



Financial Results

Newcrest Mining Limited

Twelve months ending 30 June 2006

Overview

	30 June 2006 \$M	30 June 2005 \$M
Operating EBITDA	446.0	363.5
Operating profit before tax from continuing operations	184.0	197.6
Operating profit after tax from continuing operations and after minority interests	131.3	130.0
Net gain after tax on disposal of Boddington	218.2	-
Net profit after tax and minority interests	349.5	130.0

Highlights

Profit after tax of \$349.5M (\$130.0M) includes gain on sale of Boddington disposal of \$218.2M.

Profit after tax from continuing operations of \$131.3M (\$130.0M).

Operating EBITDA of \$446.0M (\$363.5M) up 23%.

Operating earnings were based on:

- Increased sales volume of 1,498,526ozs (1,060,196ozs) due principally to the first full year of production from Telfer Open Pit resulting in sales revenue increasing to \$1,404.1M (\$985.5M) at an achieved gold price of A\$564/oz (A\$576/oz) and achieved copper price of A\$2.22/lb (\$1.85/lb)
- The operating gross margin was impacted by increased mining costs

Other Key Points

- Net gain after tax on disposal of Boddington of \$218.2M
- Cash flow from operations steady at \$263.8M (\$259.0M)
- Capital, feasibility, development and exploration expenditure of \$544.9M (\$686.7) relating mainly to Telfer Underground Development and Cadia East and Ridgeway Deeps Feasibility Studies
- Net debt increased from \$1,375.7M to \$1,476.7M
- Improved debt structure with short term debt refinanced with new bilateral facilities
- Dividend to be maintained at 5 cents per share unfranked
- Annual accounts prepared for first time on an AIFRS basis had a substantial impact on the balance sheet due to the recognition of derivative financial instruments.

Other Matters

The Annual General Meeting will be held at the ANZ Pavilion, The Arts Centre, Melbourne on 26th of October 2006.

(Numbers in brackets reflect the comparable figures for the 2005 financial results, which have been restated to comply with AIFRS, unless negative values).

Financial Statements

Income Statement

12 Months Ending	30 June 2006 \$M	30 June 2005 \$M	% Change
Spot gold sales	1,061.1	594.7	
Gold hedging	(215.7)	16.2	
Spot copper sales	856.4	385.9	
Copper hedging	(341.2)	(29.4)	
Spot silver sales	14.1	8.7	
Concentrate pricing adjustments from prior year sales	29.4	9.4	
Total Sales Revenue	1,404.1	985.5	42%
Mine costs	(900.0)	(526.8)	
Gross Margin	504.1	458.7	10%
Exploration expense	(41.7)	(39.2)	
Administration costs	(45.2)	(38.6)	
Other expenses	(8.5)	(13.9)	
Other income	48.3	13.8	
Provision for hedging contract restructures	(11.0)	(17.3)	
Operating EBITDA	446.0	363.5	23%
Depreciation and amortisation	(186.6)	(133.6)	
Borrowing costs	(75.4)	(32.3)	
Operating profit before tax from continuing operations	184.0	197.6	(7%)
Income tax expense on continuing operations	(46.9)	(60.9)	
Net profit after income tax from continuing operations	137.1	136.7	0%
Net after tax gain on disposal of Boddington	218.2	-	
Net profit after tax	355.3	136.7	160%
Outside equity interest in controlled entity	(5.8)	(6.7)	
Net profit after tax attributable to members of the Company	349.5	130.0	169%

Statement of Cash flows

	30 June 2006 \$M	30 June 2005 \$M
Cash flow from operating activities		
Sales receipts	1,384.8	929.0
Payments to suppliers and employees	(1,038.6)	(644.6)
Interest received	4.6	5.3
Borrowing costs paid	(56.8)	(23.0)
Income taxes paid	(30.2)	(7.7)
	263.8	259.0

Cash flow used in investing activities		
Exploration	(57.0)	(46.0)
Fixed assets, evaluation and mine development expenditure	(487.9)	(641.0)
Proceeds on sale of non-current assets	227.8	1.0
	(317.1)	(686.0)

Cash flow from financing activities		
Proceeds from borrowings	531.4	970.0
Repayment of finance lease principal	(87.3)	(17.3)
Repayment of borrowings	(300.4)	(605.2)
Dividend paid	(15.5)	(19.0)
Proceeds from share issues	13.4	8.4
	141.6	336.9
Effects of exchange rate changes to cash	0.1	(2.3)
Net increase/(decrease) in cash	88.4	(92.4)

