



MAY 2001



JUNE 2004

Newcrest

Newcrest Mining Limited
Sustainability Report 2004

Vision and Strategy



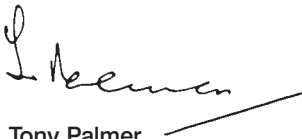
Newcrest explores for, develops and operates gold and copper mines. Using a combination of technical skills and mining experience, we focus on the fundamental elements of resource projects to ensure strong financial returns. Newcrest's Board and Executives form a diverse and experienced team with a strong knowledge of the mining industry. They aim to deliver growth opportunities and ultimately sustainable financial returns to Newcrest's shareholders.

OUR VISION

The concept of sustainability is an important element in Newcrest's vision of developing successful mining operations. We see sustainability as a simple concept – a balance of economic prosperity, environmental quality and social responsibility.

OUR STRATEGY

We are committed to developing long-term beneficial relationships with our key stakeholders as the foundation of a sustainable future. We recognise the importance of informing our stakeholders of our environmental and social performance and commit to increase the breadth of coverage in future reports. Increasingly, we will incorporate relevant elements of the Global Reporting Initiative into our reporting. The degree to which we are able to satisfy the needs of our diverse group of stakeholders will provide a clear measure of Newcrest's progress in establishing sustainable operations.



Tony Palmer

Managing Director and Chief Executive Officer

Cover: These two photographs show the same location on the Gosowong waste dump in May 2001 and June 2004.

About this Report

This summary Sustainability Report has been produced for the benefit of our key stakeholders, including shareholders, local communities, employees and contractors. It will also meet our obligation for external reporting as a signatory to the AMI *Code for Environmental Management* (2000).

This is a condensed Report. It outlines the key elements of our sustainability approach from a corporate perspective. While it broadly follows the structure outlined in the Global Reporting Initiative (GRI), we are developing a more comprehensive and conforming report which will be available in electronic format on our website.

Unless otherwise stated, data presented in this Report cover the 2003/04 reporting period. All costs are in Australian dollars.

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Exploration and long-term reserve replacement are core elements of any successful mining business.

Newcrest maintains a strategy of developing low-cost, long-life mines and also smaller high-margin mines. We aim to operate projects in the lowest cost quartile in order to maximise profitability and minimise the impact of commodity price fluctuations. Exploration is the key plank of our business building strategy.

ECONOMIC ACTIVITY

Newcrest reported an after tax profit of \$122.9 million for the 2003/04 year, an increase of 33 percent on the previous year. The higher profit was due to lower production costs, combined with strong copper prices in the second half of the year.

During the year:

- we produced 761,780 ounces of gold and 84,758 tonnes of copper;
- Ridgeway's performance established it as one of the most efficient gold and copper mines in the world; and
- mining commenced at Toguraci in February 2004 under challenging conditions.

OUR PEOPLE

Our people are the key to continuing business success, and we have embedded this belief in our corporate strategy. In particular, we are committed to building Newcrest through attention to leadership, technical capability and fostering new talent.

Over the past year, we have introduced many initiatives (culture, capability, leadership and people resources) to achieve our business strategy in an effective risk-managed way. These initiatives include:

- the development of organisational values;
- a development and training matrix;
- a review of remuneration policy;
- the redevelopment of procedures and policies;
- skills assessment and staff retention programs; and
- the introduction of a new leave policy.

At 30 June 2004 we had 1,498 employees and 1,705 contractors (including the temporary construction workforce at Telfer). The recruitment and continuous development of a high-quality workforce is a priority for the Company.

EXPLORATION

Exploration remains Newcrest's key driver for value adding growth and for maximising shareholder returns. A key objective of our exploration strategy is to control large mineral districts with the aim of securing sustainable long-life mining operations whilst enhancing the potential for repeat discoveries.

The success of our exploration activities in 2003/04 is shown by Group Mineral Resources increasing by 9 million ounces to 62 million ounces of gold and by 1.2 million tonnes to 5 million tonnes of copper. Gold reserves remained at 28 million ounces and copper reserves increased by 39 thousand tonnes to 1,439 thousand tonnes after mining depletion.

OPERATIONS

During the year both Ridgeway and Toguraci performed strongly, while Cadia Hill's contribution was below expectations. With the impending completion of the large Telfer gold/copper and smaller Cracow gold mines, Newcrest will continue its strong record in project delivery – from exploration through development to operations.

