, and the host countries and communities in which we operate. To achieve this vision we must be the organisation that employees want to work for, that suppliers will do business with, that continues to deliver shareholder value, and that communities and governments will grant a social licence to operate. We recognise that these outcomes can best be achieved when sustainability principles have been integrated into our business decisions.

Our Values

Newcrest has formulated and adopted five key values to guide its employees in the conduct of the Company's activities. The agreed values that guide our everyday behaviours and frame how we 'Do the Right Thing' are:

- work together;
- care about people;
- act with integrity and honesty;
- value innovation and problem solving; and
- seek high performance in ourselves and others.

Our Strategy

This is our fifth GRI-based Sustainability Report, covering the 2007–08 financial year. Our Sustainability Reports are hosted on our website and provide a comprehensive overview of our economic, social and environmental performance. We chose to present our reports in electronic format so that we could provide links to important additional material necessary for an understanding of our overall performance. We are committed to public sustainability reporting, and will continue to develop and refine the Report in coming years to cater for the diverse requirements of our key stakeholder groups.

A handwritten signature in black ink, appearing to be 'I. Smith'.

Ian Smith

Managing Director and
Chief Executive Officer

About this Report

This Sustainability Report has been produced for our key stakeholders, including shareholders, local communities, employees and contractors, and capital market participants. It also meets our obligation for external reporting as a signatory to the Australian Minerals Industry Sustainability Code Enduring Value.

This is a condensed report. It outlines the key elements of our sustainability approach which is given in more detail in our GRI-based Sustainability Report. This Report is available on our website at www.newcrest.com.au.

Unless otherwise stated, data presented in this Report cover the 2007–08 reporting period and all costs are in Australian dollars.

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Front Cover

Agnes Hoehne, Wulli Wulli Elder (centre), David Boyd Newcrest Community Relations Manager (left) and Don Runge General Manager (right) Cracow Gold Mine planting a 'Gumby Gumby' tree outside the Keeping Place Centre at Cracow.

Profile

Newcrest is Australia's largest gold producer and one of the world's top 10 gold mining companies by production, reserves and market capitalisation. It provides investors with exposure to a portfolio of low-cost, long-life operating mines, a strong pipeline of growth projects, and highly prospective brownfields and greenfields exploration projects. Newcrest has technical skills and mining experience to deliver strong financial returns and both organic growth and acquisition of high quality gold opportunities.

Newcrest pursues a strategy of delivering competitive shareholder returns by:

- optimising performance at each phase of the mining value chain for gold. This value chain spans exploration, development and operation of low-cost, long-life gold and copper mines; and
- building a portfolio of gold opportunities to convert into operating mines. Opportunities to grow the business include brownfields and greenfields exploration, combined with a focus on early entry merger and acquisition prospects in known gold regions.

Who Are We

Newcrest Mining Limited is an Australian publicly owned company (ABN 20 005 683 625) and is listed on the Australian Stock Exchange (Ticker NCM). As at 3 September 2008, it had 28,880 shareholders.

Newcrest operates predominately in the gold mining industry and derives its revenue from the sale of gold bullion and gold/copper concentrate. Our gold bullion is sold to mints for refining, and our gold/copper concentrate is sold to copper smelters for refining to gold and copper metal.

Our People

Our people are fundamental to the achievement of Newcrest's long-term business strategy. During the year Newcrest's workforce continued to grow, which reflected, in particular, expanded operational and project activities at Kencana, Ridgeway Deeps and Cadia East. The past year has seen a significant change in the workforce, with a 21 percent increase in the number of employees and a 31 percent increase in contractors, reflecting expanded project opportunities.

The 2007–08 year has seen a slight increase in overall employee turnover at Newcrest. In the current industry environment, however, turnover levels remain volatile, and continued attention to reduction in employee turnover remains an important objective.

Newcrest aspires to have the best trained, coordinated and led staff, all acting in line with Newcrest's values and engaged in delivering the Company's business strategy. Newcrest's vision is to be the 'Miner of Choice', and the Newcrest values, developed in late 2006, (see below) guide the behaviour of our workforce in realising that vision.

- We care about people.
- We value innovation and problem solving.
- We act with honesty and integrity.
- We seek high performance in ourselves and others.
- We work together.

These values and behaviours formed part of an organisation wide workshop – 'Creating our Future' – in 2008, the purpose of which was to create strong workforce engagement and participation in achievement of the business strategy. Innovation, collaboration and the competencies to tackle business improvement effectively are equally as important, which also formed part of the workshop.

Exploration

Since inception, Newcrest has been an active and successful explorer and has based its strategy for growth on exploration discovery. As a result of the success of this strategy, Newcrest is one of the few major mining companies in the world that can claim to have discovered every deposit it is presently mining.

Province development at Cadia, Telfer and Gosowong centred on growing the existing resource base and converting resources into reserves. During the year significant increases in the mineral resource and reserves inventory were achieved. Gold resources increased by 28 percent to 70.6 million ounces and gold reserves increased by 20 percent to 40 million ounces. This was predominately driven by increases at Cadia East and acquisition of a 50 percent equity in Harmony Gold's Papua New Guinea mining and exploration assets. Newcrest's commitment to province development and exploration remains a major focus, with budgeted exploration expenditure to increase by 20 percent in the 2009 financial year.

