



Vision and Strategy



Newcrest is a leading gold and copper producer. It provides investors with an exposure to low-cost, long-life and small, high-margin gold and copper mines. 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.

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 fourth GRI-based Sustainability Report, covering the 2006–07 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 read '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 2006–07 reporting period and all costs are in Australian dollars.

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Front Cover

Ross Howard Leading Hand Service Crew,
Michael Fowler Service Crew Member and
Adrian Short Underground Superintendent,
inspecting construction of works underground.

Profile

Newcrest is now positioned as a world-class gold producer. This has been achieved through many years of hard work and dedication on the part of our management team and workforce.

Newcrest maintains a strategy of developing low-cost, long-life and small high-margin mines. We aim to operate projects in the lowest cost quartile in order to maximise profitability and minimise the impact from commodity price variation. Exploration remains the key element of our business building strategy.

Who we are

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 31 August 2007, it had 24,884 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 and Telfer. The past year has seen a significant change in the workforce, with a 7.5 percent increase in the number of employees and a 9.2 percent increase in contractors.

The 2006–07 year has seen a trend towards lower 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. In late 2006, Newcrest revealed its new Vision which is to be the 'Miner of Choice'. Newcrest's Values (see below) will guide the behaviour of its 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.

The Newcrest values, which originated at Cadia, were further developed by a group of Newcrest people who developed enabling behaviours underpinning each value. These values and behaviours will form part of an organisation-wide workshop in 2008, the purpose for which is to create strong workforce engagement and participation in achievement of the business strategy. Newcrest's people framework is being reviewed to ensure that there is close alignment with the Vision of being the 'Miner of Choice' and also with the key elements of the business strategy.

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.

Newcrest discovery strategy is framed over a ten-year period. The strategy through to 2016 is to continue to pursue the dual discovery-target objective. This will be undertaken in regions where the business/political risk is acceptable and geological conditions are conducive to discovery. Underground mining targets will continue to be of interest based on Newcrest's growing expertise in developing and operating large-scale underground mines.

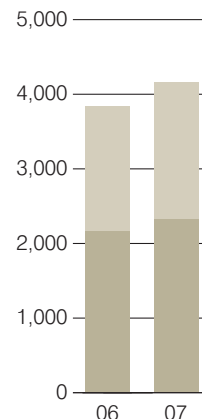
Newcrest's total exploration expenditure in 2006–07 was \$59.9 million. Greenfields exploration was undertaken at Marsden NSW, Coalstoun Queensland, Ashburton Western Australia, Nevada United States, and in Peru and Chile.

Newcrest's exploration strategy has targeted deposits that contain both gold and copper. The success of that strategy is demonstrated by the increased contribution of copper to the Company's revenue base. Copper production has risen from a little over 3,000 tonnes in 1991 to 100,000 tonnes in 2006.

Over the past two years, the Company's exploration strategy has been broadened and the range of targets now includes copper-dominant gold deposit types, as well as copper mineralisation that might have related copper-gold mineralisation at depth. The latter includes secondary copper mineralisation styles.

Employee Statistics

● Employees ● Contractors



Operations

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

| | 2007 Production | |
|--|-----------------|------------|
| | Gold (oz) | Copper (t) |
| Australia | | |
| Cadia Hill gold/copper mine | | |
| The Cadia Hill mine delivered a solid performance during the year producing 246,661 ounces of gold and 23,181 tonnes of copper-in-concentrate. Cadia Hill performed in line with plan, achieving increased mill throughput and metal recoveries to offset lower head grades. This resulted in metal production comparable with that of the previous year. | 246,661 | 23,181 |
| 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 2007 with the production of 314,028 ounces of gold and 37,939 tonnes of copper. | 314,028 | 37,939 |
| Telfer gold/copper mine | | |
| The Telfer operation comprises the Main Dome Open Pit mine and the Telfer Deeps underground mine. Total production was 627,077 ounces of gold and 27,820 tonnes of copper in concentrate. | 627,077 | 27,820 |
| 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 81,678 ounces of gold for Newcrest during the year (total gold production of 116,683 ounces). | 81,678 | |
| 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. By the end of June 2007, Kencana had produced 347,807 ounces of gold. | 347,807 | |



Page 4
Peter Bennett Production Supervisor Ore Treatment inspecting material movement on the pebble crusher.

Projects

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

Telfer Deeps Cave

The I30 reef in Telfer Deeps is currently being mined using the sub-level caving mining method. Studies are being undertaken to enhance the project business case by optimising the mining methodology.

