



Market Release

Newcrest Mining Limited

15 May 2006

Appointment of Managing Director & Chief Executive Officer

The Board of Newcrest Mining Limited announces that it has appointed Mr Ian Smith as the Company's Managing Director and Chief Executive Officer, effective 14 August, 2006.

Mr Smith, a mining engineer, who also holds a degree in financial administration, is currently the Global Head of Operational and Technical Excellence of Rio Tinto plc, based in London. Prior to that he held the position of Managing Director – Aluminium Smelting within the Rio Tinto Group.

Mr Smith brings to Newcrest strong operational, commercial and project experience gained over more than 20 years with Pasminco, WMC and Rio Tinto. The Board of Newcrest believes this experience will be important in improving Newcrest's operational outcomes and building shareholder value.

Mr Bryan Davis, the acting Managing Director and Chief Executive Officer since 4 May 2006, will resume his position as a non-Executive Director of Newcrest when Mr Smith takes up his position.

A summary of the key terms and conditions of Mr Smith's service contract is attached. A copy of his curriculum vitae is available on the Company's website.

Ian Johnson
Chairman

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Summary of the main terms and conditions of a Letter of Appointment signed by Newcrest Mining Limited and Mr Ian Smith

1. Appointment

The appointment is to the position of Managing Director and Chief Executive Officer.

2. Term

The appointment commences on 14 August 2006, or earlier by agreement, and is for an indefinite duration, terminable as provided below.

3. Duties

The duties of Mr Smith are those expected of a Managing Director and Chief Executive Officer, reporting to and taking directions from the Board. Mr Smith is also to comply with the Company's policies from time to time.

4. Remuneration

There are three (3) components of Mr Smith's remuneration. They are:

(a) **Base Salary**

Mr Smith will be paid a Base Salary of one million seven hundred thousand dollars (\$1,700,000) per annum. That amount includes the Company's statutory superannuation obligations. His Base Salary will be reviewed annually.

(b) **Salary at Risk (Short Term Incentive)**

In addition to his base salary Mr Smith will be entitled to an additional amount of Salary at Risk (SaR). Payment of SaR is dependant upon Mr Smith meeting specified personal and Company performance targets determined, and subsequently measured, by the Board. SaR entitlements are paid as a lump sum cash amount after the close of the financial year. Performance rated 'at target' will entitle Mr Smith to an SaR equal to 50 percent of his base salary, rising to 100 percent for 'outstanding' performance.

(c) **Long Term Incentive**

Mr Smith will also be entitled to a Long Term Incentive (LTI) in accordance with the Company's Remuneration Policy.

Initially he will be offered 165,000 Performance Rights under the Company's 2004 Executive Performance Share Plan. That offer will be

subject to shareholder approval which will be sought at the Company's 2006 annual general meeting.

Under the Plan each Performance Right can be converted into a fully paid ordinary share in the Company, subject to a performance hurdle being met and a vesting period fulfilled.

The performance hurdle for the 165,000 Rights to be offered to Mr Smith shall be the achievement of initial performance objectives determined, in advance, by the Board. The performance hurdle will be measured as part of an interim review of his performance, to be undertaken by the Board after 180 days in the role. If the hurdle is met, the Rights can vest and become convertible to Newcrest ordinary shares on the third anniversary of his appointment. Provided the hurdle is met, the Rights will vest prior to the third anniversary if there occurs a change of control of the Company during that time. If the performance hurdle is not met the rights will lapse.

Annual allocations of equity-based remuneration will be made to Mr Smith as the long term incentive component under the Company's Remuneration policy. In the case of the Managing Director and CE, this will have a value equivalent to seventy five per cent of his Base Salary and will be made as part of the Company's annual remuneration cycle.

5. Termination

Mr Smith may resign at any time on giving three (3) months written notice, and the Company may terminate Mr Smith's employment on twelve (12) months written notice. Upon termination by the Company Mr Smith's entitlements to SaR and to any LTI benefits not then vested shall be at the discretion of the Board. Any payment to be made to him in lieu of notice shall be calculated based on Mr Smith's Base Salary. He would also receive any statutory entitlements.

