



# Market Release

## Newcrest Mining Limited

19 December 2011

### Newcrest production and project update

#### Gold production guidance lowered

Newcrest Mining Limited has reduced its financial year 2011/12 gold production guidance to 2.430 – 2.550 million ounces due to continuing production disruptions at Cadia Valley and Lihir, and lower feed grades and recoveries at Telfer.

These disruptions and lower production occurred on the back of lower than forecast September quarter production. Based on present assessments, it is now unlikely the production shortfalls will be recovered during the remainder of the financial year.

The revised guidance range is around 6% below the original minimum guidance level (after adjusting for the sale of Cracow and Mt Rawdon) and includes expected gold production of 575,000 – 585,000 ounces for the December 2011 quarter.

Annual copper production guidance of 75,000 – 85,000 tonnes remains unchanged.

Group cost guidance for the 2011/12 financial year is maintained. Increased costs at Gosowong resulting from a higher AUD exchange rate and additional costs associated with the helicopter accident in August are expected to be offset by lower than planned site costs (net of stripping) at Cadia Valley and Telfer.

Capital expenditure guidance for the 2011/12 financial year is maintained at A\$2,000 – A\$2,200 million. Newcrest's two major projects at Lihir and Cadia Valley remain on schedule and within budget.

The production guidance revision for the remainder of FY2011/12 reflects the following:

- Lihir production for the first two quarters is expected to be approximately 100,000 ounces lower than planned and it is unlikely this production will be recovered during the remainder of this financial year. The lower production is a result of the extended time required to complete the total plant shut down during August and the extreme rainfall during September which impeded production from high grade positions in the open pit until mid November. Water pumping capacity in the pit has subsequently been doubled with a further upgrade planned for the March 2012 quarter.
- Telfer production for the first two quarters is expected to be approximately 50,000 ounces lower than planned which is unlikely to be recovered this financial year. Mill throughput rates have been in line with plan, however lower feed grades and material movement from main dome open pit, coupled with lower metallurgical recoveries associated with the commencement of west dome ore feed have impacted production. The scheduled commissioning of Jamieson Cells in January and planned installation of an Isa Mill later in FY2011/12 are expected to improve ore recoveries.

- Cadia Valley production for the first two quarters is expected to be approximately 30,000 ounces lower than planned, primarily due to the ground slip in the open pit and heavy rainfall. The slip occurred low on the south-east wall of the open pit and blocked a turn on the haul road preventing access to the bottom of the pit. The haul road access is being re-engineered and access to the pit is expected to be re-established by the end of December. The pit will then be dewatered with mining expected to resume in mid January 2012. The mill continues to operate at capacity utilising low grade stock piles, however it is unlikely the lost production will be recovered this financial year.

## Newcrest Project Update

**Lihir Million Ounce Plant Upgrade (“MOPU”):** The MOPU project is progressing to plan and as previously reported the major tie-in to the existing process was completed in August.

There are no major project plant shut downs scheduled at Lihir during the remainder of the 2011/12 financial year. The new 70MW fuel oil power plant was energised in November and is now supplying power from the first two of its 9MW generating sets. This has occurred to plan and commences the sequential start-up of the expansion project during calendar year 2012. The new crushing circuit is expected to be energised in February, followed by the milling circuit and the new oxygen plant and autoclaves which enable design throughput to be achieved. The project remains within budget (US\$1.3 billion) and on time for completion by the end of calendar year 2012.

**Cadia Valley:** The Cadia East project also continues to plan and remains on schedule and within budget. The primary two-week shutdown to tie-in the Cadia East plant and surface infrastructure has been successfully completed. This included the tie-in of five surface conveyors in preparation for the commencement of ore feed from the panel cave during the March 2012 quarter.

Development of the Cadia East panel cave remains on track with the hydro-fracturing of panel cave ore successfully completed and pre-conditioning blasting continuing. The next phase of delivery for Cadia East remains the completion and commissioning of the underground conveyor, with undercut and draw bell development which will occur sequentially over calendar year 2012.

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