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. The Cadia East open pit resource is a large low-grade deposit suited to bulk open-pit mining operation. The Cadia east underground resource is a large, low-grade deposit suited to the application of bulk mining methods. With potential to produce at a rate of approximately 22 million tonnes per annum, it is anticipated that Cadia East underground will be Australia's largest underground mining operation.

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.

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 Extension project is expected to move through feasibility during 2008 with project implementation scheduled for 2009, confirming Gosowong as a world-class gold province.

Namosi prospect

Newcrest has signed a Memorandum of Understanding with Nittetsu Mining Co Ltd and Mitsubishi Material Corporation 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.

Marsden project

An initial inferred Mineral Resource was announced at the Marsden project located between Forbes and West Wyalong in Central Western NSW. Marsden is a body of porphyry style copper-gold mineralisation hosted in intrusive rocks. Additional drilling and concept studies are planned.

Page 5 left
Gosowong mine site operating facility.
Page 5 right
Ore at Ridgeway being dumped into the underground crusher.



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 Ethics and Conduct, which all Newcrest Directors, employees and contractors are required to observe, and a comprehensive range of corporate policies (Risk Management, Communities, Safety and 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

Newcrest’s Board currently comprises seven Directors – the Managing Director, Mr Ian Smith, Finance Director, Mr Greg Robinson and five Non-Executive Directors, being Mr Don Mercer (Chairman) and Messrs Bryan Davis, Ronald Milne, Michael O’Leary and Dr Nora Scheinkestel.

Note: The following Board changes have occurred since the end of the 2006–07 financial year:

- Dr Scheinkestel and Mr Ron Milne retired from the Board in August and November 2007 respectively; and
- Mr Tim Poole and Mr Rick Lee were appointed to the Board in August 2007 and Mr John Spark was appointed in September 2007.

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 are the:

- Audit and Risk Committee, whose function is to ensure compliance with all accounting and financial reporting obligations of the Group and review 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; and
- Safety, Health and Environment Committee, whose function is to monitor 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.

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 also has specific reporting and control mechanisms in place to manage significant risks and a formal compliance program to monitor compliance levels in key areas. An internal audit function, which reviews and reports to the Audit and Risk Committee on the effectiveness of those mechanisms, is also maintained. These reporting and control mechanisms underpin the written statements given by the Managing Director and Finance Director to the Board each half year. The Audit and Risk Committee is given further assurance regarding the integrity of the Company’s control systems by the internal audit team, led by the Executive General Manager Corporate Services and assisted by KPMG, which provides a majority of the internal audit reports.

The Company has a formal Risk Management Policy approved by the Board and a comprehensive reporting system which seeks to identify, at the earliest opportunity, any significant business risks.

The objective of our risk management program is to increase confidence in achieving planned outcomes. Risk management is an integral part of the business planning process, which involves:

- identifying and evaluating potential risks to the business;
- establishing adequate controls to ensure an acceptable residual risk profile; and
- objective consideration of risks when decisions are made at all levels of the organisation.

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 31 August 2007, the Company had 24,884 shareholders, all holding ordinary shares. The shareholder base continued to evolve over the year, with the international component of the register remaining steady at 69 percent and the domestic component increasing by 3 percent to 19 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 will intensify in 2007–08 and beyond. Attracting and retaining capable employees will continue to be a key challenge for the Company's People Strategy. Developing Newcrest's employees, promoting from within and providing challenging opportunities will continue to be hallmarks of the Company's approach.

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.

Page 7 left
Glenn Underwood
Development Foreman,
Rebecca Roper Development
Engineer and Clive Jones
Underground Superintendent
review daily work plans.

Page 7 right
Michael Fowler Service Crew
at Telfer.



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. However, it is not enough that we perform to high environmental standards, we must also make sure that our key stakeholders are aware that this is the approach at Newcrest.

Material Use

The total amount of ore processed in 2007 was 43.6 million tonnes (the majority of which passed through the Cadia Valley process plant (22.3 million tonnes) and the Telfer process plant (20.5 million tonnes)). This is a 3.7 percent increase on the previous year.

The increase is largely due to a full year of production from the Telfer open cut, which resulted in ore through the process plant increasing from 8.8 million tonnes in 2005 to 20.4 million tonnes in 2006.

Reagents are key consumables used in the processing of our ore. A total of 69,415 tonnes of reagents were used in 2007. 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 (29,935 tonnes): added to the process circuit to modify slurry pH; and
- cyanide (4,797 tonnes): used at Gosowong, Cracow and Telfer.

