

The Structure of the Custom Concentrate Market



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Competent Persons Statement

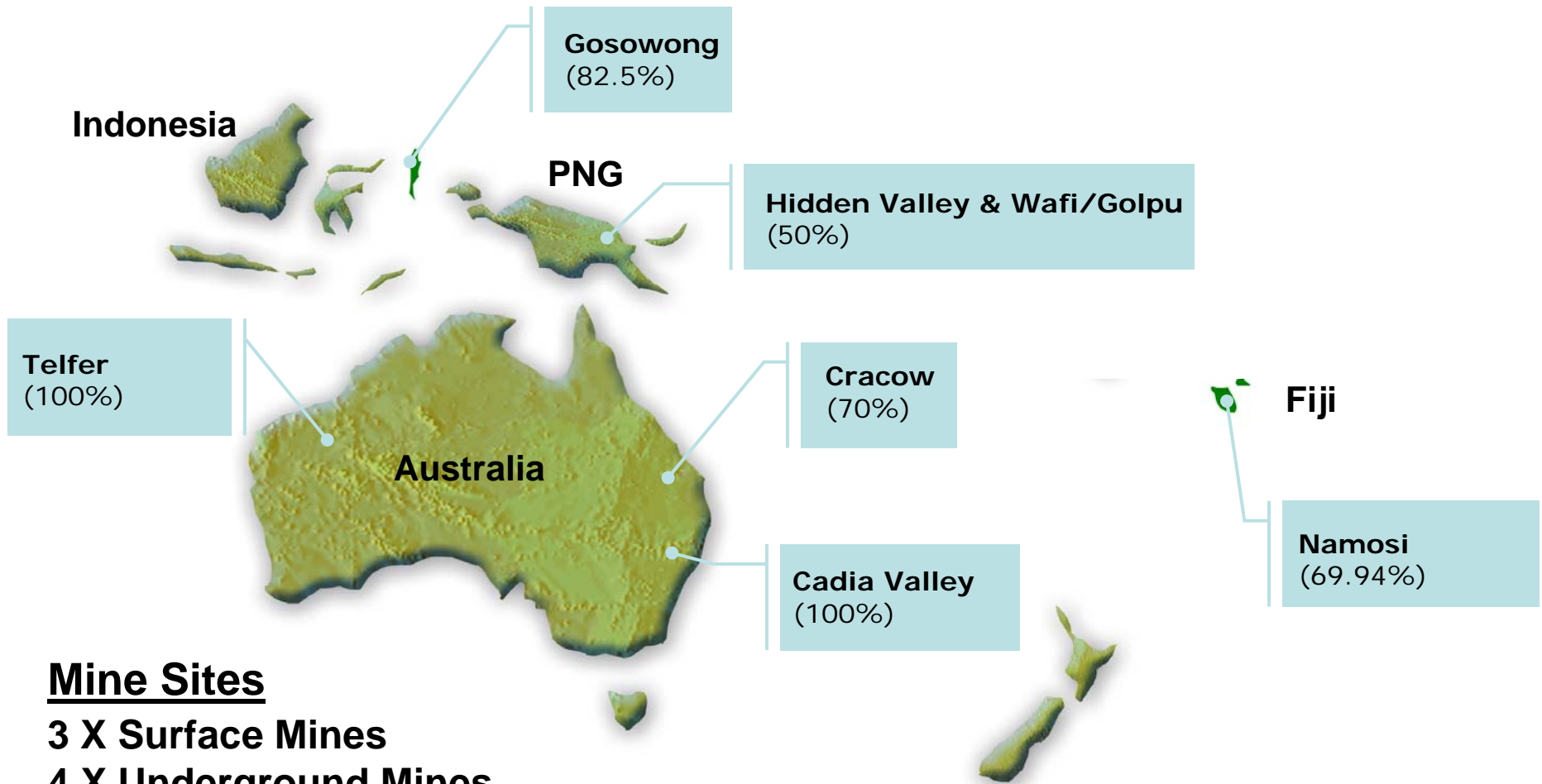
The information in this presentation that relates to Exploration Results is based on information compiled by C. Moorhead, EGM Minerals for Newcrest Mining Limited who is a Member of The Australasian Institute of Mining and Metallurgy, and a full-time employee of Newcrest Mining Limited. Mr Moorhead has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Moorhead consents to the inclusion in this presentation of the matters based on this information in the form and context in which they appear.

Ore Reserves and Mineral Resources Reporting Requirements

As an Australian company with securities listed on the Australian Securities Exchange ("ASX"), Newcrest is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the JORC Code and that Newcrest's ore reserve and mineral resource estimates comply with the JORC Code.



