



NEWCREST
MINING LIMITED

Sustainability Report Summary 2006



Vision and Strategy



Newcrest is a leading gold and copper producer. It provides investors with an exposure to low-cost, long-life and small, high-margin gold and copper mines. It aims to be in the lowest quartile for costs. Newcrest has technical skills and mining experience to deliver strong financial returns and growth through exploration success.

Our Vision

Newcrest's Vision is to be the 'miner of choice', and we recognise that social responsibility, safety and sustainability are fundamental guideposts to the achievement of this vision. We aspire to be the 'miner of choice' for all of our stakeholders; this includes our employees, our suppliers, our investors, and the host countries and communities in which we operate.

To achieve this vision we must be the organisation that employees want to work for, that suppliers will do business with, that continues to deliver shareholder value, and that communities and governments will grant a social licence to operate. We recognise that these outcomes can best be achieved when sustainability principles have been integrated into our business decisions.

Our Values

Newcrest has formulated and adopted five key values to guide its employees in the conduct of the Company's activities. The agreed values that guide our everyday behaviours and frame how we 'Do the Right Thing' are:

- work together
- care about people
- act with integrity and honesty
- value innovation and problem-solving
- seek high performance in ourselves and others.

Our Strategy

This is our third GRI-based Sustainability Report covering the 2005–06 financial year. Our Sustainability Reports are hosted on our website and provide a comprehensive overview of our economic, social and environmental performance. We chose to present our reports in electronic format so that we could provide links to important additional material necessary for an understanding of our overall performance. We are committed to public sustainability reporting, and will continue to develop and refine the report in coming years to cater for the diverse requirements of our key stakeholder groups.

Ian Smith
Managing Director and
Chief Executive Officer

About this Report

This Sustainability Report has been produced for our key stakeholders, including shareholders, local communities, employees and contractors, and capital market participants. It also meets our obligation for external reporting as a signatory to the Australian Minerals Industry Sustainability Code *Enduring Value*.

This is a condensed report. It outlines the key elements of our sustainability approach which is given in more detail in our GRI-based Sustainability Report. This report is available on our website at www.newcrest.com.au.

Unless otherwise stated, data presented in this report cover the 2005–06 reporting period and all costs are in Australian dollars.

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Newcrest is now positioned as a world-class gold producer. This has been achieved through many years of hard work and dedication on the part of our management team and workforce

Newcrest maintains a strategy of developing low-cost, long-life and small high-margin mines. We aim to operate projects in the lowest cost quartile in order to maximise profitability and minimise the impact from commodity price variation. Exploration remains the key element of our business building strategy.

Who Are We

Newcrest Mining Limited is an Australian publicly owned company (ABN 20 005 683 625) and is listed on the Australian Stock Exchange (Ticker NCM). As at 31 August 2006 it had 29,344 shareholders.

Newcrest operates predominately in the gold mining industry and derives its revenue from the sale of gold bullion and gold/copper concentrate. Our gold bullion is sold to mints for refining, and our gold/copper concentrate is sold to copper smelters for refining to gold and copper metal.

Our People

Our people are fundamental to the achievement of Newcrest's long-term business strategy. The past year has seen a net employment increase of 335 positions over the previous year (9.6 percent). This was an increase of 217 employees (11 percent) and an increase in the number of contractors by 118 (7.6 percent). The major drivers for this changing profile were the expanded operational and project activities at Telfer and Kencana.

Newcrest aspires to have the best trained, coordinated and led staff, all acting in line with Newcrest's values and engaged in delivering the Company's business strategy. The people strategy that supports the business strategy is based on two foundations:

- engaging with and organising our staff to deliver the business strategy that will release the Company's full potential
- having the right people with the appropriate talent and skills when the Company needs them.