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 was detoxified before discharge to the tailings dam. At Telfer, discharge was managed to less than 50 mg/L CNWAD prior to discharge to the tailings dam. 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.

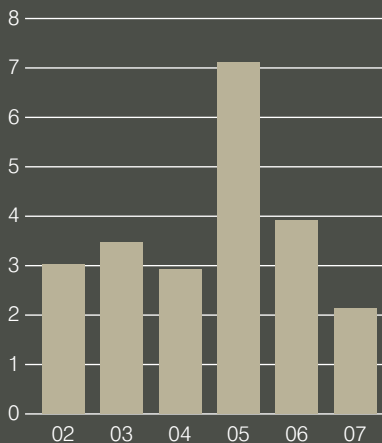
Energy Use

The electricity use per tonne of ore treated increased by 3.9 percent in the current year. A new gas fired power station has been built at Telfer as part of the new project. Powered by natural gas supplied via a newly constructed 440 kilometres gas pipeline from Port Hedland, the new power station commenced operations in early 2005. The original diesel-powered station continued to be used as the gas-fired power station was brought online. It will be retained for use during peak load periods or in the event of an interruption to gas supply. A total of 6,226 terrajoules (TJ) of natural gas was consumed in the generation of electricity at Telfer in 2007. The amount of natural gas used in gigajoules (GJ) per tonne in 2007 increased slightly by 1.6 percent over natural gas consumption in 2006.

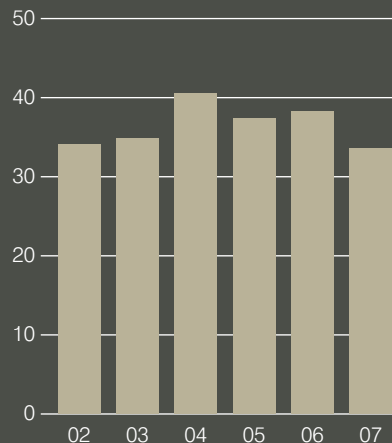
The Company used a total of 113,295 kilolitres of diesel during the year, of which 12.0 percent was used for on-site power generation and 88.0 percent for transport purposes (principally hauling ore and waste rock). The total diesel usage is a 41.8 percent decrease in the current year, due mainly to a reduction in the amount of waste rock moved (22.5 percent decrease in tonnes compared to the previous year) at CVO and Gosowong and a 3.7 percent increase in the tonnes of ore processed.

Page 8
Rehabilitated
Gosowong open pit
and waste rock dump.

Reportable environmental incidents
million hours



Greenhouse Gas emissions
(kg CO₂e/t)



Environmental Performance Indicators continued

Compliance

The reportable environmental incidents per million hours (Category II and above) for the years 2002 through 2007 are shown in the graph on page 8. There was a significant reduction in the number of incidents per million hours worked, from 3.91 in 2006 to 2.14 in 2007 (see graph).

There were a total of 23 environmental incidents reported during 2007 (21 Category II incidents and 2 Category III incidents). This compared with a total of 44 incidents in 2006, a decrease of 47 percent.

Of the 23 reportable incidents, there were 8 process spills, and 4 small hydrocarbon spills.

Greenhouse Gas Emissions

Greenhouse gas emissions during 2007 decreased in total and relative terms. The decrease in total emissions is mainly attributable to the cessation of open pit mining at Togaraci, reduced waste rock movement and a slight increase in ore processed tonnes.

The greenhouse gas emissions per tonne treated for the years 2002 through 2007 are shown in the graph on page 8. Greenhouse gas emissions decreased by 12.2 percent per tonne of ore treated.

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 2002 through 2007 is shown in the graph below. Make-up water use in the current year decreased by 9.3 percent over the previous year. This was largely due to a reduction in the total volume of water used at Cadia Valley due to less water being available to be extracted from the environment (due to continuing drought conditions) and an increase in recycled water use as operational water efficiency measures were further improved.

Make-up water use for 2007 was 25,398 megalitres compared to the previous year's use of 27,023 megalitres – a 6 percent reduction. Of this, 88.2 percent was extracted from both groundwater and surface water sources and 11.8 percent was 'grey water' taken from the towns of Orange, Blayney and Millthorpe.