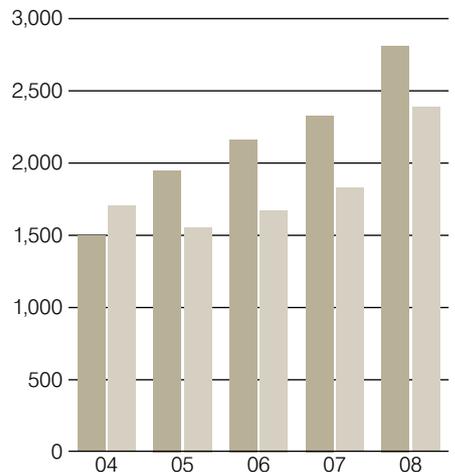
The Company's growth profile, and in particular the exploration pipeline, was significantly enhanced during the year with the addition of several highly prospective properties and the identification of advanced exploration targets on existing tenements. Newcrest entered into joint venture agreements on two properties in North America at Horse Mountain (Nevada) and Croy Bloom (British Columbia).

Newcrest's total exploration expenditure in 2007–08 was \$76.8 million. Greenfields exploration was undertaken in Australia, USA, Peru and Chile.

Employment

(no.)

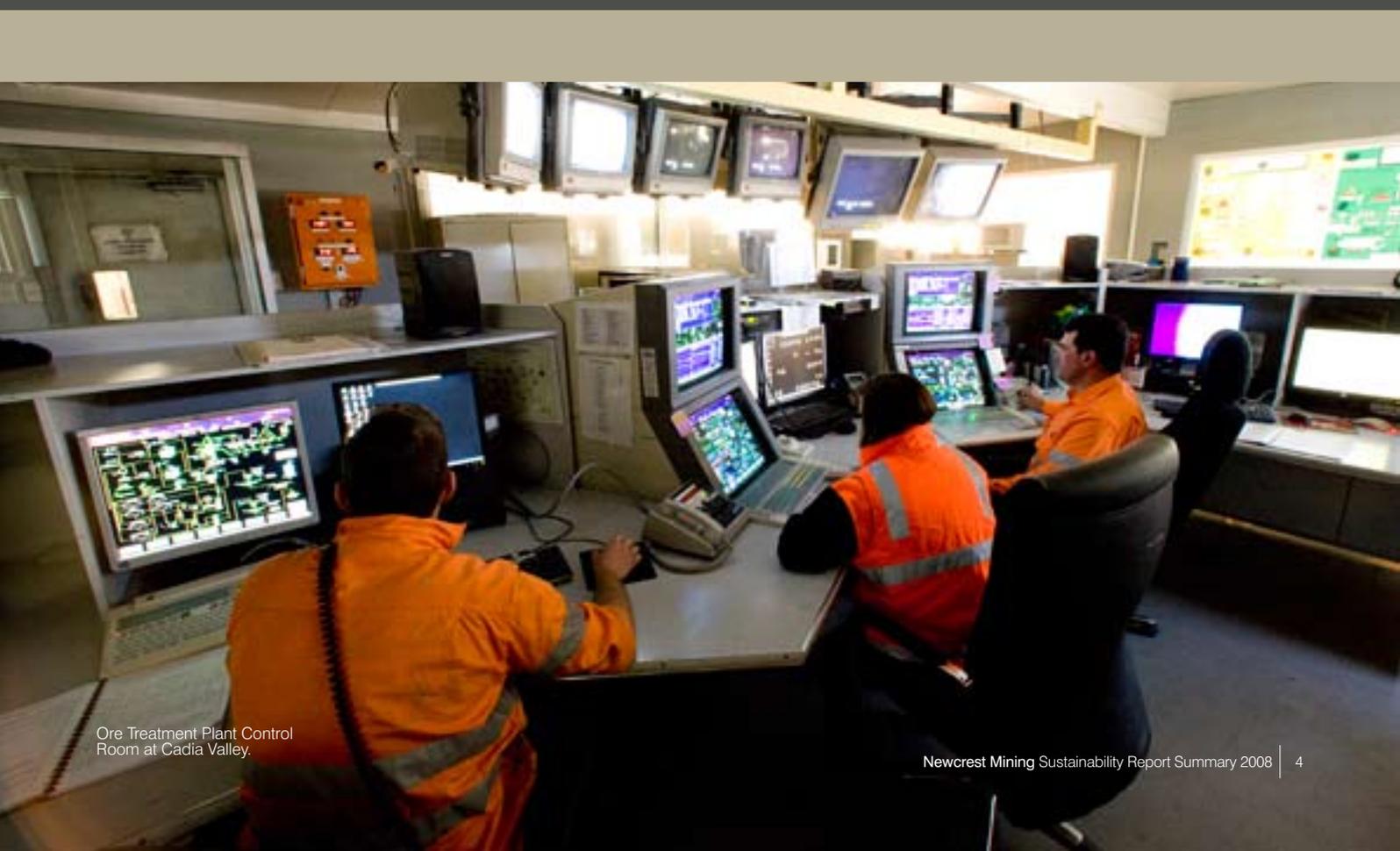
● Employees ● Contractors



Operations

Newcrest now has 5 operating mines: Cadia Hill, Ridgeway, Telfer, Kencana and Cracow, located in 4 distinct mineral provinces.

