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**To:** Company Announcements Office

**From:** Francesca Lee

**Date:** 30 September 2014

**Subject:** 2014 Annual Report

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In accordance with the Listing Rules, I attach a copy of the 2014 Annual Report which will be sent to shareholders today.

Yours sincerely



Francesca Lee  
Company Secretary





Newcrest made steady progress improving its operational performance during the year. Productivity improvements and cost and capital reductions were achieved across the Group, and gold production increased 14 percent to around 2.4 million ounces.



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### 2013/2014 highlights

- 14 percent increase in gold production to 2.4 million ounces. 24 percent reduction in All-In Sustaining Cost\* to A\$976 per ounce
- All operations achieved an All-In Sustaining Cost lower than the average realised gold price of A\$1,408 per ounce
- Group free cash flow\* was A\$133 million with each operation free cash flow positive except Hidden Valley
- Continued ramp-up of the Cadia East underground mine with increased production from Panel Cave 1 and Panel Cave 2 expected to achieve commercial production around December 2014
- Statutory loss\* of A\$2,221 million and underlying profit of A\$432 million

\* See pages 4 and 62 for an explanation of these terms.

# Company Snapshot

Newcrest is one of the world's largest gold mining companies and currently operates mines in four countries. With a near-term focus on fully realising the potential of each asset in the portfolio, the Company's key priorities are operating discipline (including safety), cash generation and profitable growth.



6

operating mines in the Asia Pacific region and West Africa

4

growth opportunities

|                       |                                       |
|-----------------------|---------------------------------------|
| <b>1 Cadia Valley</b> | 100 percent Newcrest                  |
|                       | Operating mine                        |
| <b>2 Telfer</b>       | 100 percent Newcrest                  |
|                       | Operating mine and growth opportunity |
| <b>3 Lihir</b>        | 100 percent Newcrest                  |
|                       | Operating mine and growth opportunity |
| <b>4 Gosowong</b>     | 75 percent Newcrest                   |
|                       | Operating mine                        |

|                        |                        |
|------------------------|------------------------|
| <b>5 Wafi-Golpu</b>    | 50 percent Newcrest    |
|                        | Growth opportunity     |
| <b>6 Hidden Valley</b> | 50 percent Newcrest    |
|                        | Operating mine         |
| <b>7 Bonikro</b>       | 89.89 percent Newcrest |
|                        | Operating mine         |
| <b>8 Namosi</b>        | 69.94 percent Newcrest |
|                        | Growth opportunity     |

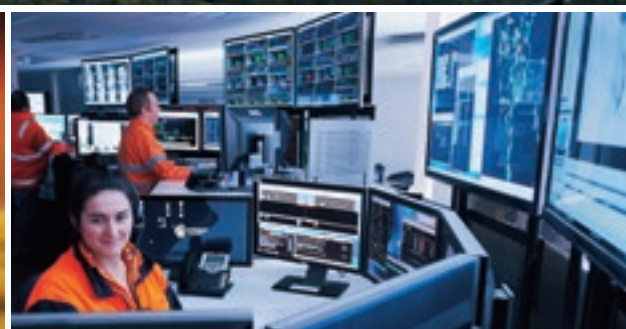
Newcrest's strategy is to build a portfolio of predominantly long-life, low cost gold assets that can remain profitable through various stages of the gold price cycle. The Company is an unhedged gold producer and seeks to maintain a conservative balance sheet.

Newcrest has a concentrated asset portfolio comprising operating mines and growth opportunity in Australia, Papua New Guinea (PNG), Indonesia, Côte d'Ivoire and Fiji. Current reserves estimates include 78 million ounces of gold and 12 million tonnes of copper, which represents over 25 years of future production at current rates.

The Company has recently completed major brownfield expansion projects at our two largest producing and longest-life assets – Cadia Valley Operations (New South Wales, Australia) and Lihir (New Ireland Province, PNG). These assets underpin the future production profile of the Group, and their ramp-up to full production remains a key value driver for the Company.

Newcrest also has a 50 percent interest joint venture in the Wafi-Golpu project in Papua New Guinea which has the potential to be another long-life, low-cost operation. Reserves are estimated to include 12 million ounces of gold and five million tonnes of copper (100 percent). A pre-feasibility study of the development options for this project is expected to be completed by the end of this calendar year.