Rehabilitation

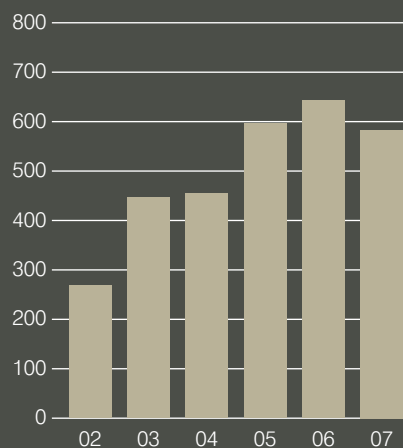
At Newcrest, we are committed to progressive rehabilitation. This means that we will attempt to create final landforms as soon as possible in the mining cycle so that we can commence rehabilitation. This reduces the amount of disturbed area on our sites, and demonstrates our ability to undertake successful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

Cadia Valley rehabilitation works consisted mainly of the preparation and seeding of an additional 15-hectare section of the southern waste rock dump. Preparation works included the completion of topsoil spreading, installation of contour banks, rock-lined drop structures, seedbed preparation and aerial seeding. Gosowong has already rehabilitated over 75 percent of the available area disturbed during the Gosowong mining phase. Further areas will be rehabilitated in the coming year, including parts of the Toguraci mine and Kencana development. Telfer has embarked on a 5-year scientific research program in partnership with the University of Western Australia, Mining and Energy Research Institute and the Australian Research Council, looking at design options for the Southern Waste Rock Dump that are more consistent with the local mesa landforms. At Cracow, we have made a commitment to rehabilitate areas of historical mining activity on Newcrest's mining leases.

Page 9
Jeff Burton Environmental Superintendent measuring vegetation growth on tailings dam rehabilitation trial.

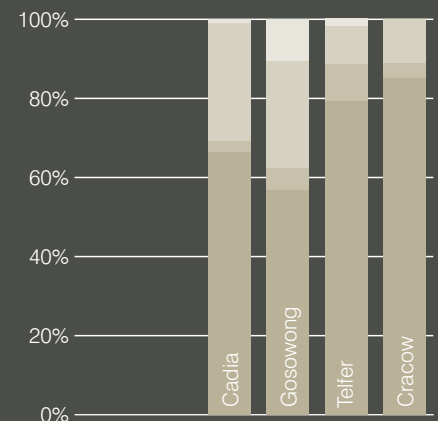


Make-up water (L/t)



Percentage of land defined categories

- Undisturbed
- Impermeable
- Disturbed
- Rehabilitated



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 May this year, a public open day was held at Cadia that attracted over 2,500 visitors to the mine.

Two tertiary education scholarships were awarded to local students studying degree courses in mine engineering and geology.

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 \$330,000 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. In May 2007, the local government and community leaders agreed that Gosowong's community development initiatives be extended to fulfil broader corporate social responsibility objectives. The Community Development Program has subsequently been renamed the Corporate Social Responsibility (CSR) Program, and Newcrest agreed to contribute, from January 2007, 1 percent of gross revenue from the Gosowong operations to fund program activities that will focus on sustainable development initiatives. The aim of the program is to empower local communities by developing goals and implementing action plans that will produce long-term sustainable development, particularly through the use of renewable resources.

A standout achievement was the setting up of a local community run business to mine and deliver volcanic tuff required to produce fill material for the Kencana underground mine. This involves the use of up to 40 local trucks to transfer the tuff material from the quarry to the backfill plant.

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, Cracow gold mine re-established a medical centre in Cracow, maintaining an important facility to the residents of the town and surrounding district. Recognising a need for additional sporting facilities, tennis courts were also constructed in the town centre, and are used by both local residents and mine employees.

Considerable efforts have been made by Telfer to consult with community stakeholders with regard to a range of issues concerning the operation of the Copper Concentrate Storage Facility in Port Hedland. Community concerns have arisen from the odour, dust, and possible groundwater and marine impacts from the facility. Efforts to inform the community of the operations and management of environmental issues at the facility have included the Newcrest Concentrate Facility Superintendent attending Care for Hedland Group monthly meetings in 2006–07, providing updates on Telfer and its operations and a visit by the Care for Hedland Group to view a typical Newcrest ship loading event in July 2007.

A Memorandum of Understanding (MoU) was also signed with the town of Port Hedland during the year. This MoU provides monetary support to the town of Port Hedland, to be used for community projects, and a series of objectives for the Community Partnership Program have been developed.