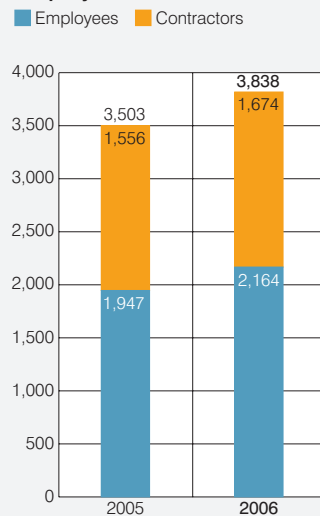
Over the year, engagement with Newcrest employees has focussed on Company values, leadership and ensuring that roles in Newcrest are clearly defined and add value. This effort has built on our highly productive relationship with our employees, which in turn is built on flexible and efficient workplace arrangements. Newcrest's People Framework outlines what is fundamental to the Company's values and its relationship with its employees – ethically-based leadership, Newcrest's values, a focus on the right work at every level and clearly defined roles.

Exploration

Newcrest's exploration strategy has targeted deposits that contain both gold and copper. The success of that strategy is demonstrated by the increased contribution of copper to the Company's revenue base. Copper production has risen from a little over 3,000 tonnes in 1991 to 100,000 tonnes in 2006.

Over the past two years the Company's exploration strategy has been broadened and the range of targets now includes copper-dominant gold deposit types as well as copper mineralisation which might have related copper-gold mineralisation at depth. The latter includes secondary copper mineralisation styles.

Employee statistics



Operations



Left Mechanical Engineers Mark Osborne and Jonathan Connell on the grinding mill platform at the Telfer processing plant.
Right Telfer processing facility.

Operations

Newcrest now has six operating mines: Cadia Hill, Ridgeway, Telfer, Gosowong, Kencana and Cracow, located in four distinct mineral provinces.

2006 Production
Gold (oz) Copper (t)

Australia		
<p>Cadia Hill gold/copper mine</p> <p>The Cadia Hill mine delivered a solid performance during the year. The lower overall production resulted from a reduction in concentrator throughput and a decrease in average head grade processed. This was largely in line with the mine plan.</p>	248,312	22,209
<p>Ridgeway gold/copper mine</p> <p>The Ridgeway underground mine has established itself as a world-class low cash cost of operation with consistent and reliable production delivery. Owner mining, which commenced in April 2005, continued to deliver the expected productivity and cost outcomes.</p>	366,520	39,938
<p>Telfer gold/copper mine</p> <p>In 2005–06 Telfer completed the first full year of production since its redevelopment. The key focus of activity was on the ramp-up in production from the open pit and commencement of production from underground.</p>	650,016	38,374
<p>Cracow gold mine</p> <p>The Cracow underground mine successfully completed its first full year of production with significant achievements in mill performance and gold production.</p>	77,702	
Indonesia		
<p>Gosowong gold mine</p> <p>The Gosowong gold mine includes the Toguraci open cut (which is nearing the end of its operational life) and the Kencana underground mine (which commenced operations in April 2006). The Toguraci open pit operation has performed well over the period of its life with total tonnes of ore mined exceeding both the reserve model and feasibility estimates. During the year Toguraci recorded a solid production result as mining moved into the final stages. As expected, gold grades declined as the remaining ore was depleted.</p> <p>The Kencana gold mine is Newcrest's first underground mine in Indonesia and is located approximately 1km south of the original Gosowong pit. The operation is based on mining a high-grade epithermal vein system. Decline development at Kencana commenced in July 2005 and by March 2006 ore was accessed on the first sub-level located some 80 metres below surface.</p>	187,316	
<p>Boddington project</p> <p>On 13 February 2006, Newcrest announced the sale of its 22.2 percent interest in the Boddington Joint Venture to Newmont Mining Corporation for the sum of \$225 million. The completion of the sale process was announced on 21 March 2006.</p>		

Governance Structure and Management Systems

The Newcrest Board believes that adherence by the Company and its people to the highest standards of corporate governance is critical in achieving the vision of being the 'miner of choice'

The Company has a formal Code of Ethics and Conduct, which all Newcrest Directors, employees and contractors are required to observe, and a comprehensive range of corporate policies (Risk Management, Communities, Safety & Health and Environmental) which detail the framework for acceptable corporate behaviour. These set out procedures employees are required to follow in a range of areas including share trading, employment practices and compliance. The Company policies are reviewed periodically to ensure that they meet evolving stakeholder expectations and community standards, and have been translated into Bahasa Indonesian to facilitate adoption at our Indonesian operations.