	2008 Production	
	Gold (oz)	Copper (kt)
Australia		
Cadia Hill gold/copper mine The Cadia Hill mine delivered a solid performance during the year producing 414,171 ounces of gold and 26.4 kilotonnes of copper-in-concentrate. Cadia Hill performed in line with plan, achieving increased mill throughput and metal recoveries to higher head grades. This resulted in record gold production from Cadia Valley.	414,171	26.4
Ridgeway gold/copper mine The Ridgeway underground mine has established itself as a world-class low cash cost of operation with consistent and reliable production delivery. Owner mining, which commenced in April 2005, continued to deliver the expected productivity and cost outcomes. Ridgeway maintained its strong operational results in 2008 with the production of 301,417 ounces of gold and 34.3 kilotonnes of copper.	301,417	34.3
Telfer gold/copper mine The Telfer operation comprises the Main Dome Open Pit mine and the Telfer Deeps underground mine. Total production was 590,217 ounces of gold and 26.8 kilotonnes of copper in concentrate.	590,217	26.8
Cracow gold mine The Cracow underground mine successfully completed its second full year of production with continued achievements in mill performance and gold production. Cracow produced 75,175 ounces of gold for Newcrest during the year.	75,175	
Indonesia		
Gosowong gold mine The Kencana gold mine is Newcrest's first underground mine in Indonesia and is located approximately 1 kilometre south of the original Gosowong pit. The operation is based on mining a high-grade epithermal vein system. Decline development at Kencana commenced in July 2005 and by March 2006 ore was accessed on the first sub-level located some 80 metres below surface. During 2008, Kencana produced 400,202 ounces of gold.	400,202	



Ore Treatment Plant Control Room at Cadia Valley.

Projects

A number of development projects are underway across the Group and these are briefly discussed below.

Cadia East Project

The Cadia East project is based on a porphyry zone of gold-copper mineralisation adjacent to the eastern edge of the Cadia Hill orebody and extending up to 2.5 kilometres east. The system is up to 600 metres wide and extends to approximately 1.9 kilometres below the surface. During the year optimisation of the Cadia East resource was undertaken. A new approach to developing and mining the Cadia East orebody has been recognised. Study work established that development of an underground mine in the upper portion of the Cadia East orebody, previously planned to be mined as an open pit, will negate the need for significant pre-stripping and will increase gold production rates.

Ridgeway Deeps Project

In June 2007, the Board of Newcrest approved the Ridgeway Deeps project, which will allow the development of a block cave below the current Ridgeway sub-level cave mine and extend the depth by 300 metres to approximately 1,300 metres below the surface. This will enable resources previously identified at depth to be economically exploited. Ridgeway Deeps will be the first natural cave operation to be developed by Newcrest and will be the deepest block cave in Australia. The mine is forecast to produce in excess of 2.8 million gold equivalent ounces over a project life of 12 years. At year end, construction was 39 percent complete, with production expected to commence, on schedule, in 2010.

Gosowong Extension Project

The Gosowong Extension project has the potential to add significant value to Gosowong and increase its producing life by around five years. The Extension project is based on the development of the K2 and K Link high-grade epithermal gold deposits, located 450 metres below the surface. These deposits are located approximately 200 metres vertically and 750 metres horizontally from the K1 orebody. The Gosowong Extension project has progressed ahead of schedule, with first production from the K2 orebody expected to commence mid 2009.

Namosi Prospect

Newcrest signed a Memorandum of Understanding with Nittetsu Mining Co Ltd and Mitsubishi Material Corporation in 2007 to establish a joint venture to explore for copper/gold in the Namosi region of Fiji. Under the terms of the agreement, Newcrest can earn a 65 percent interest in the joint venture by funding exploration over a 4 to 5.5 year period. A concept study of the Waisoi resources is well advanced.

Harmony JV

In April 2008, Newcrest agreed to buy half of Harmony Gold Mining Company Limited's (Harmony) exploration and gold mining assets in Papua New Guinea (PNG). The joint venture will add to Newcrest's gold production, resources and reserves, and bring significant exploration opportunities. In the deal, Newcrest will pay Harmony up to US\$525 million for a half share of its PNG assets. The acquisition will be made in two stages, with the first part payment for a 30 percent interest expected by 30 June 2008. The remaining 20 percent interest will be reached when Hidden Valley begins production, scheduled for mid 2009.

The agreement gives Newcrest exposure to Harmony's PNG operations, which cover over 3,400 square kilometres of tenements in the Morobe province, and include the Hidden Valley and Wafi-Golpu projects. Hidden Valley is a gold and silver project with an expected lifespan of 14 years, and Wafi-Golpu comprises two separate mineralised systems in a highly prospective region, with potential to develop into a major mineralised province.

At Hidden Valley (PNG), construction of a major open pit mine, ore processing facility and supporting infrastructure is well advanced, with first gold production expected in mid 2009. At Wafi/Golpu (PNG), additional drilling is supporting the preparation of a concept study. Newcrest is applying its project technical skills to enhance and progress the project.

Cadia East decline entrance.



Governance Structure and Management Systems

The Newcrest Board believes that adherence by the Company and its people to the highest standards of corporate governance is critical in achieving the vision of being the 'Miner of Choice'.

The Company has a formal Code of Conduct, which all Newcrest Directors, employees and contractors are required to observe, and a comprehensive range of corporate policies (Risk Management, Communities, Safety & Health and Environmental), which detail the framework for acceptable corporate behaviour. These set out procedures employees are required to follow in a range of areas, including share trading, employment practices and compliance. The Company policies are reviewed periodically to ensure that they meet evolving stakeholder expectations and community standards, and have been translated into Bahasa Indonesian to facilitate adoption at our Indonesian operations.