Balance Sheet

	30 June 2006 \$M	30 June 2005 \$M
Cash	153.0	64.6
Trade and other accounts receivable	261.3	154.5
Investments	-	1.2
Inventories	178.2	102.5
Other	24.6	27.9
Current assets	617.1	350.7
Trade and other accounts receivable	9.4	9.1
Inventories	1.8	4.8
Property, plant and equipment	1,434.2	1,309.4
Exploration, evaluation and development	1,249.0	1,083.2
Deferred tax asset	638.3	85.9
Other	272.6	261.0
Non-current assets	3,605.3	2,753.4
Accounts payable	233.5	156.4
Borrowings	65.4	321.5
Provisions	30.5	13.9
Financial derivative liabilities	622.0	-
Income tax payable	0.5	8.8
Current liabilities	951.9	500.6
Borrowings	1,564.3	1,118.8
Deferred tax	267.5	231.9
Provisions	32.2	54.8
Financial derivative liabilities	1,169.9	-
Other	75.9	67.4
Non-current liabilities	3,109.8	1,472.9
Net Assets	160.7	1,130.6
Issued capital	819.0	802.4
Retained earnings	656.2	318.0
Reserves	(1,327.4)	1.2
Outside equity interest in controlled entity	12.9	9.0
Total Equity	160.7	1,130.6

Financial Commentary

Profit After Tax

Total net profit after tax and minority interests was \$349.5M (\$130.0M) which includes \$218.2M profit on sale of Boddington.

Net profit after tax from continuing operations after minority interests was \$131.3M (\$130.0M). Higher sales volumes were achieved from the first full year of production from the Telfer open pit. Hedge commitments reduced the company's ability to fully benefit from higher spot prices and higher mining costs offset the benefits gained from the increase in sales volume.

Revenue

Sales revenue increased to \$1,404.1M (\$985.5M) due to increased gold sales volume from the first full year of operations at Telfer open pit and Cracow, offset by lower sales volumes from Cadia Valley Operations.

Spot gold sales increased to \$1,061.1M (\$594.7M) as a result of increased sales volumes from Telfer and higher spot prices received of \$708/oz (\$561/oz). Gold hedging losses of \$215.7M resulted in an achieved gold price of \$564/oz (\$576/oz).

Spot copper revenue increased to \$856.4M (\$385.9M) as a result of increased sales volumes from Telfer and higher spot copper prices received of \$3.69/lb (\$2.00/lb). Copper hedging losses of \$341.2M (\$29.4M) resulted in an achieved price of \$2.22/lb (\$1.85/lb).

Silver revenue increased to \$14.1M (\$8.7M).

Favourable concentrate pricing adjustments were received on prior years sales of \$29.4M (\$9.4M).

The following table summarises production, sales and inventory balances.

	30 June 2006		30 June 2005	
	Gold (oz)	Copper (t)	Gold (oz)	Copper (t)
Opening inventory	66,055	8,036	12,010	1,122
Production *	1,519,457	99,922	1,114,241	94,453
Sales *	1,498,526	104,583	1,060,196	87,539
Closing inventory	86,986	3,375	66,055	8,036

* Excludes Telfer underground commissioning production 10,409oz (31,815 oz) and 599t (2,202t).

Mine Costs

Gross mine costs (before by-product revenue) increased to \$900.0M (\$526.8M) and on a unit cash cost (before by product revenue) basis were higher at \$601/oz (\$497/oz).

Gross costs increased predominately due to higher production volumes from Telfer open pit and Cracow operations. Costs were also adversely impacted by price increases of key inputs specifically labour, maintenance, realisation, royalties, steel and diesel costs. Unit costs were also impacted by the lower than expected production volumes from the first full year of operations from the Telfer open pit due to lower grades and recoveries.

Exploration

Exploration expenditure totalled \$57.0M (\$46.0M), of which \$41.7M (\$39.2M) was expensed. Exploration capitalised during the year of \$15.3M related to Cadia East \$5.6M, Kencana \$4.8M, Telfer \$2.6M and Cracow \$2.3M.

Administration Costs

Administration costs increased to \$45.2M (\$38.6M) due mainly to one off payments to retiring CEO and corporate restructure costs.

Other Expenses

Other expenses of \$8.5M (\$13.9M) comprised the net loss on sale of assets of \$1.6M (\$Nil) and equity settled compensation expense of \$4.5M (\$4.1M).

Other Income

Other income of \$48.3M (\$13.8M) includes AIFRS fair value adjustment on gold lease rate swaps of \$27.8M (\$Nil), net FX gain \$5.6M (\$Nil) and interest received of \$4.6M (\$5.3M).

Hedge Contract Restructure Expense

The expense of \$11.0M (\$17.3M) is the ongoing accounting treatment of hedge restructures previously advised.

Depreciation and amortisation

Depreciation and amortisation totalled \$186.6M (\$133.6M) at a unit cost of \$125/ sales oz (\$126/ sales oz).

Borrowing Costs

Gross borrowing costs were higher at \$89.8M (\$69.3M) of this expenditure \$75.4M (\$32.3M) was expensed and \$14.4M (\$37.0M) was capitalised. The increase in costs is attributable to higher debt levels and interest rates during the year. A higher proportion of borrowing costs were expensed due to a full year of operation from the Telfer open pit.

Sale of Interest in Boddington Project

During the year the Group's 22.22% interest in the Boddington Joint Venture was sold to Newmont Mining Corporation for \$225 million. The net profit after tax was \$218.2 million.