Cadia Hill: (Central NSW – open cut gold/copper mine). The Cadia Hill mine provided some operational challenges in the third quarter. The mine considerably underperformed due to reduced availability of the two main shovels.

Gold Production	244,261 ounces
Copper Production	37,380 tonnes

Ridgeway: (Central NSW – underground gold/copper mine). Production is now highly predictable and is in line with mine plans. We increased the processing rate to 5.6 million tonnes per annum, which exceeds the feasibility study's design capacity.

Gold Production	438,026 ounces
Copper Production	47,378 tonnes

Gosowong: (Halmahera Island, Indonesia – open cut gold mine). Pre-stripping of the Toguraci orebody commenced in October 2003 with the first gold pour taking place in February 2004. The results have been good with the orebody performing slightly in excess of expectations to date.

Gold Production	79,493 ounces
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Newcrest has a minority 22.2 percent equity in the Boddington Gold Mine in Western Australia. Boddington data are not included in this report, but information can be accessed via their website www.bgm.com.au

Governance Structure and Management Systems

Newcrest has introduced new technology to help formalise our risk management function.

The Company has established a formal Code of Ethics which all Newcrest Directors, employees and contractors are required to observe, as well as a comprehensive range of corporate policies which detail the framework for acceptable corporate behaviour. These set out procedures that 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 they meet evolving stakeholder expectations.

CORPORATE GOVERNANCE

Newcrest's Board currently comprises seven Directors, six of whom are Non-Executive including the Chairman of Directors and one of whom is the Managing Director. The Board has determined that all Non-Executive Directors, including the Chairman, are independent and free of any relationship which might conflict with the interests of the Company. In doing so the Board adopted the definition suggested in the ASX Best Practice Recommendations.

On behalf of the shareholders, the Board:

- sets the Company's strategic goals and objectives;
- oversees the management and performance of the Company's business;
- determines broad issues of policy; and
- sets an appropriate framework of corporate governance for management.

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

BOARD COMMITTEES

The Nomination, Governance and Ethics Committee of the Board considers candidates for the Board, reviews corporate governance, compliance processes and human resources (but not remuneration) and monitors the ethical standards of the Company. The Committee met four times in 2003/04.

The Audit Committee of the Board ensures compliance with all accounting and financial reporting obligations of the Group and reviews internal financial controls, the role of the internal and external auditors, including the independence of the external auditors and the Company's risk management activities. The Committee met four times in 2003/04.

The Safety, Health and Environment Committee of the Board ensures that the Company has in place appropriate policies and monitors the Company's practices in the areas of safety, health and environmental management. The Committee met three times in 2003/04.

RISK MANAGEMENT

The Board recognises that risk management and compliance are among its key responsibilities and that they are fundamental to the sound management of the business. The Company has a formal Risk Policy approved by the Board and a comprehensive reporting system which seeks to identify, at the earliest opportunity, any significant business risks.

The Company also has in place specific reporting and control mechanisms to manage significant risks and a formal compliance program to monitor compliance levels across a range of key areas. An internal audit function, which reviews and reports to the Board on the effectiveness of those mechanisms, is also maintained.

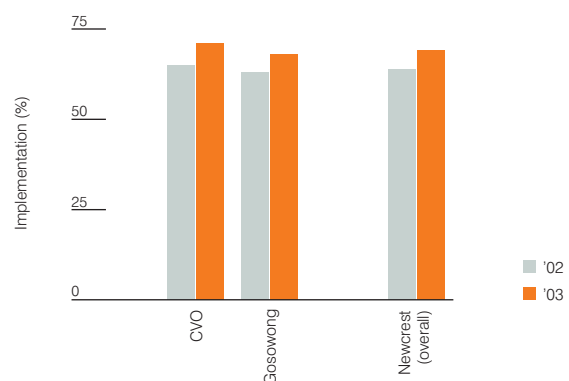
AMI CODE

In keeping with our commitment under the AMI Code for Environmental Management, Newcrest completed its fourth Code Implementation Survey during the year. This survey measures the success of individual operations in implementing the various principles of the Code.