The Company has a strong history of exploration success and is committed to the discovery of new ore bodies and acquiring early stage access to new development opportunities. Current exploration activities continue to target resource additions proximate to existing infrastructure to extend the mine life of existing operations.

The Company took decisive action in response to the significant fall in the gold price in April 2013 and over the past 18 months has made steady progress in improving productivity and reducing costs and capital expenditure. Newcrest continues to have a strong focus on improving the operating and financial performance across the business.

Newcrest has strong technical capabilities in deep underground block caving, shallow targeted underground mines, large open pits and a variety of metallurgical processing skills. The Company is committed to maintaining a safe environment for our people, operating and developing mines in line with good environmental practices and building lasting relationships with the communities in which we operate.

Headquartered in Melbourne, Australia, Newcrest is among the top 50 companies listed on the Australian Securities Exchange and is also listed on the Port Moresby Stock Exchange.

**Top Left**  
Overview of the  
Cadia Valley Operations

**Top Right**  
Ore haulage to the Lihir  
processing plant

**Bottom Left**  
Gold bullion produced  
at Cadia Valley Operations

**Middle**  
Site Asset Operating Centre  
Cadia Valley Operations

**Bottom Middle**  
Production drilling at  
Cadia Valley Operations

**Bottom Right**  
Crushed ore stockpiles  
Telfer operations

**Next page**  
Transport of ore from  
the Telfer open pit

# Results at a Glance

## 2,396,023

ounces of gold produced

▲ 14% INCREASE

## 86,118

tonnes of copper produced

▲ 7% INCREASE



|                                                             |                       | 12 months to<br>30 June 2014 | 12 months to<br>30 June 2013 <sup>(1)</sup> | %<br>Change |
|-------------------------------------------------------------|-----------------------|------------------------------|---------------------------------------------|-------------|
| Gold produced                                               | (ounces)              | <b>2,396,023</b>             | 2,109,784                                   | 14          |
| Copper produced                                             | (tonnes)              | <b>86,118</b>                | 80,366                                      | 7           |
| Gold price realised                                         | (A\$ per ounce)       | <b>1,408</b>                 | 1,550                                       | (9)         |
| Sales revenue                                               | (A\$ million)         | <b>4,040</b>                 | 3,775                                       | 7           |
| EBITDA <sup>(2)(3)</sup>                                    | (A\$ million)         | <b>1,514</b>                 | 1,473                                       | 3           |
| EBIT <sup>(2)(3)</sup>                                      | (A\$ million)         | <b>821</b>                   | 745                                         | 10          |
| Statutory profit/(loss) <sup>(4)</sup>                      | (A\$ million)         | <b>(2,221)</b>               | (5,783)                                     | 62          |
| Underlying profit <sup>(3)(5)</sup>                         | (A\$ million)         | <b>432</b>                   | 446                                         | (3)         |
| Operating cash flow                                         | (A\$ million)         | <b>1,037</b>                 | 1,147                                       | (10)        |
| Capital expenditure (cash flow basis including exploration) | (A\$ million)         | <b>843</b>                   | 2,386                                       | (65)        |
| Free cash flow <sup>(6)</sup>                               | (A\$ million)         | <b>133</b>                   | (1,417)                                     | N/A         |
| Return on capital employed (ROCE) <sup>(7)</sup>            | (percent)             | <b>6.4</b>                   | 4.8                                         | 33          |
| Gearing (Net debt/net equity and equity) <sup>(8)</sup>     | (percent)             | <b>33.8</b>                  | 29.3                                        | 15          |
| Interim and Final Dividend                                  | (A\$ cents per share) | <b>0</b>                     | 12.0                                        | (100)       |

<sup>(1)</sup> 2013 information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*.

<sup>(2)</sup> EBITDA is 'Earnings before interest, tax, depreciation, amortisation and significant items'. EBIT is 'Earnings before interest, tax and significant items'. EBITDA and EBIT are used to measure segment performance and have been extracted from Note 7 'Segment Information' on page 112.

<sup>(3)</sup> EBITDA, EBIT and Underlying profit are non-IFRS financial information used by Newcrest to measure performance and have not been subject to audit by the Company's external auditor. Refer to section 7 in the Operating and Financial Review for further detail.