Newcrest Operations & Projects



Mine Sites

3 X Surface Mines

4 X Underground Mines

4 X Major Advanced Exploration Targets

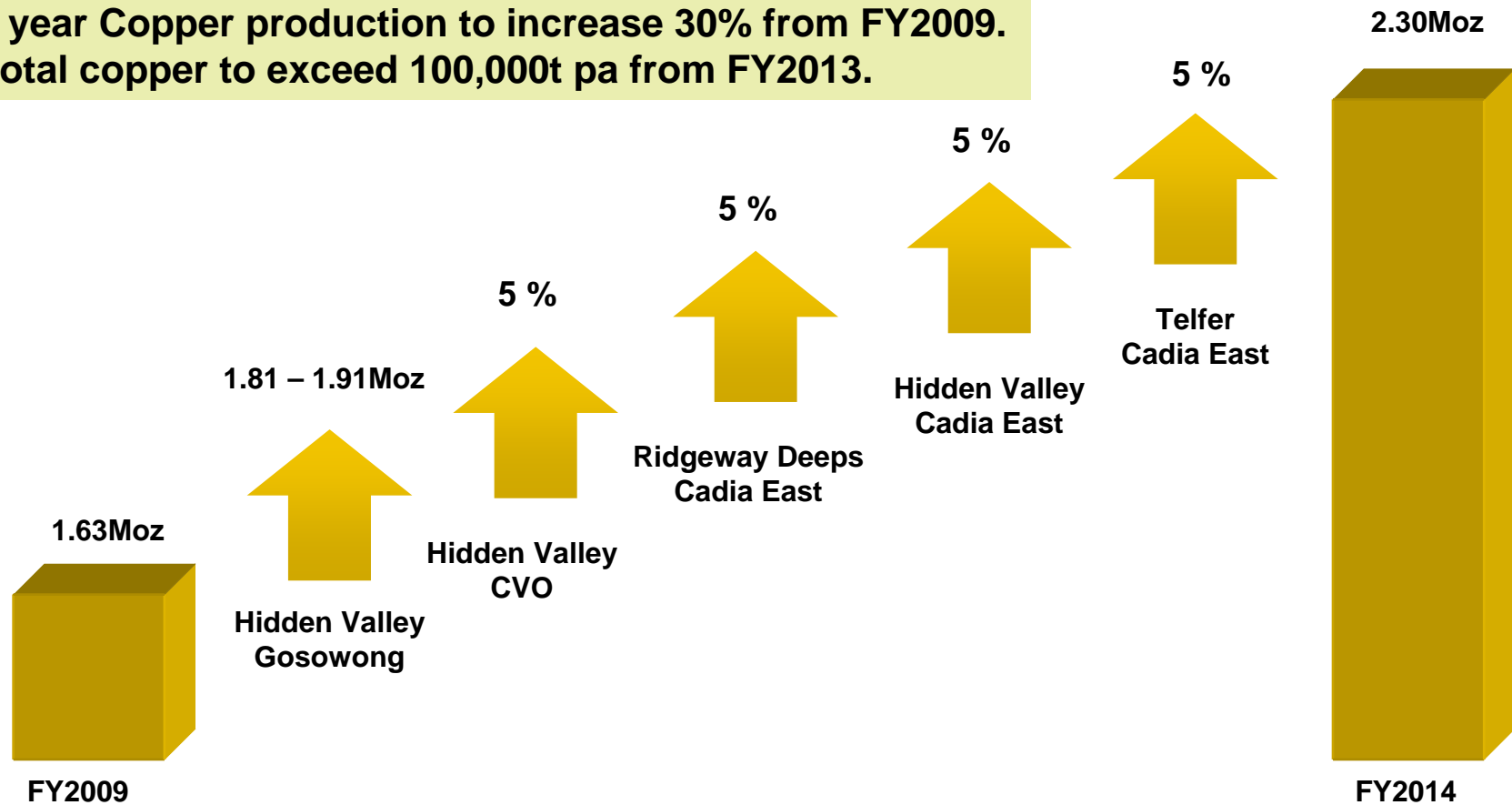
FY10 Production Guidance Summary

		FY09 ACTUALS	FY10 GUIDANCE
CADIA VALLEY			
Gold Production	oz	532,187	525,000 – 550,000
Copper Production	t	56,972	53,000 – 55,000
TELFER			
Gold Production	oz	629,108	665,000 – 700,000
Copper Production	t	32,905	30,000 – 32,000
GOSOWONG			
Gold Production	oz	400,220	445,000 – 465,000
CRACOW (70%)			
Gold Production	oz	69,443	65,000 – 70,000
MOROBE JV (50%)			
Gold Production	oz	225	110,000 – 125,000
TOTAL			
Gold Production	oz	1,631,183	1,810,000 – 1,910,000
Copper Production	t	89,877	85,000 – 90,000*

*Copper guidance increased in Jan 2010 for FY10 to 85~90kt

Gold production to increase 40% over 5 years

5 year Copper production to increase 30% from FY2009.
Total copper to exceed 100,000t pa from FY2013.



Concentrate Market & Market Mechanisms

- Mines & Smelters are either *Integrated* or *Custom*
- Examples of Integrated Mines and Smelters are BHPB's Olympic Dam and Xstrata's Mt Isa / Townsville operations
- Cadia Valley and Telfer are *Custom Mines* supplying *Custom Smelters*
- The Custom Concentrate Market accounts for about 50% of the total smelter feed.
- Apart from Mines and Smelters, Merchants (or Traders) are also active as Buyers & Sellers