Both of our operations showed significant improvement over the scores obtained in the 2002 survey. The results for each site (and the Group consolidated score) are shown in Figure 1.

Under the modified scoring system used to assess implementation of the Code, 80 percent indicates that the systems represented by the Code have been fully implemented and integrated. At 69 percent, Newcrest's score indicates that we have the necessary systems and processes in place and are well advanced in integrating these elements into our overall business functions.

Figure 1: AMI Code implementation scores



Environmental Performance Indicators

At Gosowong, over 80 percent of the area we disturbed in the Gosowong operations has been successfully rehabilitated.

Over the past five years, Newcrest has successfully permitted a number of major projects, including Cadia Hill, Gosowong, Ridgeway, Telfer, Cracow and Toguraci. We believe that successful permitting is not just about obtaining permission to construct and operate projects. A thorough understanding of the environmental, social and economic setting of a project enables us to maximise the benefits and minimise any adverse elements.

ENERGY USE

The total amount of electricity used in 2003/04 was 690,739 MWh. This is a 9 percent increase on the previous year. Of the electricity used, 90 percent was drawn from the public power grid. The remaining 10 percent was generated by diesel generators at remote sites.

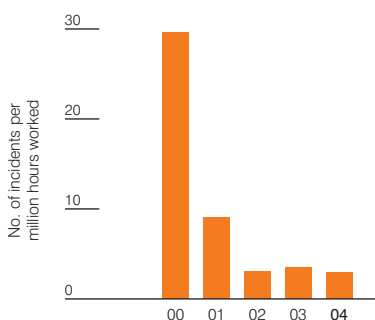
The other main energy source used was diesel. Of a total of 104,477 kilolitres of diesel used during the year, 14 percent was used for on-site power generation and 86 percent for transport purposes (principally hauling ore and waste rock). The total diesel usage is a 67 percent increase on the previous year, reflecting the increased activity at Telfer (a full year of pre-strip) and the mining activity at Toguraci.

COMPLIANCE

The number of reported environmental incidents rose slightly compared with the previous year (22 in 2004 compared with 15 in 2003). This was still a good performance given the increase in construction activity at Telfer and Cracow. To provide a more accurate year-on-year comparison we have used the number of hours worked during the year as an indicator of overall Group activity. On this basis there was a decline in environmental incidents per million hours worked from 3.46 in 2003 to 2.93 in 2004.

A five year comparison of Group environmental incidents (number per million hours worked) indicates a substantial decline in the frequency of incidents from 1999/00 to 2003/04 (see below).

Figure 2 Five year comparison of environmental incidents

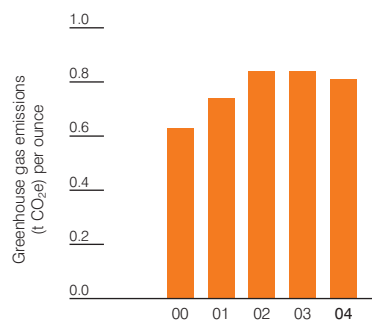


Unfortunately, we had a Category IV environmental incident this year. Following an audit in February, the WA Department of Environment raised concerns regarding the level of fauna mortality during construction of the Telfer Gas Pipeline. While the fauna rescue plan was the responsibility of our contractors, Newcrest retained ultimate environmental responsibility for the infrastructure corridor. We responded by immediately placing our own full-time environmental observer with the pipeline to monitor compliance with the fauna rescue plan. This has resulted in significant improvement.

GREENHOUSE GAS EMISSIONS

The total amount of greenhouse gas emissions for the Group for 2003/04 was 914,573 t CO₂e (or 0.81 t CO₂e per gold ounce equivalent). Despite the increase in overall Group activity we were able to achieve a slight decrease (2.5 percent) in greenhouse gas emissions per gold ounce equivalent (see below).

Figure 3: Greenhouse gas emissions



REHABILITATION

Gosowong: The rehabilitation of Gosowong's waste dump and mined-out pit commenced immediately after mining was completed. The primary objective of the rehabilitation is to stabilise landforms quickly by re-establishing vegetation. The long-term objective is to establish a forest ecosystem similar to the original limited production forest.

Cadia Valley: In 2003 Cadia Valley Operations commenced a progressive five year revegetation program on its agricultural farms. Other farmers in the district were briefed about the initiative and constructive feedback was received on a number of aspects of the program.