Corporate Governance

At 30 June 2008, Newcrest's Board comprised nine Directors – the Managing Director, Mr Ian Smith, the Finance Director, Mr Greg Robinson and seven Non-Executive Directors, being Mr Don Mercer (Chairman) and Messrs Bryan Davis, Michael O'Leary, Tim Poole, John Spark, Richard Lee and Richard Knight.

Since 30 June 2008, Bryan Davis and Michael O'Leary have retired as Directors at the Annual General Meeting on 30 October 2008 and Vincent Gauci was appointed as a Director on 10 December 2008.

On behalf of the shareholders, the Board:

- sets the Company's strategic goals and objectives; and
- oversees the management and performance of the Company's business.

These and other functions of the Board, and by exception the functions delegated to management, have been formalised through the adoption of a formal Board Charter.

Board Committees

To facilitate the execution of its responsibilities, the Board has established a number of Committees, which provide a forum for a more detailed analysis of key issues. All Directors (including the Managing Director) receive all Committee papers and minutes and are welcome to attend any Committee meeting. Each Committee reports its deliberations to the next Board meeting.

The current Committees of the Newcrest Board, their membership and functions are as follows:

Audit and Risk Committee

Members: As at 30 June 2008, John Spark (Chairman), Richard Lee and Tim Poole. No membership changes have occurred since that date.

Audit Committee Function: Ensures compliance with all accounting and financial reporting obligations of the Group, and reviews internal financial controls and the role of the internal and external auditors, including the independence of the external auditors, and the Company's risk management activities.

Safety, Health and Environment Committee

Members: As at 30 June 2008, Michael O'Leary, Bryan Davis and Richard Knight. Bryan Davis and Michael O'Leary resigned from the Committee on 30 October 2008 and Vincent Gauci was appointed as a member on 10 December 2008.

Safety, Health and Environment Committee Function:

Monitors the Company's safety, health and environmental management practices, and ensures that the Company has appropriate policies in place to provide a framework for compliance with all relevant laws, regulations and standards.

Remuneration Committee

Members: As at 30 June 2008, Don Mercer (Chairman), Bryan Davis, Michael O'Leary, Richard Lee, John Spark, Richard Knight and Tim Poole. Bryan Davis and Michael O'Leary resigned from the Committee on 30 October 2008 and Vincent Gauci was appointed as a member on 10 December 2008.

Remuneration Committee Function:

Deals with all matters relating to the Company's remuneration policy, executive and employee remuneration levels and remuneration matters generally.

Risk Management

The Board recognises that risk management and compliance are fundamental to sound management and that oversight of such matters is a key responsibility of the Board. The Company has a formal Risk Management Policy approved by the Board and a comprehensive risk identification, evaluation and reporting system, which seeks to identify, at the earliest opportunity, any significant business risks the controls relevant to those risks, and the effectiveness of the controls.

The Company also has specific reporting and control mechanisms in place to manage material risks and a program to monitor compliance levels in key areas. A component of the internal audit program is the periodic auditing of control mechanisms in key areas. Reports are provided to the Audit and Risk Committee on whether those risks are being managed effectively.

These reporting and control mechanisms underpin the written statements given by the Managing Director and Finance Director to the Board each half year, which include assurance from the Managing Director and the Finance Director that the declarations provided by them are based on a sound system of risk management and internal control.

Governance Structure and Management Systems continued

Enduring Value

In late 2004, the Minerals Council of Australia decided to replace the Code for Environmental Management with a more comprehensive code called *Enduring Value*. *Enduring Value* is a sustainability code based on the International Council on Mining and Metals (ICMM) *Framework for Sustainable Development*. *Enduring Value* adopts the ICMM framework principles and elements and provides implementation guidance in an Australian context. It reflects the three pillars of sustainability (economic, social and environmental), with a strong governance framework. Newcrest became a signatory to *Enduring Value* in May 2005. As a signatory, we have three commitments:

- progressive implementation of the ICMM principles and elements;
- public reporting of site level performance at least once a year, with reporting metrics self-selected from the GRI, the GRI Mining and Metals Sector Supplement or self-developed; and
- assessment of the systems used to manage key operational risks.

Our Stakeholders

Newcrest recognises that there are a wide range of stakeholders who have an interest in our activities. Our key stakeholders have been identified as:

- shareholders;
- local communities (including indigenous communities);
- employees and contractors; and
- capital market participants.

We also recognise a number of other stakeholder groups that are important to the ongoing viability of our business. They include:

- customers;
- suppliers;
- regulators; and
- non-governmental organisations.

At 3 September 2008, the Company had 28,880 shareholders, all holding ordinary shares. The shareholder base continued to evolve over the year, with the international component of the register remaining steady at 66 percent and the domestic component at 20 percent and retail investors at 13 percent.

Each of our operations identifies a distinct **local community** (including indigenous communities) within their area of influence. We recognise, respect and support the right of local communities to be consulted on matters that potentially impact on their culture and livelihoods.

The strong demand for skilled labour in the Australian resources sector continued in 2007–08. A critical success factor for Newcrest is its ability to attract, develop and retain managers and employees who can consistently deliver outcomes that place Newcrest ahead of its competitors. An Initiative called 'Creating our Future' workshops was developed and will be rolled out across the Company to equip all employees with the competence and confidence to build Newcrest's future together.

