

NEWCREST



Market Release

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Telfer Project – Technical Feasibility Complete

The Newcrest Project Team has finalised the technical details of the Telfer Feasibility Study including capital and operating costs. This work has been reviewed by a series of outside experts who have confirmed both the processes used in the study and the outcomes that have been reached.

This study has been completed at a time when it is becoming increasingly obvious that there is considerable potential underground to find more mineable ore. Earlier in the year the Board approved funds to deepen the decline and to take bulk samples from the areas of potential. This is important because it will ultimately affect the depth of the necessary shaft and associated infrastructure. The Board will be in a position to determine the depth of the shaft by the middle of next year.

Accordingly the implementation schedule for the Telfer Project has been structured to provide for the first full year production to come from the open pit thus allowing a decision on the shaft to be made in a timely fashion such that production from underground would commence in the second year of the project. The study indicates that open pit production will be achieved after expenditure of A\$975 million.

The final development phase of the underground mine will be funded from the cashflow from the first year's production at a cost of a further A\$215 million.

The open pit and underground mining schedules and cash costs are illustrated in table 1.

These expenditures will take the total carrying value of Telfer to A\$1.36 billion.

For further information, please contact:

*Peter Reeve
General Manager Corporate Affairs
Newcrest Mining Limited
(ABN 20 005 683 625)
Level 9, 600 St Kilda Road, Melbourne VIC
3004
AUSTRALIA
Telephone: (61-3) 9522 5339 Facsimile:
(61-3) 9510 3416
Email: reevep@newcrest.com.au*

This information is available on our web site at <http://www.newcrest.com.au>



A J Palmer
Managing Director & CEO



The Project scope envisages parallel production units with twin semi-autogenous grinding (SAG) units and conventional flotation.

The substantial power requirements will be met using gas from the North West Shelf and on-site power generation from gas fired turbines.

Detail engineering and ordering of long lead capital items has commenced together with work on upgrading the existing road access and camp. These costs are included in the first phase of Capex.

Formal Board approval, subject to finance, is expected in the next few weeks with funding expected to be completed by the year's end. This conditional Board approval will include the proposed additional hedging deemed necessary by the Board to protect the Company's income stream whilst there is debt on the balance sheet.

Detailed breakdown of the capital requirements for the Telfer Project was included in the presentation at Newcrest's AGM today and this

The key project parameters are outlined in the Table below:

Project Capex – phase one	A\$975M
- phase two	A\$215M
Assumptions	
- Gold price	A\$500/oz
- Copper price	A\$1.30/lb
- Exchange rate	60 cents
Mine life	25 years
Total Gold Recovered	18.4Moz
Total Copper Recovered	640,000t

Table 1: Open Pit/Underground Production Schedule and Costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-10
Open Pit						
Tonnage (mt)	17.6	16.0	13.8	13.8	13.0	138.9
Grade Au (g/t)	1.60	1.50	1.60	1.50	1.20	1.40
Cu (%)	0.42	0.33	0.18	0.22	0.13	0.20
Underground						
Tonnage (mt)	0.4	2.7	4.0	4.0	4.0	35.8
Grade Au (g/t)	2.86	3.26	3.13	2.90	2.91	2.70
Cu (%)	0.56	0.69	0.63	0.52	0.52	0.52
Cash Costs \$/oz	129	178	229	240	269	248