Social Performance Indicators

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.

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 information which might be relevant to the market is brought forward. All key communications are placed immediately on the Company website and, where necessary, are 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:

- Community Consultation Committees;
- residents meetings; and
- local residents newsletters.

LOCAL COMMUNITIES

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

Cadia Valley: Cadia Valley Operations (CVO) distributed more than \$300,000 in community grants through its strategy of supporting the organisations which support the local community. The principal recipient in 2003/04 was the Canobolas Zone of the Rural Fire Service, which received \$100,000 to assist with establishment of a Centre for Training Excellence. Other major recipients for the year were Careflight, Orange Base Hospital, Red Cross, Orange Community Transport, the Salvation Army and the Smith Family.

Every year, CVO offers two tertiary education scholarships to local secondary school students. The scholarships are offered to students residing in the surrounding local government areas and who are enrolling in a mining industry related discipline.

Gosowong: Since the operation commenced in 1998, PT Nusa Halmahera Mineral (PTNHM) has maintained an ongoing commitment to various community development programs. During the year PTNHM provided funds for health care, educational support, training and fostering the establishment of local businesses.

Cracow: Agreement was reached with the relevant landowners for the installation of a new water pipeline. The Banana Shire Council continues to provide support for the development of the project.

INDIGENOUS RELATIONS

Telfer: Newcrest Mining has sponsored eight Martu people in a basic hospitality training course as part of the Company's contribution towards enhancing the skills of indigenous people and improving their chances of gaining employment through the Telfer project.

The course, a joint effort between the Martu, Newcrest Mining, the Pilbara College of TAFE and the Department of Employment and Workplace Relations, is designed to help prepare personnel for work in the hospitality industry. The 18 week pilot course emphasises those skills required by companies which support the mining industry with camp management and catering services.

Cracow: The Cracow area is subject to two separate Native Title claims, one by the Wullli Wullli People and one by the Iman #1 People. In order to obtain mining leases an Indigenous Land Use Agreement was negotiated with both groups, and agreed to in November 2002. This agreement provides a range of benefits to both Aboriginal groups throughout the life of the mine.

A Liaison Committee, bringing together all parties involved, has been working to implement the benefits of this agreement. This Liaison Committee meets four times each year.

ILLEGAL MINERS

During the 2003/04 year, the Toguraci operation dealt with heightened security issues arising from an influx of illegal miners. These security issues caused a cessation of mining for a period of six weeks. The temporary suspension of operations was necessary to ensure the safety of our own people and that of the illegal miners. Various claims were made questioning PTNHM's right to mine the Toguraci deposit. PTNHM has at all times complied with Indonesian law and we have consulted extensively with both the local and the central governments on this issue. All necessary approvals were received by PTNHM for its mining activities.

Health and Safety

Newcrest's commitment to improved safety prompted the creation of the *Target Zero* program – a Company-wide effort to prevent all injuries.

Newcrest's key priority is to provide a safe and healthy workplace for employees and contractors. Our belief is that all injuries are preventable and the ultimate goal is to have zero injuries across all areas of the business.

TARGET ZERO

During 2003/04, Newcrest embarked on a major safety and health strategy called *Target Zero*. This strategy is designed to ensure we achieve world best practice in safety and health across all areas of our business. The central theme of the strategy is that all injuries are preventable.

The motivation for introducing the new strategy was the recognition that improvements in our key safety performance measures had reached a plateau and we were finding it difficult to achieve further gains. In order to redress this situation, we required a new approach to health and safety in the workplace. We recognised that the responsibility for safety has to be shared more broadly within the organisation and that systems development and policies alone are not sufficient. Real and sustainable improvements in safety are achieved only with sustained behavioural and attitudinal change by all employees.

The *Target Zero* program commenced in October 2003 with external health and safety experts undertaking benchmark audits of some key business units. The audit results were assessed against standards for world's best practice. The results highlighted the areas in which we need to improve our performance. This information, in conjunction with the results from Company workshops, was incorporated into specific safety improvement strategies.

Key performance targets have been established with the ultimate goal of attaining zero injuries. Action plans and training programs that align the strategies and the ultimate goal are being implemented Company wide.