There are provisions for immediate termination for misconduct and termination for illness and death.

6. Relocation

Mr Smith is entitled to reimbursement of reasonable accommodation costs for up to three (3) months and relocation expenses associated with establishing himself and his family in Melbourne.

7. Other Provisions

The Letter also contains general provisions referring to confidential information, intellectual property and exclusivity of service.

8. Service Agreement

The Company and Mr Smith are to enter into a Service Agreement incorporating the terms set out in the Letter of Appointment.

CURRICULUM VITAE – IAN KINGSLEY SMITH

QUALIFICATIONS

- Bachelor of Financial Administration – University of New England.
Offered an Honours Year on completion of degree.
- Bachelor of Engineering (Mining) – University of New South Wales.
Awarded Honours, Class 2, Division 1.
- First Class Mine Manager's Certificate (Underground), NSW & SA.
- Undertaken numerous Management and Leadership Courses.

PREVIOUS POSITIONS

- April 2005 - Present: Global Head of Operational & Technical Excellence
(Rio Tinto London)
- October 2002 – March 2005: Managing Director – Aluminium Smelting (Rio Tinto,
Brisbane)
- March 2001 – September 2002: General Manager – Projects (WMC, Melbourne)
- July 1999 – February 2001: General Manager – Operations (WMC, Olympic Dam)
- May 1997 – June 1999: General Manager – Mine (WMC, Olympic Dam)
- May 1996 – April 1997: General Manager – Broken Hill Mines (Pasminco,
Broken Hill)
- June 1994 - April 1996: General Manager – Elura Mine (Pasminco, Cobar)
- February 1993 – May 1994: Production Manager – Broken Hill Mines (Pasminco,
Broken Hill)
- March 1990 – January 1993: Mining Manager – Southern Operations (Pasminco,
Broken Hill)
- July 1987 – February 1990: Senior Mining Engineer/Superintendent (Pasminco,
Broken Hill)
- January 1980 – June 1987: Varied Mining Activities (CRA, Broken Hill)

INDUSTRY EXPERIENCE / ACHIEVEMENTS

April 2005 – Present: Global Head – Operational and Technical Excellence (Rio Tinto, London)

Responsible for:

- Nine Managing Directors.
- 46 General Managers.

- 350 Technical Experts across 6 offices in 3 countries.
- Technical and operational advice covering Production, Asset Management, Health, Safety, Environment, Project Management, Planning and Innovation across Rio Tinto's global operations.
- Member of the 4 person Investment Committee that reviews all projects and merger and acquisitions activities above \$US50 million in expenditure. (The 3 other members are the Chairman, Chief Executive Officer and Finance Director).
- Technical review of all Board submissions for projects and merger and acquisitions activities.
- Chairman of Rio Tinto's Ore Reserve Steering Committee.
- Co-Chairman of Rio Tinto's Crisis Management Committee.

Instituted:

- Redesigned the technical support structure across the company to provide greater focus on sustained operational improvement.
- Amalgamated the Global Technology offices into one focused group.
- Introduced standardized Communities of Practice and Networks across the organization.
- Sponsored Sarbanes Oxley compliance for technical and reserve areas.

October 2002 – March 2005: Managing Director – Aluminium Smelting (Rio Tinto, Brisbane)

Responsible for:

- Four smelting sites in three countries.
- 3,400 employees.
- Eight General Managers and 60 Managers.
- \$A1,800 million of annual expenditure on capital and operating costs.
- Production output of over 1.2 million tonnes of aluminium per annum.
- Chairmanship of 3 companies with 8 participants.
- International liaison with customers and partners.
- Development of best practice for asset management and technical research.