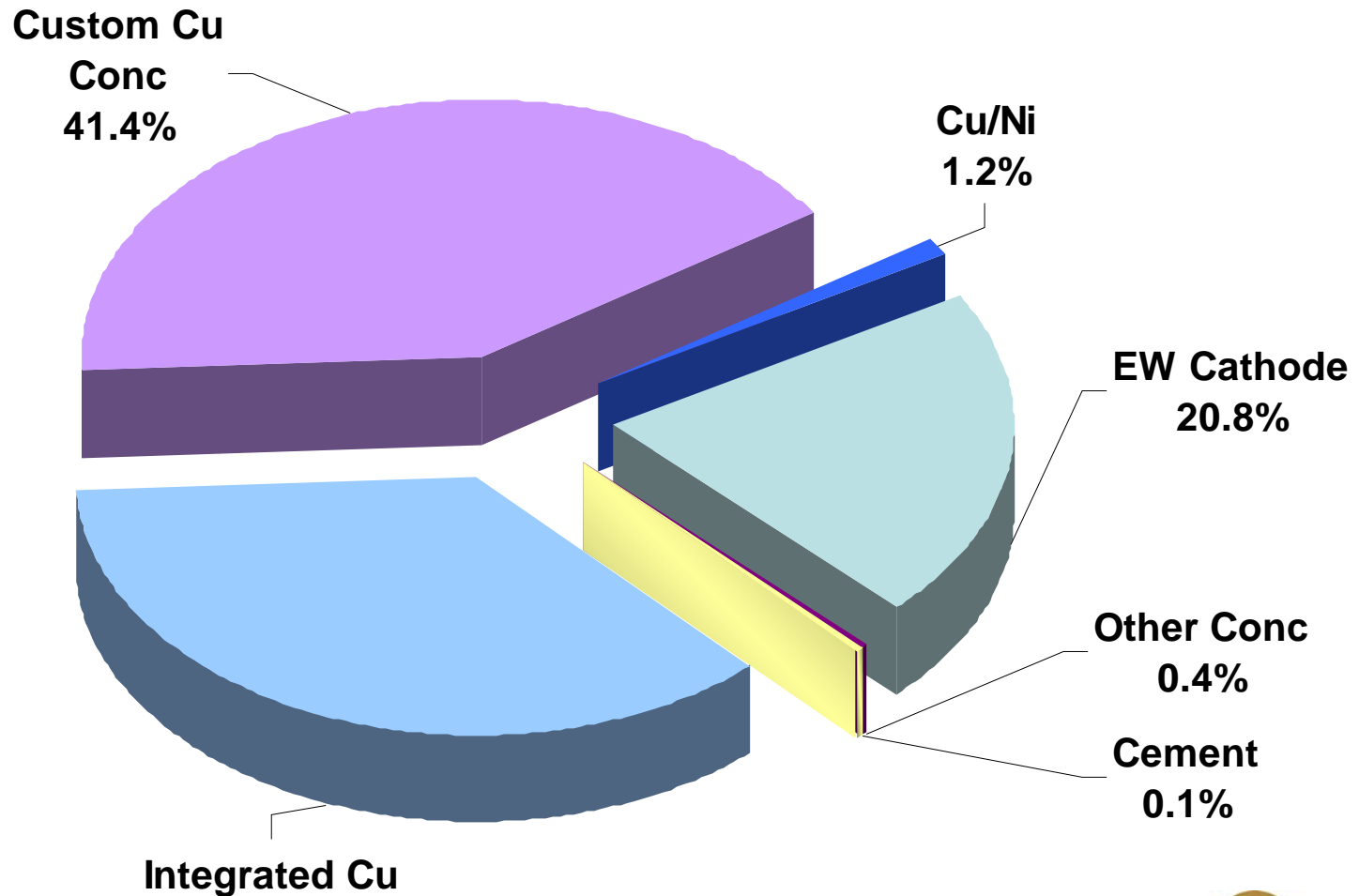
Concentrate Market & Market Mechanisms

- 2009 Global Copper Production Summary
 - Custom Concentrate 6.2 Mts
 - Integrated Concentrate 5.6 Mts
 - **Total Concentrate** **11.8 Mts**
 - **SXEW** **3.6 Mts**
 - **Scrap** **2.6 Mts**