Corporate Governance

Newcrest's Board currently comprises seven Directors – the Managing Director, Mr Ian Smith, Finance Director, Mr Greg Robinson and five Non-Executive Directors, being Mr Don Mercer (Chairman) and Messrs Bryan Davis, Ronald Milne, Michael O'Leary, and Dr Nora Scheinkestel.

On behalf of the shareholders, the Board:

- sets the Company's strategic goals and objectives
- oversees the management and performance of the Company's business.

These and other functions of the Board, and by exception the functions delegated to management, have been formalised through the adoption of a formal Board Charter.

Board Committees

To facilitate the execution of its responsibilities, the Board has established a number of Committees, which provide a forum for a more detailed analysis of key issues. All Directors (including the Managing Director) receive all Committee papers and minutes and are welcome to attend any Committee meeting. Each Committee reports its deliberations to the next Board meeting.

The current Committees of the Newcrest Board are the:

- Audit and Risk Committee whose function is to ensure compliance with all accounting and financial reporting obligations of the Group and review internal financial controls and the role of the internal and external auditors, including the independence of the external auditors, and the Company's risk management activities
- Safety, Health and Environment Committee whose function is to monitor the Company's safety, health and environmental management practices and ensures that the Company has appropriate policies in place to provide a framework for compliance with all relevant laws, regulations and standards.

Risk Management

The Board recognises that risk management and compliance are fundamental to sound management and that oversight of such matters is a key responsibility of the Board.

The Company also has specific reporting and control mechanisms in place to manage significant risks and a formal compliance program to monitor compliance levels in key areas. An internal audit function, which reviews and reports to the Audit and Risk Committee on the effectiveness of those mechanisms, is also maintained.

These reporting and control mechanisms underpin the written statements given by the Managing Director and Finance Director to the Board each half year. The Audit and Risk Committee is given further assurance regarding the integrity of the Company's control systems by the internal audit team, led by the Executive General Manager Corporate Services and assisted by KPMG, which provides a majority of the internal audit reports.

The Company has a formal Risk Management Policy approved by the Board and a comprehensive reporting system which seeks to identify, at the earliest opportunity, any significant business risks.

The objective of our risk management program is to increase confidence in achieving planned outcomes. Risk management is an integral part of the business planning process which involves:

- identifying and evaluating potential risks to the business
- establishing adequate controls to ensure an acceptable residual risk profile
- objective consideration of risks when decisions are made at all levels of the organisation.

Enduring Value

In late 2004, the Minerals Council of Australia decided to replace the Code for Environmental Management with a more comprehensive code called *Enduring Value*. *Enduring Value* is a sustainability code based on the International Council on Mining and Metals (ICMM) *Framework for Sustainable Development*. *Enduring Value* adopts the ICMM Framework principles and elements and provides implementation guidance in an Australian context.



Left Safety and Production board at Cadia.
 Right Michael Yelf, Graduate Mining Engineer. Marina, Graduate Geotechnical Engineer. Ben Sharpe, Graduate Mechanical Engineer at Cadia.

It reflects the three pillars of sustainability (economic, social and environmental), with a strong governance framework. Newcrest became a signatory to *Enduring Value* in May 2005. As a signatory we have three commitments:

- progressive implementation of the ICMM principles and elements
- public reporting of site level performance at least once a year, with reporting metrics self-selected from the GRI, the GRI Mining and Metals Sector Supplement or self-developed
- assessment of the systems used to manage key operational risks.

Our Stakeholders

Newcrest recognises that there are a wide range of stakeholders who have an interest in our activities. Our key stakeholders have been identified as:

- shareholders
- local communities (including indigenous communities)
- employees and contractors
- capital market participants.

We also recognise a number of other stakeholder groups which are important to the ongoing viability of our business. They include:

- customers
- suppliers
- regulators
- non-governmental organisations.