We recognise a diverse group of **capital market participants** and their impact on our business. These include banks and other lending institutions, mainstream equity analysts and socially responsible investment analysts. Increasingly, these stakeholders are requesting information on the sustainability performance of large organisations such as ourselves, and building these criteria into their investment and lending decisions.

Outback football at the Newcrest sponsored Punmu Carnival.



Environmental Performance Indicators

We are committed to operating our existing mines and developing our new mines in line with leading environmental practice.

Newcrest is proud of its environmental performance. We have integrated care of the environment into our business culture; it is part of the way we work. We undertake continuous improvement programs and undertake strategic research to improve our environmental performance and deliver sustainable environmental outcomes.

Material Use

The total amount of ore processed in 2008 was 41.6 million tonnes (the majority of which passed through the Cadia Valley process plant (22.6 million tonnes) and the Telfer process plant (18.3 million tonnes)). This is a 4.7 percent decrease on the previous year.

Reagents are key consumables used in the processing of our ore. A total of 265,415 tonnes of reagents were used in 2008. As a minimum, reagents are transported, stored, used, and residues disposed of, according to the regulations in the jurisdiction in which we operate.

The principal reagents were:

- quicklime and lime (31,983 tonnes): added to the process circuit to modify slurry pH; and
- cyanide (4,561 tonnes): used at Gosowong, Cracow and Telfer. Cyanide use has decreased from the previous year (4,797 tonnes).

Cyanide is a toxic and hazardous substance; however, proper management ensures the protection of both human health and the environment. At Gosowong and Cracow, cyanide is detoxified before discharge to the tailings dam. At Telfer, discharge is managed to less than 50 mg/L CNWAD prior to discharge to the tailings dam. On two occasions during the reporting period, there were two minor exceedances of the 50 mg/L target (51 mg/L and 56 mg/L) measured in the tailings pipeline. Due to early detection and prompt remedial action, the CN levels in the supernatant water at the tailings decant were well below 50 mg/L and had no impact on fauna. A cyanide recovery plant (SART technology) has been built at Telfer to recover cyanide before it is discharged to the tailings storage facility. This has enabled Telfer to recycle 40 percent of its cyanide, lowering cyanide levels in the tailings storage facility and reducing the amount of cyanide required to be transported to site.

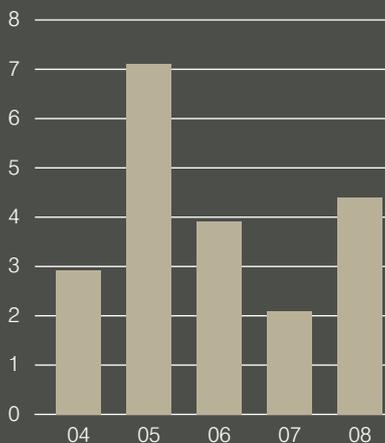
Cyanide Code

An application for Newcrest to become a signatory to the International Cyanide Management Code was accepted by the International Cyanide Management Institute (ICMI) on 2 October 2008. The Code requires that a 'Verification Audit' be carried out by an independent third party professional (chosen by Newcrest from a list of accredited auditors) within three years of the sign-on date, i.e. by October 2011. An implementation plan will be prepared in consultation with relevant operations in the upcoming year. More details on the Code can be found on the ICMI website: <http://www.cyanidecode.org>.

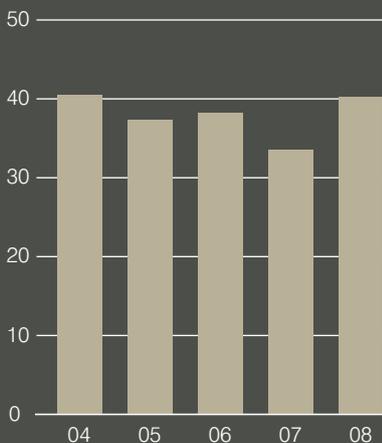
Scientists and Telfer environmental personnel evaluating mesa landform as part of the ecohydrology research program.



Reportable environmental incidents (per million hours)



Greenhouse gas emissions (kg CO₂e/t)



Environmental Performance Indicators continued

Energy Use

The electricity use per tonne of ore treated increased by 8.0 percent in the current year. A total of 6,234 terrajoules of natural gas was consumed in the generation of electricity at Telfer in 2008. The Company used a total of 131,988 kilolitres of diesel during the year, of which 15.6 percent was used for on-site power generation and 84.4 percent for transport purposes (principally hauling ore and waste rock). There was a 22.2 percent increase in diesel usage in the current year due mainly to the requirement to run the back-up generators at Telfer due to the interruption to gas supplies. Diesel usage for power generation at Telfer was 10,300 kilolitres, an increase of 8,386 kilolitres over the previous reporting period.

Compliance

The reportable environmental incidents per million hours (Category II and above) for the years 2004 through 2008 are shown in the graph on page 8. There was an increase in the number of incidents per million hours worked, from 2.14 in 2007 to 4.44 in 2008.

There were a total of 50 environmental incidents reported during 2008 (45 Category II incidents, 4 Category III incidents and 1 Category IV). This compared with a total of 23 incidents in 2007, an increase of 117.4 percent.

Of the 50 reportable incidents, there were 20 process spills and 13 hydrocarbon spills.

All incidents, apart from the Category IV incident (details below), were resolved during the reporting year, and appropriate action taken where necessary to prevent future occurrences.