Social Performance Indicators continued

Developing and maintaining strong, positive relationships with communities where exploration activities are planned and occur is an essential part of the exploration process. We always seek to interact with the local community when conducting exploration activities so as to inform it of the planned exploration, and develop understanding, mutual respect and community support for its work. The Peru earthquake relief fund proportioned by Newcrest amounted to US\$40,000 and it will be administrated by CARE Peru (<http://www.care.org.pe/>). Care Peru is helping in the reconstruction program after the earthquake on 15 August and has prepared an aid program for the next 12 months. This program will take on rebuilding and improvement of destroyed infrastructure, like houses, schools, sewage and waterline systems, and training of local technicians in a seismic building.

Indigenous Relations

Telfer

As part of our commitment to the Aboriginal People impacted by the Telfer redevelopment, 3 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 that 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 4 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

An Indigenous Land Use Agreement (ILUA) was concluded with the Wullli Wullli People and the Iman People in November 2002. 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 both Aboriginal groups and the Cracow Gold Mine. The Committee meets 4 times a year and also prepares a report for the annual meeting of both Aboriginal groups, which takes place in the third quarter of each year.

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Local youngsters participating in a football clinic conducted during the Parnngurr Sports Carnival sponsored by Newcrest in association with the WA Department of Sport and Recreation.



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.

The structure required to achieve this goal was established during the previous year and has now been implemented across the Company.

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.

In addition, site audits were completed against the 24 health and safety standards. The results of these audits are used to guide safety action planning by each operation. Semi-quantitative risk assessments using SQRA were conducted for several of the major site hazards, and implementation of control measures resulting from the assessments has commenced.

Key performance indicators and 'league' tables were established and trialled across Newcrest during the last quarter. The tables are designed to build a competitive team culture within the business to drive improved safety and health performance.

The Safe Behaviour Observation (SBO) process has also been implemented across all operations. Following some initial feedback, efforts to improve the quality of the SBO's, focussing on 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, have been implemented.

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 2006–07 year:

- there was one fatality in Telfer during March 2007;
- a decrease in Lost Time Injury Frequency Rate (LTIFR) by 15 percent from 1.3 to 1.1 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 3 percent from 11.1 to 10.8.

Individual site safety statistics are shown below.

| Site | LTIFR | | TRIFR | |
|-----------------------|------------|------------|-------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cadia Valley | 1.5 | 1.5 | 7.6 | 14.7 |
| Cracow | 0.0 | 0.0 | 12.2 | 24.2 |
| Gosowong | 0.3 | 0.3 | 1.9 | 6.4 |
| Telfer | 2.0 | 4.1 | 22.1 | 13.1 |
| Exploration | 1.4 | 0.0 | 14.9 | 23.4 |
| Total Newcrest | 1.1 | 1.3 | 10.8 | 11.1 |

Economic Performance Indicators

The Company's long-term strategy of operating as a responsible, efficient and low-cost gold and copper producer has been maintained.

2007 was a significant year for the Company as it consolidated further its position as Australia's leading independent gold producer. This was achieved through the continued delivery of its growth strategy, as well as through a number of fundamental changes, which together have enhanced its capacity to generate wealth for shareholders. Gold production was a record, in excess of 1,600,000 ounces and cash flow from operations increased by 47 percent to A\$387 million and underlying profit (before hedging and accounting charges) increased by 40 percent to A\$194.5 million.

Financial Performance

The financial position of the Company during the year continued to improve with significantly higher cash flows and lower net debt. Reduced earnings compared with the previous year reflect the gold hedge position, increasing costs and a number of other income benefits in the 2006 financial year.

Financial focus during the year was on maximising shareholder returns by improving Newcrest's exposure to spot gold and copper prices, containing costs, funding capital expenditure and reducing debt. Management focus was strongly on delivering optimal outcomes across all elements of the mining value chain in exploration, project delivery (capital management) and operations (productivity and cost improvements).

A comprehensive analysis of our financial performance can be found in our 2007 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 Open Pit, Cadia East Underground, Namosi and Marsden.

The I30 reef in Telfer Deeps is currently being mined using the sub-level caving mining method. Studies are being undertaken to enhance the project business case by optimising the mining methodology.

Newcrest has the fundamentals in place for further expansion with all our existing sites providing upside opportunities, as well as there being a suite of additional targets we are pursuing.

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 2007 is \$44.8 million (2006: \$29.5 million) – the large increase was due to the increased closure cash flows (present value) for Telfer.

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;
- the potential for direct revegetation of tailings (Cadia Valley);
- development of magnetic separation techniques to improve grinding circuit efficiency; and
- continuous caving processes through our involvement in the Mass Mining Technology Study.