HEALTH AND SAFETY PERFORMANCE

We have applied considerable effort in pursuing our goal of zero injuries in the workplace, however, we still have some way to go. Regrettably, a fatality occurred at the Gosowong operation in May 2004. Pak Patrino, a PTNHM employee, was killed when the loader he was operating overturned. A comprehensive investigation was conducted into the causes of the incident with the learnings being applied at Gosowong and other Newcrest operations, with the aim of preventing any further incidents of this nature.

Newcrest's overall key health and safety performance indicators have shown general improvement compared with last year's performance:

- Lost Time Injury Frequency Rate (LTIFR) improved to 1.9 per million exposure hours from 3.0 in the previous year (see Table 1). While this indicator still compares favourably to the most recent industry benchmark (Australian Metalliferous Mining Industry LTIFR of 6 for 2002/03), we believe our performance is not acceptable for Newcrest.
- Total Recordable Injury Frequency Rate (TRIFR) reduced to 14.7 from a previous 28.4.
- Serious Potential Incidents (SPIs) increased to 17 from a previous 15.

Significant achievements and activities during the year were:

- Establishment of a workplace risk assessment tool at Cadia Valley Operations to recognise changed conditions and new hazards in the workplace.
- Commencement of the Safety Leadership Training programs for the executive, exploration, Cadia Valley Operations and Telfer management groups.
- Formation of the Executive Central Safety Group and Safety Working Groups and their replication on site.

Table 1: Site safety performance

Site	LTIFR	
	2003	2004
Cadia Hill	0.9	0.0
Ridgeway	1.8	3.8
Gosowong	1.3	0.8
Telfer Project	6.5	2.6
Exploration	4.0	3.8
Total Newcrest	3.0	1.9

Economic Performance Indicators

Throughout the year we focussed on the vital task of delivering the first stage of the Telfer project ... the Telfer project will have a major beneficial impact on Newcrest.

Financially, our much improved profit was due to a very strong performance at the Ridgeway mine, the commencement of gold production from the high-grade deposit at Toguraci, and the much stronger copper price in the second half of the year.

FINANCIAL PERFORMANCE

The financial highlights for the 2003/04 year were:

- full year after tax profit of A\$122.9 million;
- a 5 cent fully franked dividend declared;
- Group cash costs further reduced to A\$119 per ounce reflecting the good operational result and the strong by-product copper contribution;
- total costs reduced to A\$268 per ounce; and
- the Newcrest hedge book was comprehensively simplified and copper hedged to maintain strong by-product revenue.

A comprehensive analysis of our financial performance can be found in our 2004 Concise Annual Report.

THE FUTURE

The key challenge for the 2004/05 year will be to bring the Telfer and Cracow projects on-stream successfully.

Telfer: Development of the Telfer project proceeded generally on schedule during the year. Open pit pre-production development progressed ahead of schedule and the remaining site infrastructure development continued. By year end various stages of commissioning were under way in the processing area and the power station.

Cracow: The underground development is proceeding smoothly and we have made a good start on refurbishing the CIP plant. We anticipate that the first gold will be poured before the end of 2004.

Cadia East: Cadia East is a project in the Cadia Valley within the discovery corridor incorporating the prospect formerly known as Cadia Far East. With 830 million tonnes of mineralised material already identified and strong prospectivity for further increases, we anticipate the Cadia East project will make a long-term contribution to Newcrest.

Kencana: Kencana is expected to significantly extend the life of the Gosowong operations and maintain continuous benefits to the surrounding region for a number of years. At this stage, the Kencana project contains 1.1 million ounces of resource in high-grade gold mineralisation that remains open at depth and to the south. The project is 1km south of the existing mill and is likely to be an underground operation.

MINE CLOSURE

We are committed to the planned and orderly closure of our operations. All of our operations have closure plans in place and provision is made in the Company accounts for the costs of closure on an annual basis. Making provision for closure means that we estimate the cost of closing the operation and then accrue dollars per ounce produced over the life of the mine.

RESEARCH

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

- acid rock drainage and the role of vegetation in designing effective store and release covers for mine waste;
- ultrasonic damage assessment of truck tyres;
- the effect of mineralogy on the thiosulphate leaching of gold ores;
- the optimisation of mineral processing by modelling and simulation; and
- continuous caving processes through our involvement in the International Caving Study.