<sup>(4)</sup> Statutory profit/(loss) is profit/(loss) after tax attributable to owners of the parent.

<sup>(5)</sup> Underlying profit is profit after tax before significant items attributable to owners of the parent company. Refer to section 7 in the Operating and Financial Review for further detail.

<sup>(6)</sup> Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities. Free cash flow is non-IFRS financial information. Refer to section 4 of the Operating and Financial Review for further details.

<sup>(7)</sup> Return on Capital Employed is calculated as EBIT divided by average capital employed, and is non-IFRS financial information used by Newcrest to measure performance and has not been subject to audit by the Company's external auditor. Refer to section 7 of the Operating and Financial Review for further details.

<sup>(8)</sup> Gearing is calculated as net debt to net debt and equity. Refer to section 6 of the Operating and Financial Review for further details.



#### Group Gold Production (thousand ounces)

|      |        |
|------|--------|
| 2010 | 1,762  |
| 2011 | 2,527* |
| 2012 | 2,286  |
| 2013 | 2,110  |
| 2014 | 2,396  |

#### Underlying Profit (A\$ million)

|      |       |
|------|-------|
| 2010 | 776   |
| 2011 | 1,058 |
| 2012 | 1,084 |
| 2013 | 446^  |
| 2014 | 432   |

#### Cash Flow from Operations (A\$ million)

|      |        |
|------|--------|
| 2010 | 1,303  |
| 2011 | 1,729  |
| 2012 | 1,726  |
| 2013 | 1,147^ |
| 2014 | 1,037  |

#### Group Copper Production (thousand tonnes)

|      |    |
|------|----|
| 2010 | 87 |
| 2011 | 76 |
| 2012 | 76 |
| 2013 | 80 |
| 2014 | 86 |

#### EBIT (A\$ million)

|      |       |
|------|-------|
| 2010 | 1,139 |
| 2011 | 1,544 |
| 2012 | 1,590 |
| 2013 | 745^  |
| 2014 | 821   |

#### Free Cash Flow (A\$ million)

|      |        |
|------|--------|
| 2010 | 417    |
| 2011 | -565   |
| 2012 | -1,029 |
| 2013 | -1,417 |
| 2014 | 133    |

\* Production from the former LGL operations included from the acquisition date of 30 August 2010.

^ 2013 information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*.

### Operational performance

- Gold production 2,396 thousand ounces; copper production 86 thousand tonnes
- All-In Sustaining Cost of A\$976 per ounce (US\$897 per ounce)
- All-In Sustaining Cost margin of A\$432 per ounce (on average realised gold price of A\$1,408 per ounce)

### Projects and studies

- Cadia East Panel Cave 2 development continued; commercial production expected around December 2014
- Golpu updated prefeasibility study nearing completion; expected by the end of 2014

### Profit/(loss) and cash flow

- Statutory loss<sup>(4)</sup> of A\$2,221 million (after impairment, write-down and restructure costs of A\$2,653 million)
- Underlying profit<sup>(5)</sup> of A\$432 million
- Free cash flow<sup>(6)</sup> of A\$133 million
- Cash flow from operations of A\$1,037 million
- EBITDA margin of 37.5 percent; EBIT margin of 20.3 percent

### Balance sheet

- Cash and undrawn committed debt facilities at 30 June 2014 of over A\$1,800 million
- Gearing of 33.8 percent



# Chairman's Report

Our new Chief Executive and his team are fully engaged in implementing his priorities for improving performance and realising potential, laying the foundation for future profitability and profitable growth.



Peter Hay

Against a backdrop of a lower gold price than in the prior year, Newcrest met or exceeded its safety, production, and cost targets for the 2014 financial year, demonstrating the Company's capacity to respond and adapt to changing market conditions. The targets were set to support the Company's keen focus on generating cash after a period of major investment.

It was disappointing to write-down again the carrying value of our assets, particularly Lihir. These impairments followed the bi-annual review of carrying values and resulted in a statutory loss of around A\$2.2 billion. The impairments are explained in detail in the Operating and Financial Review section of this report. Despite a lower gold price, underlying profit of A\$432 million was just marginally lower than for the prior year and profit margins were maintained.