 - **Total Copper** **18.0 Mts**

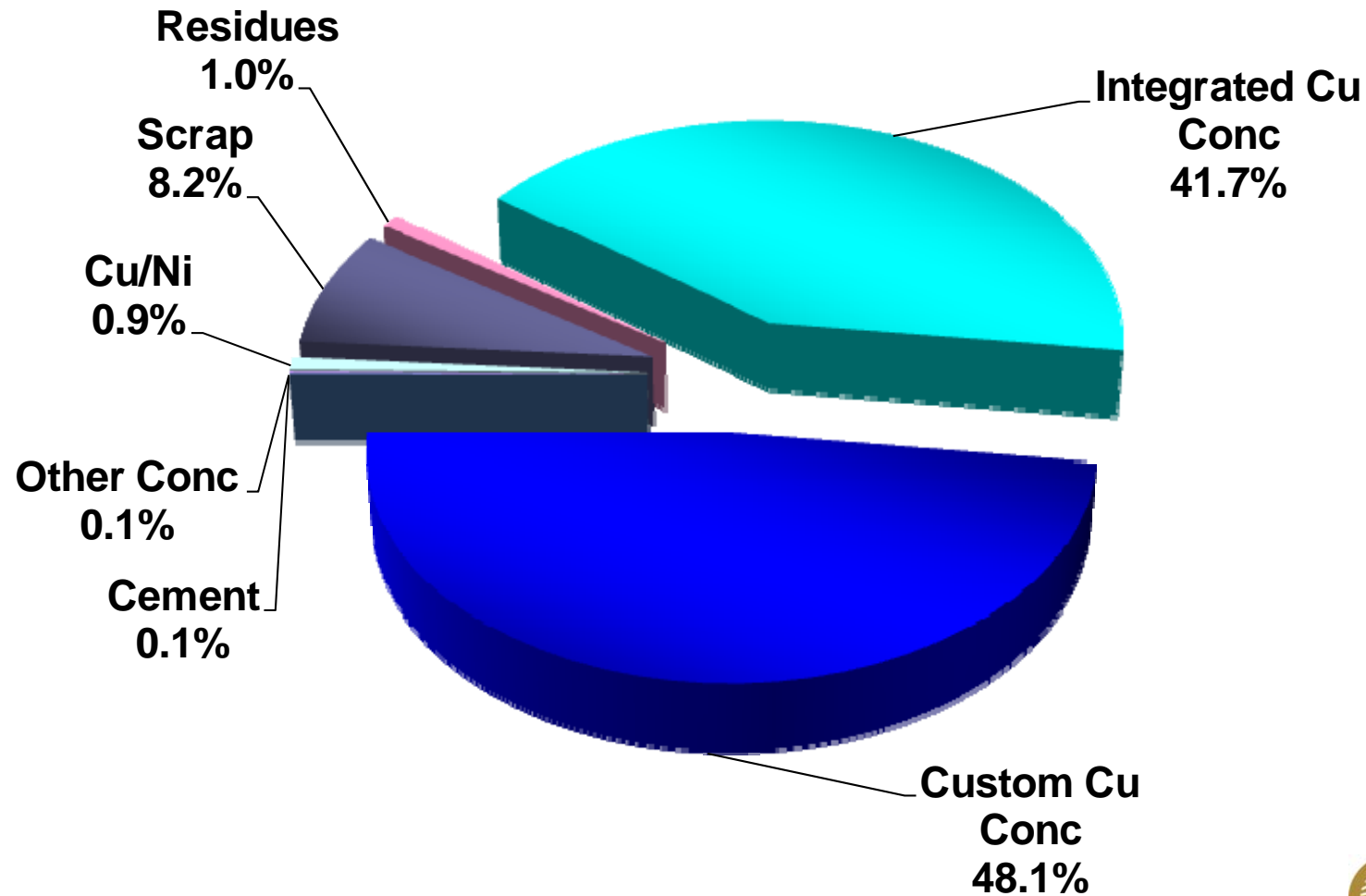
Custom concentrate now over 40% of mine output