At 31 August 2006 the Company had 29,344 shareholders, all holding ordinary shares (see breakdown opposite). The shareholder base continued to evolve over the year with the international

component of the register growing from 60 percent to 69 percent. This occurred as Newcrest transformed its business into one which competes strongly with its globally based gold peer group.

Each of our operations identifies a distinct **local community** (including indigenous communities) within their area of influence. We recognise, respect and support the right of local communities to be consulted on matters which potentially impact on their culture and livelihoods.

The strong demand for skilled labour in the Australian resources sector will intensify in 2006–07 and beyond.

Attracting and retaining capable employees will continue to be a key challenge for the Company’s People Strategy. Developing Newcrest’s employees, promoting from within and providing challenging opportunities will continue to be hallmarks of the Company’s approach.

We recognise a diverse group of **capital market participants** and their impact on our business. These include banks and other lending institutions, mainstream equity analysts, and socially responsible investment analysts. Increasingly these stakeholders are requesting information on the sustainability performance of large organisations such as ourselves, and building these criteria into their investment and lending decisions.

Environmental Performance Indicators

We are committed to operating our existing mines and developing our new mines in line with leading environmental practice

Newcrest is proud of its environmental performance. We have integrated care of the environment into our business culture; it is part of the way we work. However, it is not enough that we perform to high environmental standards. We must also make sure that our key stakeholders are aware that this is the approach at Newcrest.

Material Use

The total amount of ore processed in 2006 was 42.1 million tonnes (the majority of which passed through the Cadia Valley process plant (21 million tonnes) and the Telfer process plant (20.4 million tonnes). This is a 34.5 percent increase on the previous year. The increase is largely due to a full year of production from the Telfer open cut which resulted in ore through the process plant increasing from 8.8 million tonnes in 2005 to 20.4 million tonnes in 2006.

Reagents are key consumables used in the processing of our ore. A total of 69,415 tonnes of reagents were used in 2006. As a minimum, reagents are transported, stored, used, and residues disposed of, according to the regulations in the jurisdiction in which we operate.

The principal reagents were:

- quicklime (38,366 tonnes): added to the process circuit to modify slurry pH
- cyanide (1,227 tonnes): used at Gosowong, Cracow and Telfer.

Cyanide is a toxic and hazardous substance, however, proper management ensures the protection of both human health and the environment. At Gosowong and Cracow, cyanide was detoxified before discharge to the tailings dam. At Telfer, discharge was managed to less than 50 mg/L CN^{WAD} prior to discharge to the tailings dam.

A cyanide recovery plant (SART technology) has been built at Telfer to recover cyanide before it is discharged to the tailings storage facility. This has enabled Telfer to recycle 40 percent of its cyanide, lowering cyanide levels in the tailings storage facility and reducing the amount of cyanide required to be transported to site.

Energy Use

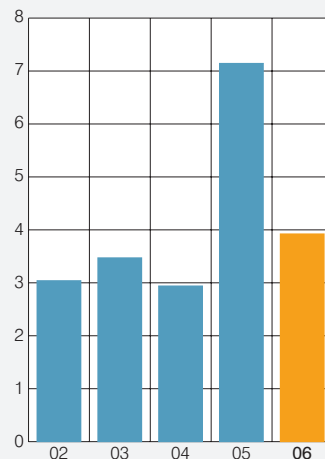
The electricity use per tonne of ore treated increased by 3.63 percent in the current year. A new gas fired power station has been built at Telfer as part of the new project. Powered by natural gas supplied via a newly constructed 440 kilometre gas pipeline from Port Hedland, the new power station commenced operations in early 2005. The original diesel-powered station continued to be used as the gas-fired power station was brought online. It will be retained for use during peak load periods, or in the event of an interruption to gas supply.

A total of 6128 terra joules (TJ) of natural gas was consumed in the generation of electricity at Telfer in 2006. The amount of natural gas used in giga joules (GJ) per tonne in 2006 increased by 30.4 percent over natural gas consumption in 2005, however, 2006 was the first full year of operation for the power station.