The impairments have the effect of increasing Newcrest's gearing to 33.8 percent. While this is higher than the Board's desired level, the Board considers it to be acceptable given that we are emerging from a period of heavy capital investment. In this context, it is worth noting that as at 30 June, Newcrest had more than \$1.8 billion in cash and undrawn committed bank facilities.

Over the year, the Company has focussed on becoming free cash flow positive. The Board believes that this is the right approach in the current environment. In time it should place us in a good position to reduce debt and return to paying dividends.

The Board has determined that there will be no final dividend this year. No interim dividend was paid. This decision is consistent with the Company's policy of setting dividend levels with regard to profitability, balance sheet strength and reinvestment options.

Importantly, during the year we recruited a new Managing Director and Chief Executive Officer, Sandeep Biswas, who joined Newcrest in January 2014 as an Executive Director and Chief Operating Officer. He took over from Greg Robinson as Chief Executive Officer on 4 July 2014. Sandeep brings broad and deep operational experience across multiple commodities along with strategic and leadership capabilities.

Sandeep has established his senior management team and is fully engaged in implementing his priorities for improving performance and realising potential. He has initiated a Company-wide improvement program. The current year's priority areas of focus are operating discipline and safety, and cash generation, being vital elements of the Company's platform for future profitable growth.

I would like to thank Greg Robinson for his commitment and dedication to Newcrest in his seven and a half years with the Company. His legacy includes a solid foundation for future growth with the successful implementation of the major projects, Cadia East and the Lihir plant expansion, and the measured progress of the Wafi-Golpu project in Papua New Guinea.

I also acknowledge and thank my predecessor, Don Mercer, who retired on 31 December 2013 after seven years as Chairman. Don led a renewal of the Newcrest Board and oversaw the transformation of the Company from a mid-tier to a major global gold producer.

I would also like to thank our employees and contractors for their combined contribution to the Company's performance.

We place a high priority on productive and positive relationships with the host communities and governments where we operate. Many of our employees and contractors live in local communities near our mines. This contributes to and supports our desire to be a good neighbour, providing benefits to our host communities and governments and operating our mines in an environmentally responsible way. Details of our sustainability performance are available in our Sustainability Report on the Newcrest website.

As we have announced, the Australian Securities and Investments Commission (ASIC) concluded its investigation in June 2014. ASIC, with Newcrest's agreement, sought and was granted a declaration from the Federal Court of Australia that Newcrest had contravened continuous disclosure provisions of the Corporations Act and aggregate civil penalties of A\$1.2 million were imposed on Newcrest. The Company also made a number of changes to enhance its disclosure and investor relations policies and practices based on the recommendations of the Board-commissioned independent review released to the ASX in September 2013.

Looking ahead, while gold price volatility may continue in the near term, Sandeep and his team have a near-term focus on operating discipline, safety and cash, all of which are important in laying the foundation for future profitability and profitable growth.

A handwritten signature in dark ink that reads "Peter Hay". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Peter Hay  
Chairman

# Managing Director's Review

Looking to the year ahead, the Company remains focused on the key priorities of operating discipline and safety, cash generation and profitable growth, underpinned by a culture of accountability and personal ownership.



**Sandeep Biswas**

In my first annual review as Newcrest's Managing Director I am pleased to report progress on the commitments set for the year, particularly in the areas of safety, cash generation, production and cost performance.

After joining the Company in January 2014 as an Executive Director and Chief Operating Officer I had the opportunity to familiarise myself with and assess the business, including its operating assets and people. My early impressions are that the Company has good assets and capable and committed people and that there is a significant opportunity to improve the Company's overall performance.

Since assuming the role of Managing Director and Chief Executive Officer on 4 July 2014, I have formed a new, smaller executive team. It includes new senior executives David Woodall, Executive General Manager International Operations, who joined the Company in February; Francesca Lee, who joined the Company in March as General Counsel and Company Secretary; and Jane Thomas who is to join us around the end of the calendar year as Executive General Manager Human Resources and Communications.