World copper mine output, by type, 2007



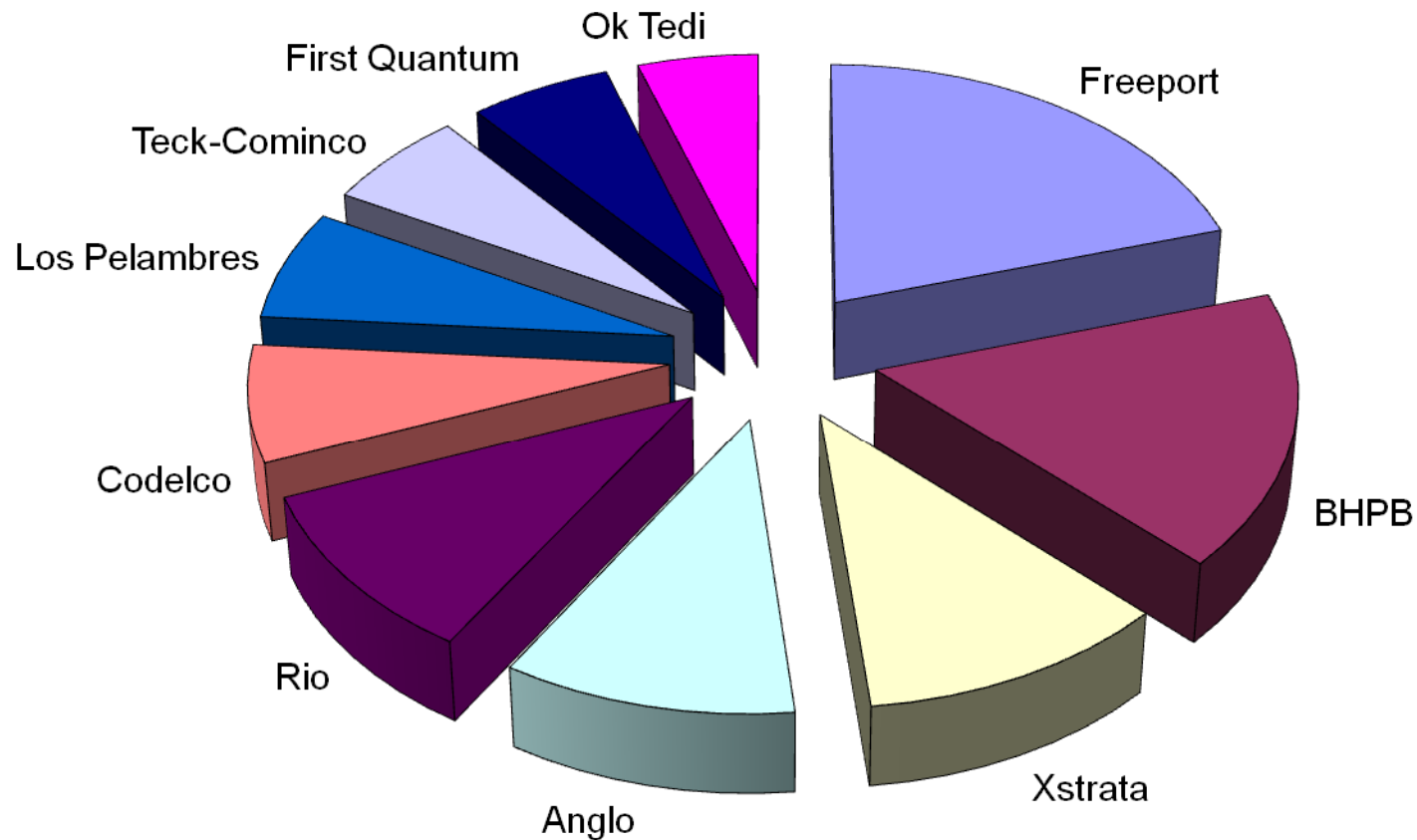
Custom Concentrate Market Share

Custom share now nearly 50%
Raw material offtake by smelters, 2009



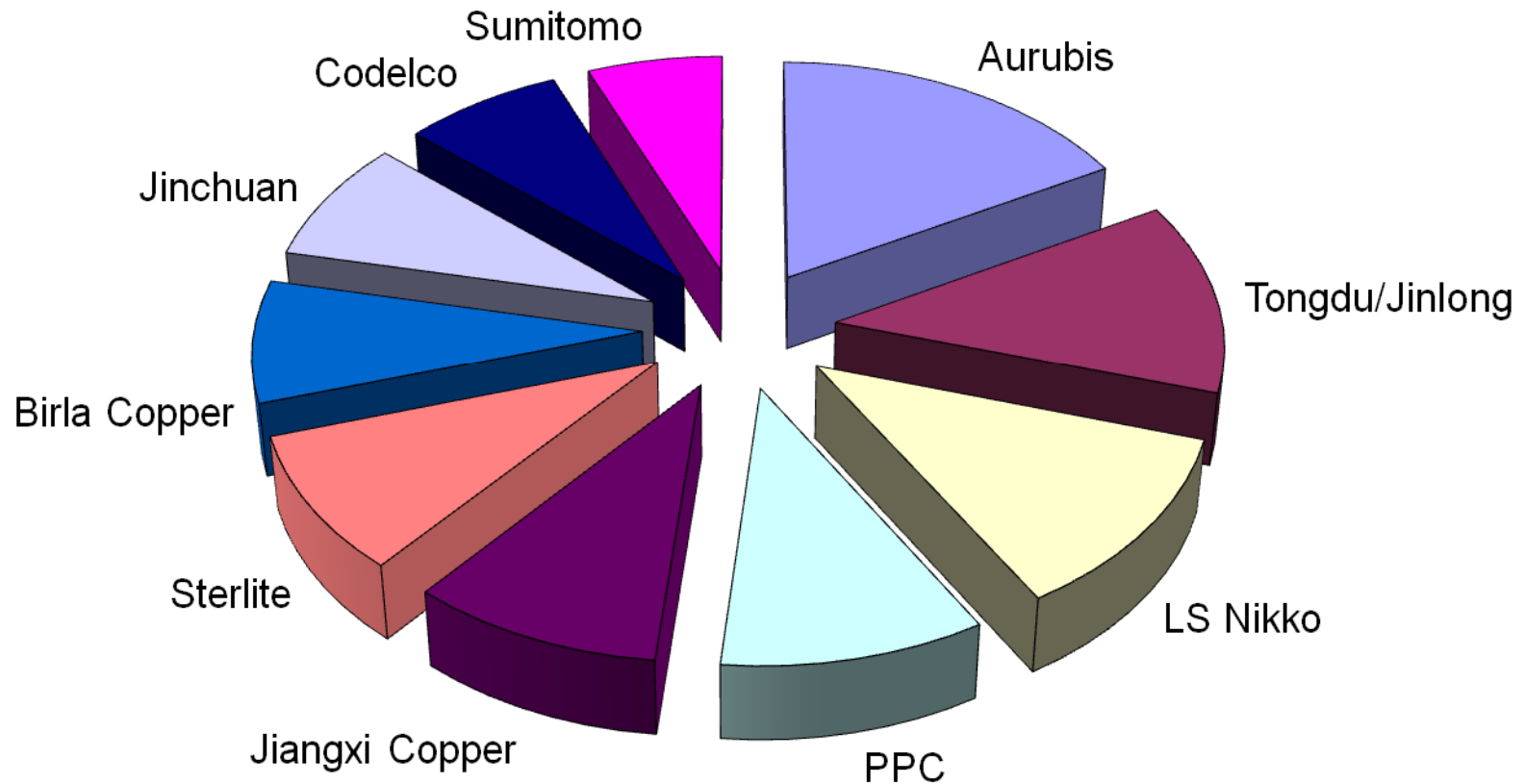
Major Producers – Custom Concentrate

Top 10 Custom Concentrate Producers - 2009

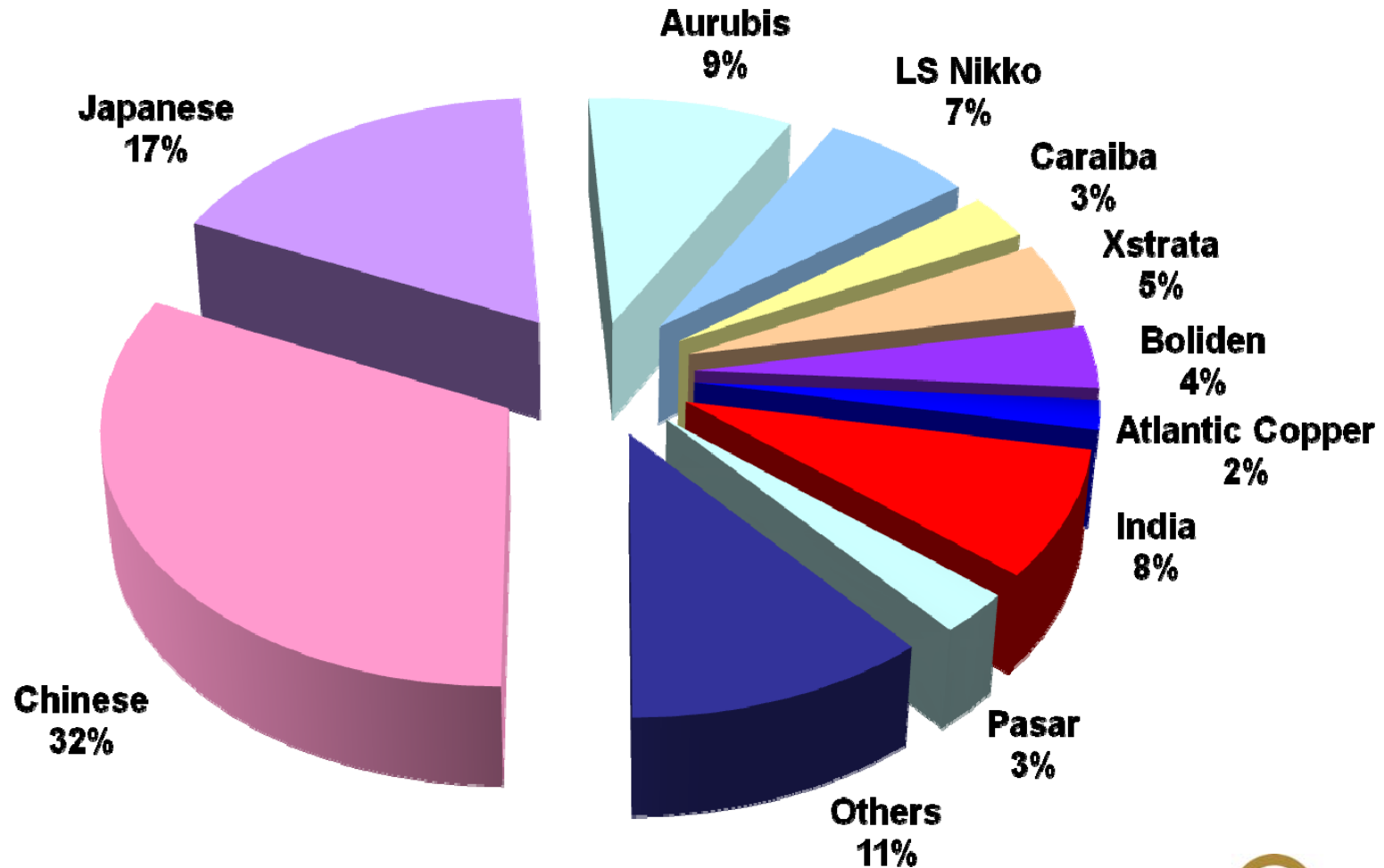


Major Consumers – Custom Concentrate

Top Ten Custom Concentrate Consumers - 2009



China accounts for one-third of custom demand market shares of total market of 6.4M tonnes contained cu in 2008



Types of Contracts

- Long-term (“Frame”) contracts between Mines and Smelters
- Long-term (“Frame”) contracts between Mines and Merchants
- Long-term (“Frame”) contracts between Smelters and Merchants
- The Spot Market via Merchants
- Price Share Contracts [PS] where charges are levied as a percentage of the prevailing copper price
- *Frame Contracts are typically Bricks or Blocks*

Major Contractual Items

- Terms *Typically* Fixed over Life of Contract
 - Term of Contract
 - Brick or Block
 - Calendar or Mid-Year
 - Tonnage (tonnage options)
 - Holiday or No-Holiday
 - Reference Clauses (eg Major Settlements in Japan)
 - Delivery Terms (CIF or FOB; destinations)
 - Shipping Terms (SHINC/SATPMSHEX/SHEX)