The Company used a total of 154,900 kilolitres of diesel during the year, of which 14.5 percent was used for on-site power generation and 85.5 percent for transport purposes (principally hauling ore and waste rock). The total diesel usage is a 17.7 percent increase on the previous year, reflecting the ramp-up of production at Telfer. Despite this increase in total diesel used, the diesel used per tonne of ore treated decreased by 12.46 percent.

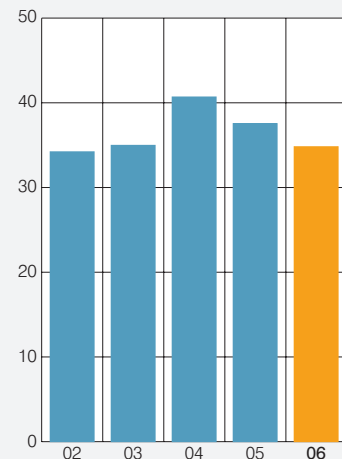
Reportable environmental incidents

per million hours



Greenhouse gas emissions

kg CO₂e/t





Left Amie Martin, Graduate Environmental Scientist, measuring the groundwater level at the Telfer Dump leach pad.

Right Toguraci Mine showing current Damar pit and backfilled Midas pit (background), with waste dumps (foreground) under progressive reclamation back to the original landform.

Compliance

The reportable environmental incidents per million hours (Category II and above) for the years 2002 through 2006 are shown in the graph on page 7. There was a significant reduction in the number of incidents per million hours worked, from 7.12 in 2005 to 3.91 in 2006 (see graph).

There were a total of 44 environmental incidents reported during 2006 (40 Category II incidents and 4 Category III incidents). This compared with a total of 71 incidents in 2005, a decrease of 38 percent. There were no Category IV or V incidents during the reporting period.

Of the 44 reportable incidents, there were 14 process spills, and 11 small hydrocarbon spills. In part response to the continuing number of small hydrocarbon spills, we have commenced a program of hydrocarbon audits across all sites.

Greenhouse Gas Emissions

Greenhouse gas emissions during 2006 increased in total, but decreased in relative terms. The increase in total emissions is mainly attributable to the full year of production at Telfer and the commissioning of Kencana.

The greenhouse gas emissions per tonne treated for the years 2002 through 2006 are shown in the figure on page 7. Greenhouse gas emissions decreased by 7.2 percent per tonne of ore treated.

Indirect greenhouse gas emissions (such as that resulting from the purchase of electricity) are included in the emissions calculation above. This is consistent with reporting protocols under the *Greenhouse Challenge Plus* program.

Water

The make-up water per tonne treated for the years 2002 through 2006 is shown in the figure below. Make-up water use in the current year increased by 6.7 percent over the previous year. This was largely due to the first full year of production at Telfer. Make-up water use for 2006 was 27,023 megalitres. Of this, 87.6 percent was extracted from both groundwater and surface water sources and 12.4 percent was 'grey water' taken from the towns of Orange, Blayney and Millthorpe.

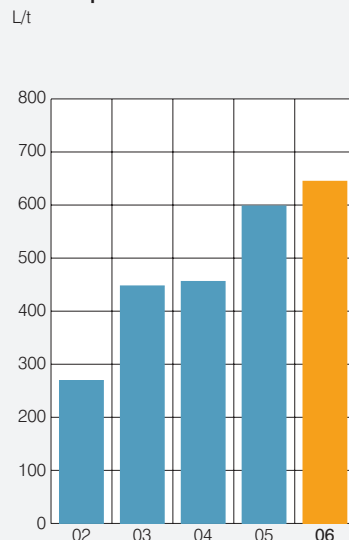
Rehabilitation

At Newcrest we are committed to progressive rehabilitation. This means that we will attempt to create final landforms as soon as possible in the mining cycle so that we can commence rehabilitation. This reduces the amount