Financial year 2014 production and cost outcomes showed improvement over the prior year. Full-year production of almost 2.4 million ounces of gold was up 14 percent and exceeded the guidance range of 2.0 to 2.3 million ounces. Copper production of slightly over 86 thousand tonnes also exceeded guidance and represented an increase of seven percent. Importantly, All-In Sustaining Costs (AISC) of A\$976 per ounce of gold sold was 24 percent lower than the average AISC for the 2013 financial year. The focus on cash and operating discipline that underpinned these results delivered Group free cash flow of \$133 million compared to an outflow of \$1.4 billion in the prior year.

During the year, key safety metrics improved. The Total Recordable Injury Frequency Rate of 3.09 (the rate of recordable injuries per million hours of exposure), was 15 percent lower than the previous year, and the number of Significant Potential Incidents (SPI) was down 19 percent from 59 to 48 SPIs. Our safety performance was, however, overshadowed by the death in December 2013 of a contractor who was fatally injured while installing a discharge line on the tailings dam at Telfer.

Throughout the year, Cadia East ramp-up continued. Mine production reached an annualised rate of over nine million tonnes per year in the June quarter and productivity improvements at Ridgeway were reflected in an annualised rate of over nine million tonnes per year. Panel Cave 2 progressed with the West Crusher commissioned and fully operational. Panel Cave 2 is expected to achieve commercial production around the middle of the 2015 financial year.

Lihir's performance has been disappointing. A major review was initiated to identify and accelerate initiatives to improve its performance and an improvement team has been embedded at Lihir to assist site management realise the potential of this asset.

Wafi-Golpu is an important asset with significant potential. Underground access alternatives are being evaluated along with a substantially lower capital expenditure development option for Wafi-Golpu. An updated pre-feasibility study is expected to be completed by the end of the 2014 calendar year.

Throughout the year, exploration programs continued around the Company's mining operations, development projects and green field discovery projects. At Golpu, drilling continued to confirm the porphyry model and associated gold and copper grades.

During the year, as we reduced costs and improved operating performance and reliability, we also made substantial reductions to our workforce. No area was unaffected.

Despite improvements made in Newcrest's production, cost and safety outcomes during the 2014 financial year, I am not satisfied with the Company's operating and financial performance. Consequently, we have initiated a comprehensive company-wide improvement program aimed at realising the full potential of the Company. It focuses on operating discipline and safety, cash generation and profitable growth, underpinned by a culture of accountability and personal ownership.

I acknowledge the efforts and dedication of our workforce in what was a challenging year characterised by change, but also a year in which progress was made on delivering an improved performance.

In closing, I would like to acknowledge Greg Robinson's contributions over the past seven and a half years and his role in ensuring a smooth CEO transition.

I look forward to the year ahead as we continue to drive improved performance with rigour and discipline throughout the business and maintain focus on the key priorities required of a successful mining company.



**Sandeep Biswas**  
Managing Director and  
Chief Executive Officer



# The Board



Peter Hay

Sandeep Biswas

Gerard Bond

Philip Aiken AM

Vince Gauci

## **Peter Hay** LLB, FAICD, 64

### INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mr Hay was appointed as Non-Executive Chairman of the Board on 1 January 2014, after being appointed as a Non-executive Director on 8 August 2013.

#### **Skills, experience and expertise**

Mr Hay has a strong background and breadth of experience in business, corporate law, finance and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises. Mr Hay was Chief Executive Officer of the legal firm Freehills until 2005, where he had been a partner since 1977.

#### **Listed Directorships**

- Director of CFX Co Ltd and Commonwealth Managed Investments Limited (effectively a single board) (from 2014)
- Director of GUD Holdings Limited (from 2009)

#### **Other Directorships/Appointments**

- Director of Landcare Australia
- Director of Australian Institute of Company Directors (AICD)
- Member of AICD Corporate Governance Committee
- Member of the Australian Government Takeovers Panel

#### **Former Listed Directorships (last 3 years)**

- Director of Alumina Limited (2002–2013)
- Director of Australia and New Zealand Banking Group Limited (2008–2014)
- Director of Myer Holdings Limited (2010–2014)

## **Sandeep Biswas** BEng (Chem) (Hons), 52

### MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Biswas joined Newcrest on 1 January 2014 as an Executive Director and Chief Operating Officer and was appointed Managing Director and Chief Executive Officer effective 4 July 2014.