Major Contractual Items

- Terms *Typically* Fixed over Life of Contract
 - Quotational Periods [QP] Price Reference period
 - » Usually a single Month
 - » Anchored to Month of Shipment or Arrival
 - » Sometimes Options granted (usually to Buyer)
 - » Some Buyers request *back-pricing*
 - Price Reference LME / London Bullion Market
 - Publication Reference Platt's / Metal Bulletin
 - Penalty Elements/Schedules As / Hg / Co+Ni /
Al₂O₃+MgO / Cl / F etc
 - Payable Rates (all metals) % of metal content paid / mid
deduction
 - Payment Terms Timing / Interest %

Major Contractual Items

- Terms *Typically* Negotiated Annually

- Treatment Charge \$ / DMT
- Refining Charge (Cu) ¢ / lb
- Refining Charge (Au) \$ / oz
- Refining Charge (Ag) \$ / oz
- Price Participation [PP] (Cu) % of Cu Price

Historically $\pm 10\%$ of copper price above/below 90¢/lb

Caps & Floors have existed

Eliminated in current market

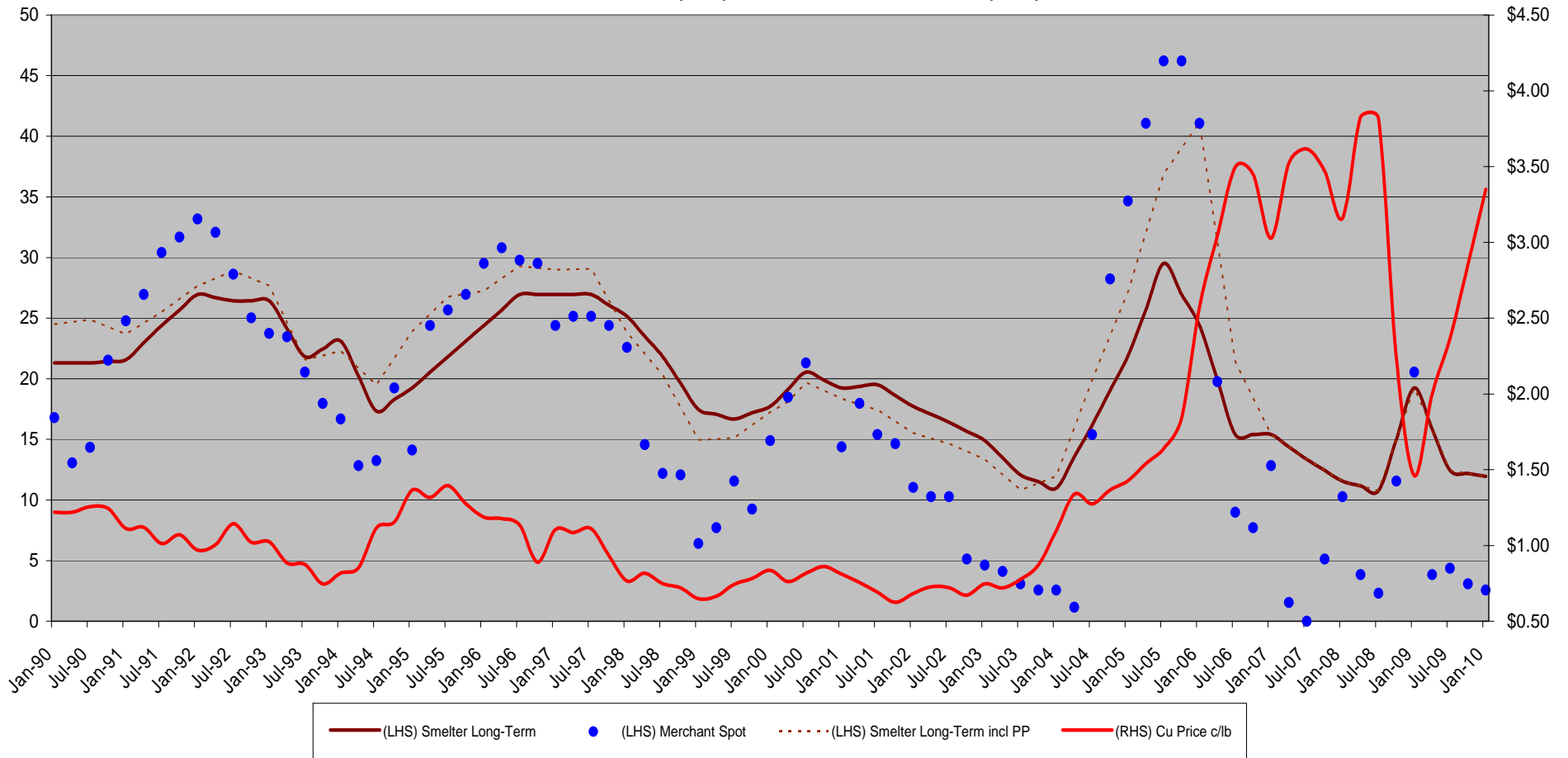
TC/RC Conversion

- TCs & RCs quoted as \$/DMT & ¢/lb
- Converted to total ¢/lb using contained copper per DMT
- @ 28% (standard conversion grade) = 638lbs*
 - TC \$10/638 = \$0.0157
 - RC 1¢ = \$0.0100
- Therefore TC \$10 & RC 1¢ = 2.57 ¢/lb