Category IV Incident

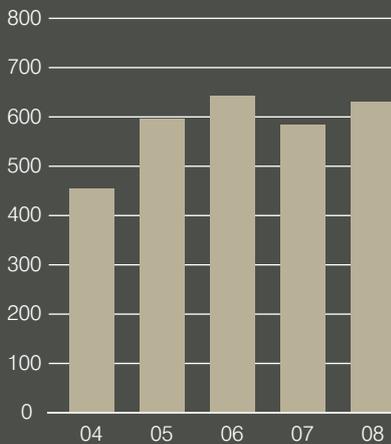
There was one Category IV environmental incident during 2008. It was reported in March 2008 and related to suspected hydrocarbon contamination detected in a monitoring bore. While compiling groundwater data, it was noted that monitoring bore MR23063 had recorded the presence of hydrocarbons. The hydrocarbons are likely to be the result of a leaking tank or line, or from historical diesel spills. The Category IV incident investigation has recommended a full fuel farm inventory check in addition to tank, pad and buried diesel line testing. The DEC Land and Water Quality branch was notified in writing as required under the Contaminated Sites Act. The line testing has been completed and tank integrity testing and bund enhancement works are programmed for the upcoming year.

Subsequent monitoring undertaken in December 2008 did not detect the presence of any hydrocarbons, indicating historical causes of the incident.

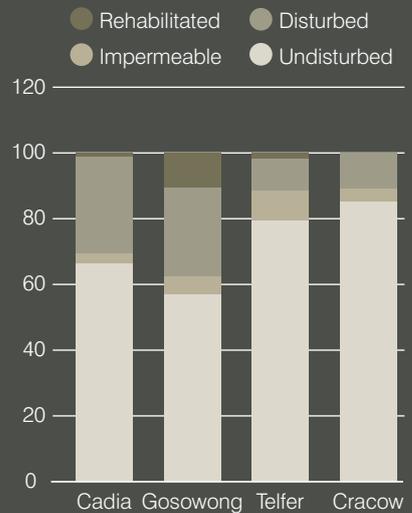
Rehabilitated Gosowong Pit waste rock dump 8 years on.



Make-up water (L/t)



Percentage of land in defined categories



Environmental Performance Indicators continued

Greenhouse Gas Emissions

Greenhouse gas emissions during 2008 increased in total and relative terms. The increase in total emissions is mainly attributable to increased energy usage at Telfer and Gosowong and an increase in diesel used for electricity generation due to the interruption of gas supplies to Telfer following the incident at Varanus Island in WA.

The greenhouse gas emissions per tonne treated for the years 2004 through 2008 are shown in the graph on page 8. Greenhouse gas emissions increased by 20.07 percent per tonne of ore treated compared with the previous year.

Indirect greenhouse gas emissions (such as that resulting from the purchase of electricity) are included in the emissions calculation. This is consistent with reporting protocols under the Greenhouse Challenge Plus program.

Water

The make-up water per tonne of ore treated for the years 2004 through 2008 is shown in the graph on page 9. Make-up water use in the current year increased by 8.03 percent over the previous year. This was largely due to an increase in the total volume of water used at Gosowong and an increase in Cadia Valley's water storages. The water that is pumped into the Cadia Valley water storages is classified as make-up water as it is abstracted from the environment; however, it is not all used in the process. The underlying water requirement at CVO decreased from 24 ML/day in 2007 to 22.6 ML/day in 2008.

Make-up water use for 2008 was 26,160 megalitres compared with the previous year's use of 25,398 megalitres – a 3.0 percent increase. Of this, 56.5 percent was extracted from both groundwater and surface water sources and 43.5 percent was recycled and reused, including 'grey water' taken from the towns of Orange, Blayney and Millthorpe.

Rehabilitation

At Newcrest, we are committed to progressive rehabilitation. This means that we will attempt to create final landforms as soon as possible in the mining cycle so that we can commence rehabilitation. This reduces the amount of disturbed area on our sites, and demonstrates our ability to undertake successful rehabilitation.

Rehabilitation activities undertaken over the year include:

- the receipt and storage of biosolids (sewage sludge) from Orange City Council for later use in rehabilitation programs. This draws on the results of a component of the CVO tailings rehabilitation trial, which demonstrated some benefits of using biosolids for seedling growth and survival;
- follow up seeding at the CVO southern waste rock dump;
- the Telfer Ecohydrology Research Program continued; and
- weed, seed and topsoil research programs continued at Telfer.

Vegetation corridor enhancement programs and the 'Farm Trees Program' continued at Cadia Valley to enhance off-site rehabilitation outcomes.

Details of these programs are contained in the main report.

Cadia Valley processing plant.



Social Performance Indicators

As a successful resource business, it is imperative that we develop positive, ongoing relationships with our employees, contractors and the local communities in which we operate.

Operating a mine is a partnership between Newcrest and its key stakeholders: its shareholders, employees, government and the local community. Getting it right is important, and we believe that our success is reflected in the positive contribution we make to the social and economic fabric of the local communities in which we operate.

Communication

We recognise the importance of keeping the market fully informed of the Company's activities and of communicating openly and clearly with all stakeholders. A formal Continuous Disclosure Policy is in place to ensure that this occurs. All key communications, including any Company releases to the ASX, are placed immediately on the Newcrest website and, when necessary, mailed directly to all shareholders. General and historical information about the Company and its operations is also available on the website.

We continue to place a strong emphasis on our interaction with local communities. While particular emphasis is placed on developing and maintaining one-on-one relationships with key stakeholders, we also have in place dedicated structures to enhance our community consultation. These include:

- local representative committees;
- residents' meetings;
- open days and site tours; and
- local residents' newsletters.