#### **Skills, experience and expertise**

Mr Biswas was previously Chief Executive Officer of Pacific Aluminium, a wholly owned subsidiary within the Rio Tinto group, which incorporated the bauxite, alumina, refining and smelting operations in Australia and New Zealand. He began his career with Mount Isa Mines, working in both Australia and Europe. Mr Biswas has also worked for Western Mining in Australia and Rio Tinto in Canada and Australia. He has experience in research, operations, business development and projects across commodities, including aluminium, copper, lead, zinc and nickel.

#### **Other Directorships/Appointments**

- Director of the Minerals Council of Australia
- Director of the World Gold Council

## **Gerard Bond**

BComm, Graduate Diploma Applied Finance and Investment, Chartered Accountant, F Fin, 46

### FINANCE DIRECTOR AND CHIEF FINANCIAL OFFICER

Mr Bond was appointed to the Board as an Executive Director in February 2012, after joining Newcrest as Finance Director and Chief Financial Officer in January 2012.

#### **Skills, experience and expertise**

Mr Bond has experience in the global financial and resources industry with Newcrest, BHP Billiton, Coopers & Lybrand and Price Waterhouse. Prior to joining Newcrest, Mr Bond was with BHP Billiton for over 14 years where he held a number of senior executive roles in Europe and Australia, including in Mergers and Acquisitions, Treasury, as Deputy CFO of the Aluminium business, CFO and then Acting President of the Nickel business, and most recently was BHP Billiton's Head of Group Human Resources.

#### **Other Directorships/Appointments**

- Alternate Director of the World Gold Council

## **Philip Aiken AM**

BEng (Chemical), Advanced Management Program (HBS), 65

### INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Aiken was appointed to the Board in April 2013. He is a member of the Human Resources and Remuneration Committee and the Safety and Sustainability Committee.

#### **Skills, experience and expertise**

Mr Aiken has extensive Australian and international business experience, principally in the engineering and resources sectors. He was Group President Energy BHP Billiton, President BHP Petroleum, Managing Director BOC/CIG, Chief Executive of BTR Nylax and Senior Advisor Macquarie Bank (Europe).

#### **Current Listed Directorships**

- Director of National Grid plc (from 2008)
- Chairman of Aveva plc (from 2012)

#### **Former Listed Directorships (last 3 years)**

- Chairman of Robert Walters plc (2007–2012)
- Senior Independent Director of Kazakhmys plc (2008–2013)
- Director of Miclyn Express Offshore Ltd (2010–2012)
- Senior Independent Director of Essar Energy plc (2010–2014)
- Director of Essar Oil Limited (a listed subsidiary of Essar Energy plc) (2012–2014)

## **Vince Gauci** BEng (Mining), 72

### INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Gauci was appointed to the Board in December 2008. He is a member of the Safety and Sustainability Committee and the Human Resources and Remuneration Committee.

#### **Skills, experience and expertise**

Mr Gauci has more than 40 years' experience in the global mining industry, culminating in his role as Managing Director of MIM Ltd. He is a former Chairman of Runge Limited and was a Director of Lontown Resources Limited and of Coates Hire Limited.

#### **Other Directorships/Appointments**

- Chairman of the Broken Hill Community Foundation



**Lady Winifred Kamit**

**Richard Knight**

**Rick Lee**

**Tim Poole**

**John Spark**

**Lady Winifred Kamit** BA, LLB, 61  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Lady Kamit was appointed to the Board in February 2011. She is a member of the Human Resources and Remuneration Committee and the Safety and Sustainability Committee.

**Skills, experience and expertise**

Lady Kamit has extensive business experience and broad community knowledge of Papua New Guinea. She is currently a consultant at Gadens Lawyers in Port Moresby and was formerly a senior partner at that firm. Lady Kamit was a Director of Lihir Gold Limited from 2004 until 2010.

**Listed Directorships**

– Director of Steamships Trading Company Limited (from 2005)

**Other Directorships/Appointments**

- Councillor of the Papua New Guinea Institute of National Affairs and Chairperson of Coalition for Change PNG (an initiative against violence against women and children)
- Director of Nautilus Minerals Niugini Limited
- Director of ANZ Banking Group (PNG) Limited
- Director of Post Courier Limited
- Director of South Pacific Post Limited

**Richard Knight**  
BSc (Mining Engineering), MSc (Mine Production Management),  
Chartered Engineer, FAICD, 73  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Knight was appointed to the Board in February 2008. He is Chairman of the Safety and Sustainability Committee and a member of the Audit and Risk Committee.

