

# Newcrest Mining Limited



## Half Yearly Financial Results December 2005

Tony Palmer, Managing Director and CEO  
Jeff Smith, Executive General Manager Finance  
Peter Reeve, General Manager Corporate Development



# Newcrest Mining Limited

## Interim Financial Results to 31 December 2005

Tony Palmer, Managing Director and CEO  
Jeff Smith, Executive General Manager Finance

### Overview



- Profit after tax at \$74.2M  
- up 44%
- Decline in operating cashflow to \$44.2M  
- down 74%
- EPS increased to 22.4 cps (15.7cps)

## Summary of Results



	H1 2006 A\$M	H1 2005 A\$M	Variance %
Net Sales Revenue	696.0	396.5	76
Operating EBITDA	243.3	150.8	61
Net Profit after Tax	74.2	51.6	44
Cashflow from Operations	44.2	169.4	(74)
EPS – Basic	22.4	15.7	43

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## Basis of Financial Results



Parameter	H1 2006 Average	H1 2006 Close	H2 2005 Close
AUD/USD	0.7522	0.7325	0.7637
A\$ Gold per oz	614	700	572
US\$ Gold per oz	462	513	437
A\$ Copper per lb	2.43	2.84	2.10
US\$ Copper per lb	1.82	2.08	1.61

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## H1 2006 Production Summary



Mine	Gold Production (oz)	Copper Production (t)	Total Costs (A\$/oz)	Cash Costs (A\$/oz)
Cadia	153,580	11,827	354	265
Cracow (70%)	37,290	-	392	292
Ridgeway	185,156	(20,894)	(34)	(206)
Telfer	309,969	20,747	358	237
Toguraci	81,519	-	421	374
<b>Total</b>	<b>767,514</b>	<b>53,468</b>	<b>271</b>	<b>153</b>

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## Basis of Financial Results



	H1 2006	H1 2005
Gold sales (oz)	768,280	432,010
Achieved gold price (\$/oz)	569	578
Achieved copper price (\$/lb)	1.83	1.79
Cash cost (\$/oz)	153	121
Total cost (\$/oz)	271	246

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## Gold and Copper Inventory Levels



	Gold		Copper	
	H1 2006 (oz)	H1 2005 (oz)	H1 2006 (t)	H1 2005 (t)
Opening balance	77,592	12,010	8,052	1,122
Production	767,514	466,697	53,468	38,156
Sales	768,280	432,010	55,988	34,024
Closing balance	76,826	46,697	5,532	5,254

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## Balance Sheet Review



	A-IFRS December 2005	A-GAAP December 2005	A-GAAP June 2005
Net Assets (\$M)	206	1,195	1,132
- A-GAAP & post Boddington sale		1,410	
Net Debt (\$M)	1,676	1,676	1,376
- A-GAAP & post Boddington sale		1,451	
Gearing (Net Debt/Net Debt + Equity)	89%	58%	55%
- A-GAAP & post Boddington sale		51%	

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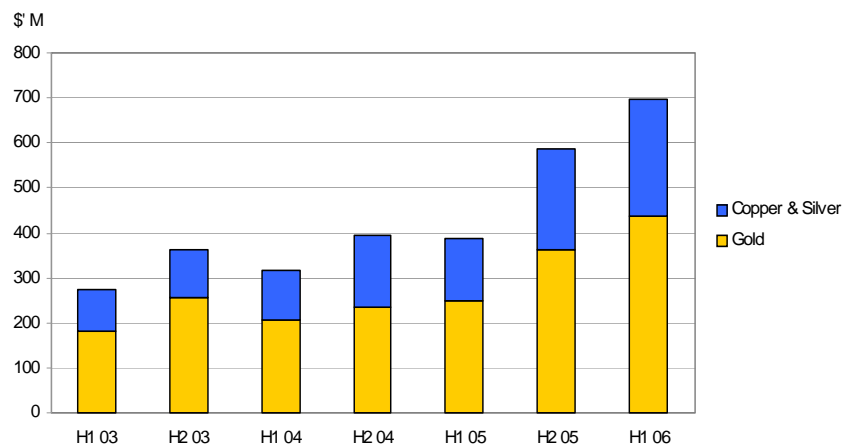
## Operating Environment