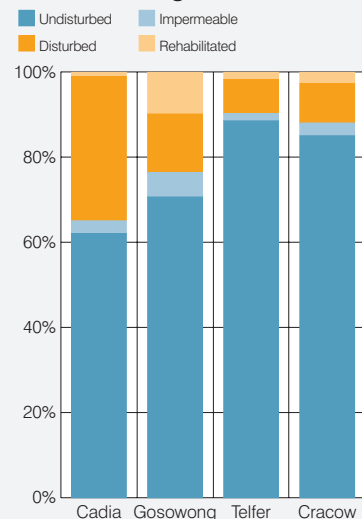
of disturbed area on our sites, and demonstrates our ability to undertake successful rehabilitation.

At Cadia Valley work has commenced on the progressive rehabilitation of the south waste rock dump and rehabilitation trials on a representative area of tailings is in its third year. At Gosowong, we have rehabilitated over 80 percent of the available area disturbed during the mining phase. Telfer has embarked on a five year scientific research program in partnership with the University of Western Australia, the Mining and Energy Research Institute and the Australian Research Council, looking at design options for the southern waste rock dump that are more consistent with the local mesa landforms.

Make-up water



Percentage of land in defined categories



Social Performance Indicators

As a successful resource business it is imperative that we develop positive, ongoing relationships with our employees, contractors and the local communities in which we operate

Operating a mine is a partnership between Newcrest and its key stakeholders: its shareholders, employees, government and the local community. Getting it right is important, and we believe that our success is reflected in the positive contribution we make to the social and economic fabric of the local communities in which we operate.

Communication

We recognise the importance of keeping the market fully informed of the Company's activities and of communicating openly and clearly with all stakeholders. A formal Continuous Disclosure Policy is in place to ensure that this occurs. All key communications, including any Company releases to the ASX, are placed immediately on the Newcrest website and, when necessary, mailed directly to all shareholders. General and historical information about the Company and its operations is also available on the website.

We continue to place a strong emphasis on our interaction with local communities. While particular emphasis is placed on developing and maintaining one-on-one relationships with key stakeholders, we also have in place dedicated structures to enhance our community consultation. These include:

- local representative committees
- residents meetings
- open days and site tours
- local residents newsletters.

Local Communities

Engagement with the communities in which we operate remains important before, during and after project development.

Cadia Valley continues to be an active member of the local community and has conducted numerous community consultation activities over the reporting period. Community consultation initiatives developed previously have been continued and supplemented by new initiatives.

Significant progress was made on a reclamation project jointly sponsored by the Flyers Creek Landcare Group and Cadia Valley. Initiated by Cadia Valley in 2003, the aim of this project is to return a three kilometre stretch of Flyers Creek in the Cadia district back to its natural state, eliminating introduced species.

Cadia Valley runs an active program of site tours for educational, business and general interest groups throughout the year. In May this year, a public open day was held at Cadia that attracted over 3,000 visitors to the mine.

Two tertiary education scholarships were awarded to local students studying degree courses in mine engineering and mechanical engineering. Cadia Valley is now supporting eight scholarship awardees through their tertiary studies.

Cadia Valley also participated in an industry-wide research program carried out by the University of Queensland which benchmarked their community relations program against other mining companies.

Since the operation commenced in 1998, Gosowong has maintained an ongoing commitment to various community development programs. The Kencana underground has provided an extended mine life for the Gosowong area and will allow the company to continue to develop and support the local communities.

At Gosowong, excellent progress was made with local community-related projects and programs. Among the more significant of these was the construction of two sports complexes at nearby villages. These comprised soccer fields, basketball courts and stadiums. Health-related initiatives included the establishment of numerous water bores in surrounding villages.

A standout achievement was the setting up of a local community run business to mine and deliver volcanic tuff required to produce fill material for the Kencana underground mine. This involves the use of up to 40 local trucks to transfer the tuff material from the quarry to the backfill plant.

With a strong mining heritage and a small local community, the development of the Cracow project requires particular attention to the needs of all stakeholders. During the year, Cracow gold mine re-established a medical centre in Cracow, maintaining an important facility for the residents of the town and surrounding district. Recognising a need for additional sporting facilities, tennis courts were also constructed in the town centre and are used by both local residents and mine employees.