**Skills, experience and expertise**

Mr Knight has over 40 years' varied experience across all phases of the mining industry and in a wide spread of jurisdictions around the world. He is a former Executive Director of North Limited, President and Chief Executive Officer of Iron Ore Company of Canada and Energy Resources Australia Limited. He is a former Director of OZ Minerals Limited, Zinifex Limited, St Barbara Limited, Portman Limited, Northern Orion Resources Inc. and Asia Pacific Resources Ltd.

**Other Directorships/Appointments**

- Chairman of the Mining Engineering Advisory Board, Monash University
- Director of Mining Education Australia

**Rick Lee** BEng (Chemical) (Hons), MA (Econ) (Oxon), FAICD, 64  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Lee was appointed to the Board in August 2007. He is Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee.

**Skills, experience and expertise**

Mr Lee has extensive resource banking, finance and international commercial experience. His previous senior executive roles include 16 years with CSR Limited and nine years as Chief Executive Officer of NM Rothschild Australia Limited. He is a former Chairman of the Australian Institute of Company Directors and also C. Czarnikow Limited.

**Listed Directorships**

– Chairman of Oil Search Limited (Director 2012, Chairman 2013)

**Former Listed Directorships (last 3 years)**

- Director of CSR Limited (2005–2011)
- Deputy Chairman of Ridley Corporation Limited (2001–2013)
- Chairman Salmat Limited (2002–2013)

**Tim Poole** BComm, CA, 45  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Poole was appointed to the Board in August 2007. He is a member of the Audit and Risk Committee and the Human Resources and Remuneration Committee.

**Skills, experience and expertise**

Mr Poole has more than 15 years' experience as a director and chairman of ASX listed and unlisted companies across the financial services, infrastructure, aged care and resources industries.

He was formerly Managing Director of Hastings Funds Management Ltd, and chairman of Asciano Limited.

**Listed Directorships**

- Chairman of Lifestyle Communities Limited (from 2007)
- Director of McMillan Shakespeare Limited (from 2013)
- Director of Japara Healthcare Limited (from 2014)

**Other Directorships/Appointments**

- Chairman of Westbourne Credit Management Limited
- Director of AustralianSuper Pty Ltd and chairman of its investment committee

**John Spark** BComm, FCA, MAICD, 65  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Spark was appointed to the Board in September 2007 and is Chairman of the Audit and Risk Committee.

**Skills, experience and expertise**

Mr Spark has an extensive background in company reconstruction, accounting, profit improvement and financial analysis. He is a registered company auditor and former Managing Partner of Ferrier Hodgson, Melbourne. He is a former Director of ANL Limited, Baxter Group Limited and Macarthur Coal Limited.

**Listed Directorships**

- Chairman of Ridley Corporation Limited (Director 2008, Chairman 2010)

# Operations

Newcrest made steady progress during the year increasing productivity and reducing costs. The Company is firmly focused on realising the full potential of its assets, and a Company-wide improvement program has been initiated, which includes a major review at Lihir.



**This page**  
Ore stockpiles, Telfer Gold Mine located in  
the Great Sandy Desert of Western Australia





## Cadia Valley

The Cadia East underground mine, officially opened by New South Wales Premier in May 2014, is expected to increase annual gold production from Cadia Valley Operations to around 700,000 ounces in FY2016.