Achieved:

- Reduced Lost Time Injury Frequency Rate by 45 percent.
- Recognized by various bodies as a leader in industry on safety.
- Record production at all 4 sites.
- Developed fully integrated strategic planning process with 5 year KPI mapping.
- Sponsored a dedicated team on achieving industry breakthrough technology.
- Introduced Six Sigma and lean improvement methodology into all facets of the business.
- Adopted semi quantitative risk assessments at all sites.
- Refined asset management using the SAP platform to report monthly measures and progress.

April 2001 – September 2002: General Manager – Projects (WMC)

Responsible for:

- All WMC Projects within Australia and internationally, including:
 - Three International Projects.

- One Australian Greenfields Project.
- Three Major Brownfields Expansions.
- Various Site Optimizations.
- A team of Principal Engineers providing company wide advice on all facets of engineering and maintenance.
- Co-ordination of Project Contractors and Consultants.

Instituted:

- Restructure of Project Delivery.
- Standardized Project progress reports and audits.

July 1999 – March 2001: General Manager – Operations (WMC, Olympic Dam)

Responsible for all facets of Olympic Dam Operations:

- Mining
- Processing
- Exploration
- Administration
- 1,100 employees and 400 contractors.
- Two General Managers and 13 Managers.
- \$A3 billion of assets.
- \$A500 million of annual expenditure.
- Liaison with Town Administrator (4,500 population of Roxby Downs Township).
- Contact with customers and industry analysts.

Achieved:

- Nameplate capacity of:
 - 9 million tonnes of underground ore
 - 200,000 tonnes of copper cathode
 - 4,600 tonnes of uranium oxide concentrate
 - 90,000 ounces of gold
 - 900,000 ounces of silver
- Full commissioning post \$A1.9 billion expansion.
- Second lowest cost of copper production in the world.
- Lost Time Injury Frequency Rate of less than 1 lost time accident per million man hours.

May 1997 – June 1999: General Manager – Mine (WMC, Olympic Dam)

Responsible for all facets of Olympic Dam mining operations:

- Mining.
- Exploration.
- Administration.
- 500 employees and 500 contractors.

- Increasing production from less than 3 million tonnes whilst coordinating contractors expanding the mine operations and sinking a new hoisting shaft.

Achieved:

- Largest underground operation in Australia.
- Largest long-hole stope operations in the world.
- Decreased Lost Time Injury Frequency Rate by 30%.
- Set new world records for development and production drilling.
- Introduced salary system for all employees.

May 1996 – April 1997: General Manager – Broken Hill Mines (Pasminco, Broken Hill)

Responsible for:

- Both the underground and open cut operations.
- All processing and administrative functions.
- \$A400 million of assets.
- \$A150 million of annual expenditure.
- A comprehensive re-engineering of the total operations.
- Contact with customers and industry analysts.

Achieved:

- Increased productivity by 26%.
- Decreased employee numbers by 18%.
- Decreased direct cost per tonne by 12%.
- Introduced 12 hour shifts.

June 1994 – April 1996: General Manager – Elura Mine (Pasminco, Cobar)

Responsible for:

- All facets of the mining and milling operations.
- A concentrates shiploader situated at Newcastle, NSW.

Achieved:

- Increased production by 31%.
- Increased ore reserves by 25%.
- Decreased direct cost per tonne by 14%.
- Decreased Lost Time Injury Frequency Rate by 20%.
- Introduced flat rate wage systems and 12 hour shifts.

(A) February 1993 – May 1994: Production Manager – Broken Hill Mines (Pasminco, Broken Hill)

(B) March 1990 – January 1993: Mining Manager – Southern Operations (Pasminco, Broken Hill)

Responsible for:

(A) Production Manager

- Co-ordination of the 4 production departments at the Southern Operations:
 - Mining
 - Maintenance
 - Technical Services
 - Metallurgy

Responsible for:

(B) Mining Manager

- All mining and mobile maintenance at the Southern Operations.

Achieved (March 1990 – May 1994):

- Increased production by 24%
- Decreased employee numbers by 43%
- Decreased mobile plant by 54%
- Decreased direct cost per tonne by 33%
- Decreased Lost Time Injury Frequency Rate by 68%.