Left This youngster is the envy of his friends as he sits perched up high with clown Andy Brown during the Parmgurr Sports Carnival sponsored by Newcrest in association with the WA Department of Sport and Recreation.

Considerable efforts have been made by Telfer to consult with community stakeholders with regard to a range of issues concerning the operation of the Copper Concentrate Storage Facility in Port Hedland. Community concerns have arisen from the odour, dust and possible groundwater and marine impacts from the facility. Efforts to inform the community of the operations and management of environmental issues at the facility have included a presentation to the Care for Hedland Group in 2005, providing an update on Telfer and its operations.

A Memorandum of Understanding (MoU) was also signed with the Town of Port Hedland during the year. This MoU provides monetary support to the Town of Port Hedland, to be used for community projects, and a series of objectives for the Community Partnership Program have been developed.

Developing and maintaining strong, positive relationships with communities where **exploration** activities are planned and occur is an essential part of the exploration process. We always seek to interact with the local community when conducting exploration activities so as to inform it of the planned exploration, and develop understanding, mutual respect and community support for its work.

Indigenous Relations

As part of our commitment to the Indigenous people impacted by the Telfer redevelopment, three agreements were negotiated with Indigenous groups as part of the project approval process. The agreements are:

- an Infrastructure Agreement that provides benefits for a number of Indigenous groups whose Native Title Claims are impacted by an Infrastructure Lease which currently contains a gas pipeline
- a Community Benefits Agreement that was negotiated with the Martu People, whose determined claim surrounds the Telfer leases
- a Memorandum of Understanding that provides a number of mine related benefits including a Community Relations Facilitator who deals with Martu community matters, and chairs a Community Consultative Committee made up of Newcrest staff and Martu members.

Benefits of these agreements include training programs, job opportunities, cultural heritage monitoring, cultural awareness training and financial payments and sponsorship including sports, school camps, healthy lifestyles and emergency support for community members

At Cracow an Indigenous Land Use Agreement (ILUA) was concluded with the Wullu Wullu People and the Iman People in November 2002. This agreement provides a number of benefits to all parties including:

- employment opportunities
- high school scholarships
- traineeships
- storage of cultural items and artefacts
- financial contributions
- annual report-back meetings.

Newcrest's commitment to improved safety continued with the emphasis on *Target Zero* during 2006

Newcrest continues to make the provision of a safe and healthy workplace a key priority for employees and contractors. Our belief is that all injuries are preventable so our ultimate goal is to have zero injuries across all areas of the business.

Target Zero

Strong emphasis on the *Target Zero* initiative continued throughout the year, reinforcing the principle that every injury and incident is preventable by modifying the behaviour of all employees and contractors.

The structure required to achieve this goal was established during the previous year and has now been implemented across the Company.

Key features of the initiative include:

- establishing clear targets for lagging measures of safety performance including Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR)
- establishing consistent leading measures of safety performance including near miss and hazard reporting
- maintaining an effective safe behaviour observation program
- maintaining active working groups at a corporate and site level with meaningful involvement of both employees and contractors
- training line managers in safety leadership
- providing employees and contractors with safety skills training to improve their knowledge of how to work safely.

During the year, several Newcrest employees and contractors visited sites managed by the DuPont company, an acknowledged leader in the field of health and safety performance. The visits reaffirmed the approach that

Newcrest is taking to achieve improved and sustainable health and safety performance.

Contractors play an important role at Newcrest and their active involvement in the safety initiative is essential in order to lift overall health and safety performance across the Company. Over the past year, several alliances have been established with key contractors. Alignment of safety objectives and commitment to the *Target Zero* initiative form an integral part of the broader contractual obligations. Contractor involvement has been a critical factor in the successful outcome of work undertaken by a number of *Target Zero* working groups.