* assume 96.5% payable rate

Historical TCs/RCs

Term vs Spot TC/RC
 Combined Cu c/lb (LHS) @30% Cu Grade. Cu Price (RHS)

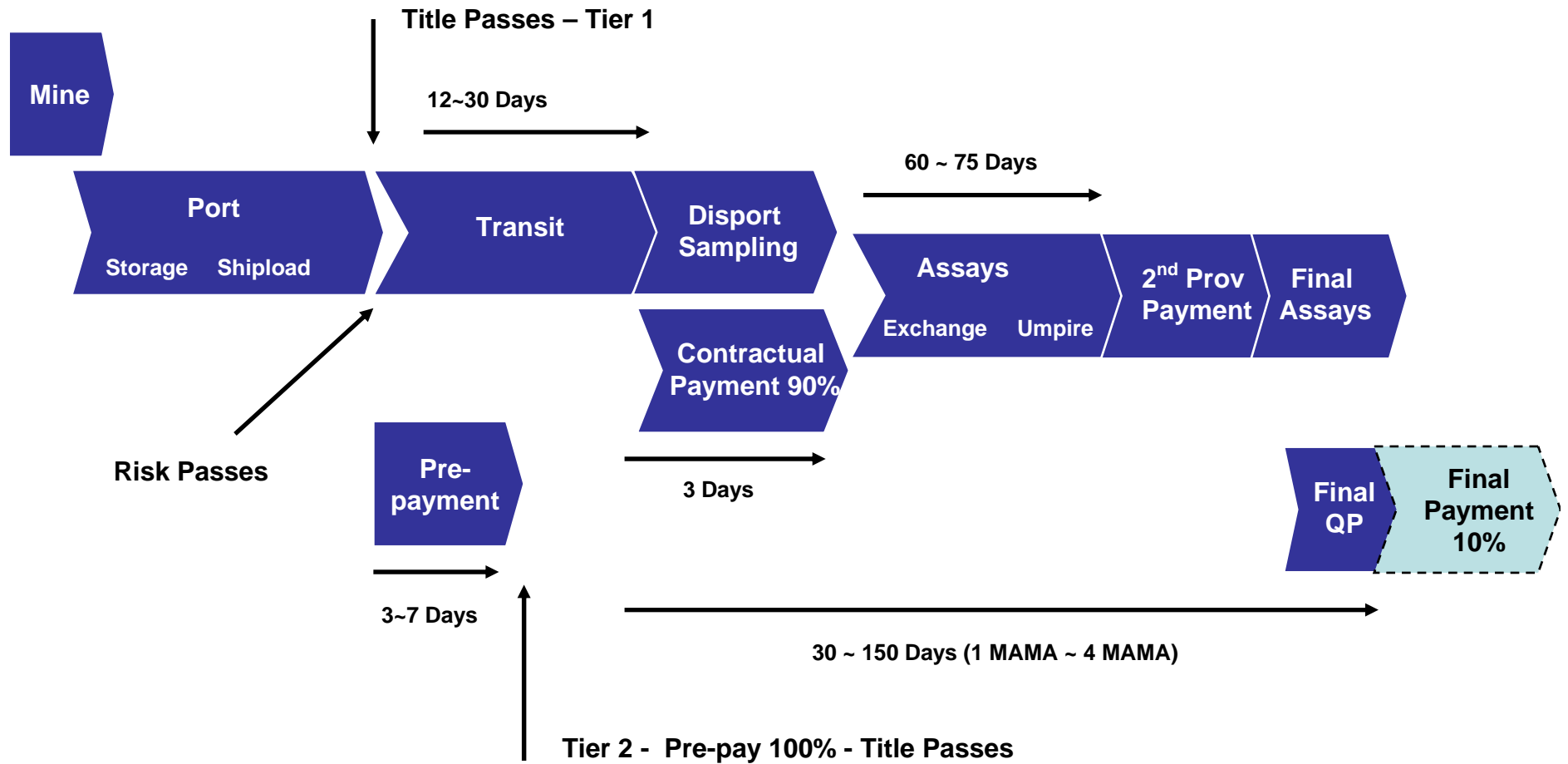


Brick Contract Concept

		Calendar 08		Calendar 09		Calendar 10		Calendar 11	
			FY09		FY 10		FY 11		
Brick A	TC	45.00	45.00	45.00	45.00	46.50	46.50	46.50	46.50
	RC	4.50	4.50	4.50	4.50	4.65	4.65	4.65	4.65
Brick B	TC	60.00	60.00	75.00	75.00	75.00	75.00	?	?
	RC	6.00	6.00	7.50	7.50	7.50	7.50	?	?

Reported Benchmark Terms

Concentrate Sales Chain



Copper Concentrate – Other Considerations

- Copper Grade – High v Low
- Au/Ag – High v Low
- Penalty Elements – certain levels may prohibit sale to certain destinations
- Market / Customer knowledge
- Weights & Assays (adjustments & weight franchises)

Risk Management & Mitigation

- Recognise different *Types* of risk
 - Credit Risk
 - Performance Risk
 - Credit Risk can be mitigated by a number of measures and instruments (EG L/Cs; pre-payments; escrow arrangements etc)
 - Performance Risk is related to the *quality* of your counter-party