Local Communities

Engagement with the communities in which we operate remains important before, during and after project development.

Cadia Valley continues to be an active member of the local community and has conducted numerous community consultation activities over the reporting period. Community consultation initiatives developed previously have been continued and supplemented by new initiatives.

Cadia Valley runs an active program of site tours for educational, business and general interest groups throughout the year. In April this year, a public open day was held at Cadia that attracted over 3,000 visitors to the mine.

Two tertiary education scholarships were awarded to local students studying degree courses in electrical engineering and environmental science.

The Cadia Valley Community Partnerships Program, which provides a mechanism for contributions to the maintenance of community infrastructure and services in the Central West region, made contributions totalling more than \$326,370 to various community groups and local charities.

Since the operation commenced in 1998, Gosowong has maintained an ongoing commitment to various community development programs. The Kencana underground has provided an extended mine life for the Gosowong area and will allow the Company to continue to develop and support the local communities.

At Gosowong, excellent progress was made with local community-related projects and programs. Projects funded with community development funds include:

- tyre patching business;
- fishery;
- small factory producing a condiment made from pounded and fermented shrimp or small fish;
- medical clinics and clinic assist buildings;
- virgin coconut oil project;
- a sports centre;
- road improvement projects;
- artesian well project; and
- community lighting.

Ongoing dialogue has been maintained with local and provincial government departments with the objective of maximising the benefits and effectiveness of community development programs in the local communities.

With a strong mining heritage and a small local community, the development of the Cracow project requires particular attention to the needs of all stakeholders. During the year, support and funding was made available for a number of community facilities in the Cracow township, including the refurbishment of a building to act as a keeping place for the traditional owners the Wullli Wullli people.

Social Performance Indicators continued

Indigenous Relations

Telfer

As part of our commitment to the Aboriginal People impacted by the Telfer redevelopment, three agreements were negotiated with Aboriginal groups as part of the project approval process. The agreements are:

1. An Infrastructure Agreement that provides benefits for a number of Aboriginal groups whose Native Title Claims are impacted by an Infrastructure Lease, which currently contains a gas pipeline. Benefits include training, job opportunities, cultural heritage monitoring, cultural awareness training and financial payments.

2. A Community Benefits Agreement that was negotiated with the Martu People, whose determined claim surrounds the Telfer leases. Benefits include financial assistance to the communities, heritage surveys, protection of heritage sites, training programs, employment and sponsorship, including sports, school camps, healthy lifestyles and emergency support for community members. Assistance with health issues is also being provided.
3. A Memorandum of Understanding that provides a number of mine related benefits, including a Community Relations Facilitator who deals with Martu community matters, and chairs a Community Consultative Committee made up of Newcrest staff and Martu members. The Committee's objectives and guidelines are set out in a Memorandum of Understanding (MoU), and it meets up to four times each year. One of its roles is to guide the implementation of the Community Benefits Agreement and also prepare the groundwork for a future comprehensive ILUA.

The agreements also provide for jointly managed committees to meet on a regular basis to discuss issues of mutual interest, and where necessary to resolve grievances.

Cracow's General Manager Don Runge welcomes Wullli Wullli elders to the Keeping Place in Cracow that Newcrest has provided to house aboriginal artefacts found at Cracow.

Cracow

An Indigenous Land Use Agreement (ILUA) was concluded with the Wullli Wullli People and the Iman People in November 2002. During 2008, the Iman claim was dismissed by the Federal Court of Australia. This agreement provides a number of benefits to all parties, including:

- employment opportunities;
- high school scholarships;
- traineeships;
- storage of cultural items and artefacts;
- financial contributions; and
- annual report-back meetings.

The ILUA is managed by a Liaison Committee made up of representatives of the Aboriginal group and the Cracow Gold Mine. The Committee meets four times a year and also prepares a report for the annual meeting of the Aboriginal group, which takes place in the third quarter of each year.



Health and Safety

Newcrest's commitment to improved safety continued with the emphasis on *Target Zero* during 2007.

Newcrest continues to make the provision of a safe and healthy workplace a key priority for employees and contractors. Our belief is that all injuries are preventable, so our ultimate goal is to have zero injuries across all areas of the business.

Target Zero

Strong emphasis on the *Target Zero* initiative continued throughout the year, reinforcing the principle that every injury and incident is preventable by modifying the behaviour of all employees and contractors.

Key features of the initiative include:

- establishing clear targets for lagging measures of safety performance, including Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR)
- establishing consistent leading measures of safety performance, including near miss and hazard reporting;
- maintaining an effective safe behaviour observation program;

- maintaining active working groups at a corporate and site level with meaningful involvement of both employees and contractors;
- training line managers in safety leadership; and
- providing employees and contractors with safety skills training to improve their knowledge of how to work safely.

Semi quantitative risk assessments addressing major site hazards continued across the Group. Programmed implementation of control measures resulting from the assessments also continued across the Company. A formal assurance process has been implemented to monitor the efficacy and timeliness of control measures.

Key performance indicators and 'league' tables continued across Newcrest during the year. The tables are designed to build a competitive team culture within the business to drive improved safety and health performance and are weighted to emphasise leading or positive performance indicators.

The Safe Behaviour Observation (SBO) process continues across all operations and remains an important component of Newcrest's safety process. The emphasis remains on identifying the root causes of the unsafe acts (rather than just the acts), and empowering and training staff to lead safe behaviour observations in the workplace.