Health and Safety Performance

The impact of *Target Zero* is reflected in generally improved safety performance for the Company in the 2005–06 year:

- no fatalities at any Newcrest operation during the year
- a decrease in Lost Time Injury Frequency Rate (LTIFR) by 41 percent from 2.2 to 1.3 Lost Time Injuries per million exposure hours. Despite the decrease, and Newcrest comparing favourably with its industry peers for this measure, the continued presence of Lost Time Injuries remains unacceptable to Newcrest
- Total Recordable Injury Frequency Rate (TRIFR) decreased by 18 percent from 13.6 to 11.1.

Individual site safety statistics are shown below.

Notwithstanding improved trends in health and safety performance attributable to the *Target Zero* initiative, Newcrest will continue to work to eliminate all injuries and incidents from its workplaces. Key initiatives planned for 2006–07 include:

- reaffirming the *Target Zero* message and program under the leadership of the new Managing Director and Chief Executive Officer
- conducting a comprehensive independent external audit of Newcrest's Corporate Health and Safety Standards
- developing a program that 'personalises safety' by increasing the profile of the human aspect of health and safety performance
- continually improving the effective sharing of health and safety knowledge and learning across the Company.

Site	LTIFR		TRIFR	
	2006	2005	2006	2005
Cadia Valley	1.5	1.8	14.7	16.1
Cracow	0.0	7.8	24.2	39.2
Gosowong	0.3	0.0	6.4	8.1
Telfer	4.1	3.3	13.1	10.5
Exploration	0.0	1.2	23.4	28.9
Total Newcrest	1.3	2.2	11.1	13.6

Economic Performance Indicators

The Company's long-term strategy of operating as a responsible, efficient and low-cost gold and copper producer has been maintained

2006 was an important year for Newcrest as the Company continued to grow with the first full year of production from the Telfer open pit and Cracow mines, Telfer underground production commencing and the Kencana underground mine constructed and commissioned. Both gold reserves and copper reserves at continuing operations increased by 8% and 27% respectively.

Financial Performance

The financial highlights for 2006 were:

- sales volumes increased by 41%
- Group cash costs at achieved prices – A\$246 per ounce
- total costs at achieved prices – A\$365 per ounce
- full year after tax profit was A\$349.5 million (including \$218.2 million from the sale of Boddington)
- a 5 cent unfranked final dividend declared.

A comprehensive analysis of our financial performance can be found in our 2006 Concise Annual Report.

The Future

The Company has a number of new projects currently being developed in our existing mining provinces. These include Ridgeway deeps, Kencana, Cadia East open pit and Cadia East underground.

In 2005–06 Telfer completed the first year of full production since its redevelopment. The key focus of activity was on the ramp-up in production from the open pit and commencement of production from underground. Full production from the underground is expected to reach an equivalent annualised rate of 4 million tonnes in the upcoming year.

Newcrest has the fundamentals in place for further expansion with all our existing sites providing upside opportunities as well as there being a suite of additional targets we are pursuing.

Mine Closure

Newcrest recognises that it has an obligation to restore its mine sites to an agreed condition at the end of the life of mine. All of our operations have closure plans in place. Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, we have estimated costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life. Costings and provisioning at each operation are in accordance with A-IFRS requirements.

As at 30 June 2006 the closure provision for Newcrest stood at \$29.5 million. This is a 34.3 percent reduction on the provision at 30 June 2005. The majority of this decrease occurred due to the sale of our interest in the Boddington Project, and when this sum is excluded, there was a 5.4 percent increase in the provision.

Research

Newcrest sponsors a number of research programs in conjunction with individual sites. Our research effort has been directed toward a better understanding of:

- acid rock drainage, including the effectiveness of various cover systems (Telfer and Cadia Valley)
- eco-hydrology of mesa landforms in the Pilbara (Telfer)
- weed management, seed collection and storage and topsoil viability at Telfer in partnership with Kings Park and Botanic Gardens
- the potential for direct revegetation of tailings (Cadia Valley)
- development of magnetic separation techniques to improve grinding circuit efficiency
- design and development of new and improved gravity recovery
- continuous caving processes through our involvement in the Mass Mining Technology Study.