Cash Flow – Operating Activities

Cash flow from operating activities increased to \$263.8M (\$259.0M). Increased receipts from customers arose primarily from higher sales volumes at Telfer. Payments to suppliers and employees increased due to increased royalty, realisation and diesel costs as well as the higher operating cost base of the Telfer operation. Increased borrowing costs paid reflected Telfer open pit operating for the full 2006 year. Higher income taxes paid are the result of tax payments made in respect of Gosowong.

Cash Flow – Investing Activities

Major areas of expenditure by operation were:

	\$M
Telfer	326.0
Cadia, Ridgeway, Cadia East	81.3
Cracow	19.1
Toguraci	52.5
Exploration and Province Development	57.0
Other	9.0
Total	544.9

A breakdown of exploration expenditure was:

	\$M
- Greenfields	23.5
- Brownfields	12.5
- Project resource definition	
- Cadia Valley	7.4
- Kencana	4.8
- Telfer	2.6
- Cracow	0.8
- Other	5.4
	57.0

Cash Flow – Financing Activities

Borrowings

Net proceeds of A\$531.4M were drawn mainly from the USD Bilateral facilities.

Major debt repayments consisted of:

	A\$M
Nippon US\$ loan	23.6
Gold loan	33.3
Bank loan	78.5
USD stand by loan	165.0
Finance leases	87.3
Total debt repayments	387.7

Debt

During the year the lower margin Bilateral facilities were utilised to repay higher cost short term debt.

Gearing

The gearing ratio of net debt to net debt plus equity decreased from 55% to 50% as at 30 June 2006. The reduction was mainly due Boddington sale proceeds repaying debt and the increase in equity from the net profit on sale of Boddington.

Dividend Payment

The Dividend Reinvestment Plan reduced the net dividend payment to \$13.3M from \$16.5M. In addition a \$2.2M dividend was paid to the minority shareholder of Newcrest's Indonesian operation.

Dividends

The Company has declared a final unfranked dividend of 5 cents per share for the year ended 30 June 2006. The dividend is payable to shareholders on 13 October 2006. Shareholders registered as at the close of business on 22 September 2006 will be eligible for the dividend. The DRP remains in place and will be offered to shareholders at market price.

Transition to AIFRS

The Annual Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Comparatives for the previous corresponding reporting period have been restated accordingly (except as noted below).

The introduction of AIFRS has resulted in substantial changes to the balance sheet for the year ended 30 June 2006 mainly due to the recognition of financial derivatives.

The main changes to the balance sheet are:

- Included in total liabilities is \$1,791.9M relating to the recognition of the fair value of the derivative financial instruments.
- A deferred tax asset of \$559.1M was recognised relating to the fair value of derivative financial instruments.

- An equity hedge reserve of negative \$1,334.0M which represents the tax effected fair value of derivatives being deferred as these derivatives qualify as effective hedges and the recognition of deferred foreign exchange losses arising from the cash flow hedge accounting treatment of USD borrowings.
- Exemptions elected under financial derivative standards AASB 132 and AASB 139 mean that the comparatives for the above amounts are not restated as these AIFRS standards only apply from 1 July 2005.

Hedging

The total gold hedge position at 30 June 2006 was 4.7Moz (5.1Moz including the gold loan) and copper hedging was 36kt.

Hedge commitments including the gold loan represent 16% of reserves and 8% of resources.

All contracts that matured in the year were delivered. The achieved gold price for the year was \$564/oz (\$576/oz).

The hedgebook consists of a series of sold gold forwards out to FY 2011 and copper forwards to FY 2007, the calculation of the mark to market position takes into account the forward price curve for gold and copper over time.

The mark-to-market of the hedgebook as at 30 June 2006 is as follows:

	30 June 2006 \$M	30 June 2005 \$M
Gold	(1,548)	(465)
Copper	(244)	(118)
Total	(1,792)	(583)

For further information on hedging please refer to the Newcrest website.

Corporate Information

Board Members

Ian Johnson	Non-executive Chairman
Ian Smith	Managing Director and CEO
Bryan Davis	Non-Executive Director
Ron Milne	Non-Executive Director
Mick O'Leary	Non-Executive Director
Ian Renard	Non-Executive Director
Nora Scheinkestel	Non-Executive Director
Bernard Lavery	Company Secretary

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Stock Exchange Listings

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New York ADR's (Ticker NCMGY)

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Facsimile: +61 (0)3 9615 9900
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Substantial Shareholder(s) at 26 August 2006

The Capital Group	13.51%
Commonwealth Bank of Australia	8.41%
Merrill Lynch Investment Manager Group	7.15%

Issued Share Capital

At 30 June 2006 issued capital was 333,075,780 ordinary shares.

Quarterly Share Price Activity

	High	Low	Last
	\$	\$	\$
July 05 – June 2006	27.20	15.53	21.08

For further information, please contact:

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This information is available on our website at www.newcrest.com.au