Contractors play an important role at Newcrest and their active involvement in the safety initiative is essential in order to lift overall health and safety performance across the Company. Over the past year, several alliances have been established with key contractors. Alignment of safety objectives and commitment to the *Target Zero* initiative form an integral part of the broader contractual obligations. Contractor involvement has been a critical factor in the successful outcome of work undertaken by a number of *Target Zero* working groups.

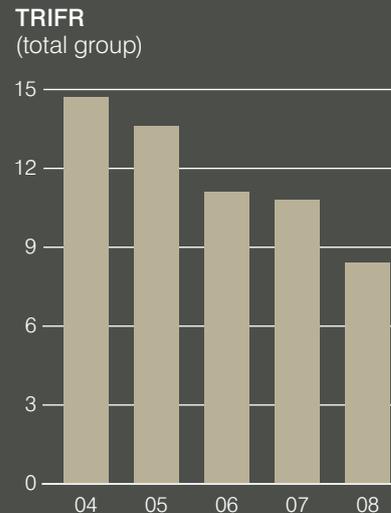
Health and Safety Performance

The impact of *Target Zero* is reflected in generally improved safety performance for the Company in the 2007–08 year:

- there was one fatality in Gosowong during October 2007;
- an increase in Lost Time Injury Frequency Rate (LTIFR) by 18 percent from 1.1 to 1.3 Lost Time Injuries per million exposure hours. Despite the decrease and Newcrest comparing favourably with its industry peers for this measure, the continued presence of Lost Time Injuries remains unacceptable to Newcrest; and
- Total Recordable Injury Frequency Rate (TRIFR) decreased by 22 percent from 10.8 to 8.4.

The safety statistics (LTIFR and TRIFR) for our individual operations are shown in the table below.

Site	LTIFR		TRIFR	
	2008	2007	2008	2007
Cadia Valley	1.0	1.5	8.7	7.6
Cracow	0.0	0.0	5.1	12.2
Gosowong	0.8	0.3	3.0	1.9
Telfer	2.0	2.0	13.9	22.1
Exploration	2.5	1.4	11.1	14.9
Total Newcrest	1.3	1.1	8.4	10.8



Economic Performance Indicators

The Company's enhanced financial condition has directly increased its capacity to consider growth options. The overall strategy of the Company remains unchanged. It has maintained its focus on and commitment to gold, and will continue to do so.

Newcrest's strong production performance, combined with a successful equity raising and hedge book close-out, delivered a record profit and cash flow from operations. Underlying profit increased 158 percent to \$493.9 million, while cash flow from operations increased 163 percent to \$1,018.1 million. Those increases were driven primarily by higher gold and copper prices received during the year and record gold production.

Financial Performance

The 2007–08 year was a transformational year for Newcrest, on several fronts, resulting in substantial increases in market capitalisation, the reach and scale of its activities and its ranking in the international gold sector. These changes have further consolidated its position as Australia's leading independent gold producer.

Newcrest pursues a strategy of delivering competitive returns by:

- Optimising performance at each phase of the mining value chain for gold. This value chain spans exploration, development and operation of low-cost, long-life gold and gold/copper mines; and
- Building a portfolio of gold opportunities to convert into operating mines. Opportunities to grow the business include brownfields and greenfields exploration, combined with a focus on early entry merger and acquisition projects in known gold regions.

A comprehensive analysis of our financial performance can be found in our 2008 Concise Annual Report.

The Future

The Company has a number of new projects currently being developed in our existing mining provinces. These include Ridgeway Deeps, Kencana, Cadia East, Namosi and Marsden.

Newcrest is well positioned for future growth, with a strong balance sheet, a portfolio of high quality assets and a world-class resource and reserve base.

Mine Closure

Newcrest recognises that it has an obligation to restore its mine sites to an agreed condition at the end of the life of mine. All of our operations have closure plans in place. Mine rehabilitation costs are provided for at the present value of

future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, we have estimated costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised, a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life. Costings and provisioning at each operation are in accordance with A-IFRS requirements.

The balance of the provision at 30 June 2008 is \$47.9 million (2007 – \$44.8 million).

Research

Newcrest sponsors a number of research programs in conjunction with individual sites. Our research effort has been directed towards a better understanding of:

- acid rock drainage, including the effectiveness of various cover systems (Telfer and Cadia Valley);
- eco-hydrology of mesa landforms in the Pilbara (Telfer);
- weed management, seed collection and storage and topsoil viability at Telfer in partnership with Kings Park and Botanic Gardens; and
- the potential for direct revegetation of tailings (Cadia Valley).

The financial overview of the Company's performance is shown in the following table.

	30 June 2008	30 June 2007
Gold produced (ounces)	1,781,182	1,617,251
Copper produced (tonnes)	87,458	88,940
Gold price realised (\$/ounce)	917	812
Sales revenue (\$ million)	2,363.1	2,126.5
Operating EBIT (\$ million)	757.1	358.1
Underlying profit (\$ million)	493.9	191.2
Statutory profit (\$ million)	134.3	72.0
Cash flow from operations (\$ million)	1018.1	387.4
Capital expenditure (cash flow basis including exploration) (\$ million)	414.7	400.7
EPS on underlying profit (cents)	114.1	51.6
Return on capital employed (ROCE) (percent)	21	12
Gearing (net debt/net debt plus equity)	8	46