- Recent high copper prices
- Continuing skilled labour shortages
- Treatment and refining charges peaked in Oct – Nov 05 and are now declining

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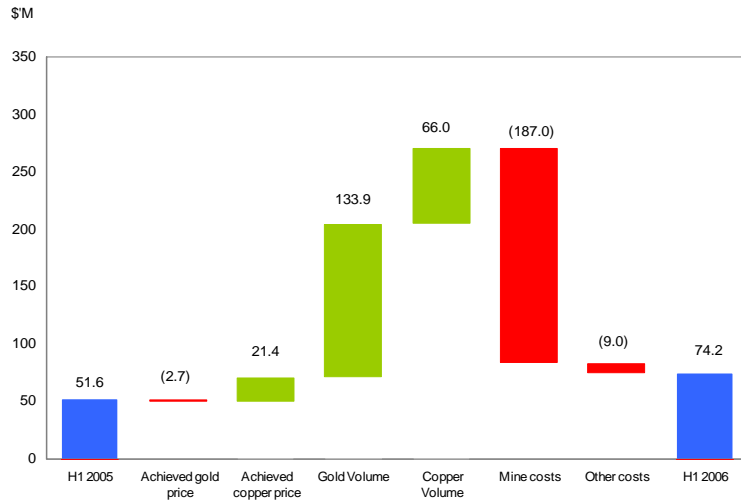
## Gross Revenue



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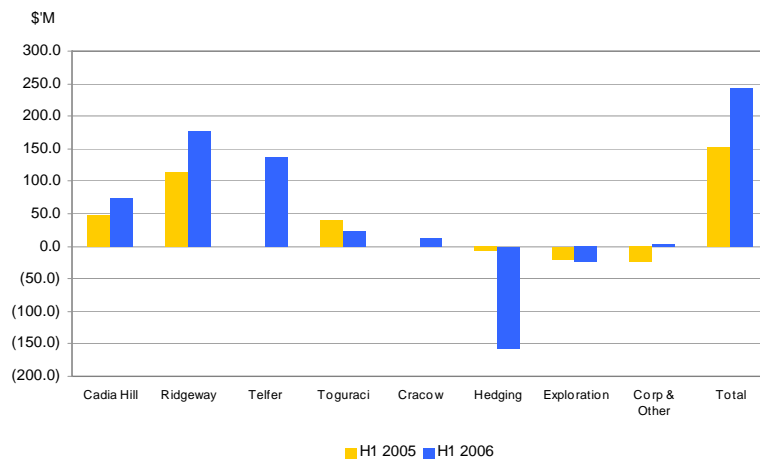
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### NPAT Analysis



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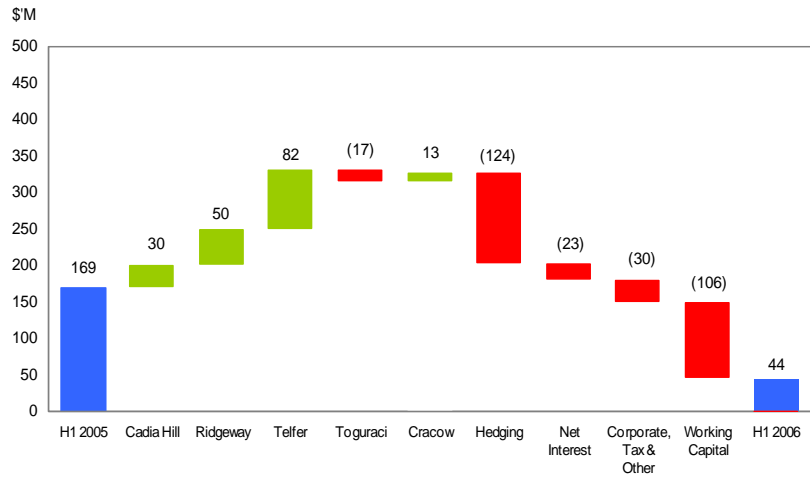
### EBITDA by Operations



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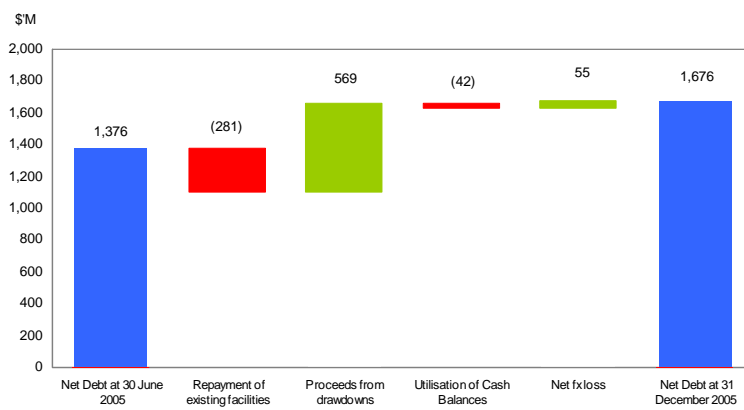
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**Group Operating Cash Flow**



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**Net Debt Movements for H1 2006**



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## Issues Impacting H1 2006 Financials



- ✓ Strong increase in gold & copper production
- ✗ Limited exposure to increasing spot prices due to significant amount of hedging
- ✓ Continuing strong by-product copper revenue
- ✗ Significantly lower cash flow from operations
  - ✗ Higher concentrate debtors and closing stock
  - ✗ Operating costs associated with growth at Telfer & Cracow
  - ✗ Reclassification of borrowing costs into operating cashflows
- ✗ Increase in gearing levels
- ✓ Boddington sale

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## Capital Expenditure H1 2006



	H1 2006 (\$M)
Telfer - Feasibility	154
- Capitalised borrowings & Underground pre-operating	16
Cadia East	14
Ridgeway Deeps	13
Kencana	20
Cracow	11
Sustaining and Other Expansionary	35
Exploration	27
	290

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## Capital Expenditure Forecast H2 2006



	H2 2006 (\$M)
Telfer	113
Cadia East	15
Ridgeway Deeps	9
Kencana	24
Cracow	9
Group Sustaining and Expansionary	35
Exploration (including province planning)	35
	<b>240</b>

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## Outlook for H2 2006



- Telfer production affected by concentrate quality issues
- Telfer underground commence production in Q4 2006 (first Stoping ore)
- Kencana commences production in Q4 2006
- CVO production rates decline due to grade profile changes
- Gearing levels to reduce with sale of Boddington
- Profit on sale of Boddington of \$215M

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## Significant A-IFRS Impacts



### Profit & Loss

- Expensing share based payments (\$2.8M)
- Fair value adjustment on gold lease rate swaps which are non qualifying hedges (other income \$12M)

### Balance Sheet

- Mark to market of hedge book is recorded on balance sheet
- Reclassification of deferred fx loss on natural hedge borrowing from asset to equity

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## Summary



- Underlying profitability adversely impacted by increasing mine costs and increasing borrowing costs
- Profit benefited from:
  - AIFRS adjustment on gold lease rate swaps
  - pricing adjustments on prior year sales
- Operating cashflow adversely impacted by:
  - higher debtors and inventory levels
  - increase in borrowing costs and reclassification from investing to operating
- Significant reduction in capex spend on Telfer project
- Proceeds from Boddington sale reduce gearing

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## Disclaimer



### Forward Looking Statements

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

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## Questions and Answers

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**Thank you for your interest**

**Further information can be found on  
our website at:**

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