# 592,831

ounces of gold produced

▲ 33% INCREASE

|      |         |
|------|---------|
| 2013 | 446,879 |
| 2014 | 592,831 |

### 2014 Statistics

| Mining Method                 | Underground                    |
|-------------------------------|--------------------------------|
| Resources <sup>†</sup> – Gold | 47 million ounces              |
| – Copper                      | 8.9 million tonnes             |
| Reserves <sup>†</sup> – Gold  | 28 million ounces              |
| – Copper                      | 5.1 million tonnes             |
| Total Mine Production         | 16,893 thousand tonnes         |
| Total Ore Treated             | 20,024 thousand tonnes         |
| Production – Gold             | 592,831 ounces                 |
| – Copper                      | 60,612 tonnes                  |
| All-In Sustaining Cost        | 326 A\$ per ounce of gold sold |
| EBIT Margin                   | 40 percent                     |

<sup>†</sup> Resources and Reserves are at 31 December 2013



The Cadia Valley Operations are located in central western New South Wales, Australia, 25 kilometres south-west of the city of Orange and 250 kilometres west of Sydney. The operations currently comprise two underground mines, the Ridgeway block cave and the Cadia East Panel Cave, feeding the 26 million tonnes per year capacity processing plant. The Cadia Valley Operations are 100 percent Newcrest owned.

Production for the year ended June 2014 was 592,831 ounces of gold and 60,612 tonnes of copper with an All-In Sustaining cost of A\$326 per ounce. As at 31 December 2013, the Cadia Valley Mineral Resource estimate contained 47 million ounces of gold and 8.9 million tonnes of copper, including an Ore Reserve estimated to contain 28 million ounces of gold and 5.1 million tonnes of copper.

Newcrest discovered gold in the Cadia Valley in 1992 and commenced production from the Cadia Hill open pit mine in 1998. This mine was placed in care and maintenance at the end of June 2012. The Ridgeway gold-copper mine, discovered in 1996, is located three kilometres from the Cadia Hill open pit. Production commenced from the underground sub-level cave in 2002, and in 2010 Ridgeway transitioned to a block cave operation beneath the original sub-level cave.





The Cadia East deposit is a porphyry zone of gold-copper mineralisation adjacent to the eastern edge of the Cadia Hill orebody. It was discovered before Ridgeway and is one of the world's largest gold and copper deposits.

Cadia East has been developed as a large underground panel cave gold mine, the first of its type in Australia. At full capacity, it is expected to be the largest metalliferous underground mine in Australia and one of the largest in the world. Commercial production levels at Cadia East were achieved in January 2013 and the mine is expected to produce for the next 30 years. It is currently ramping up production towards its target of 26 million tonnes per year. Newcrest expects Cadia Valley Operation's overall production to be around 700,000 ounces of gold in the 2016 financial year and higher again in 2017.

**Opposite page top**  
Underground surveying  
at Cadia East

**This page top**  
Processing facility at  
Cadia Valley Operations

**This page bottom left**  
Cadia East mine portal

**This page bottom middle**  
Underground primary crusher  
at Cadia East



## Lihir

Lihir is one of the world's largest gold deposits and has been in operation for almost 20 years. It is expected to continue to operate for the next 30 years.



721,264  
ounces of gold produced

▲ 11% INCREASE

|      |         |
|------|---------|
| 2013 | 649,340 |
| 2014 | 721,264 |

### 2014 Statistics

|                               |                                  |
|-------------------------------|----------------------------------|
| Mining Method                 | Open Pit                         |
| Resources <sup>†</sup> – Gold | 60 million ounces                |
| Reserves <sup>†</sup> – Gold  | 29 million ounces                |
| Total Mine Production         | 16,166 thousand tonnes           |
| Total Ore Treated             | 10,057 thousand tonnes           |
| Production – Gold             | 721,264 ounces                   |
| All-In Sustaining Cost        | 1,261 A\$ per ounce of gold sold |
| EBIT Margin                   | 13 percent                       |

<sup>†</sup> Resources and Reserves are at 31 December 2013



The Lihir operation is located on the island of Niolam, 900 kilometres north-east of Port Moresby in the New Ireland Province of Papua New Guinea (PNG). It is located within the Luise Volcano Caldera on the east coast of Niolam Island. The Luise Caldera is an extinct volcanic crater that is geothermally active.

The Lihir operation is 100 percent owned by Newcrest, following the acquisition of Lihir Gold Limited in August 2010.

Production for the year ended June 2014 was 721,264 ounces of gold with an All-In Sustaining Cost of A\$1,261 per ounce. As at 31 December 2013, the Lihir Province Mineral Resource estimate contained 60 million ounces of gold, including an Ore Reserve estimate of 29 million ounces of gold.

The Lihir deposit was discovered in 1982 and extensively drilled prior to mine construction in 1995 and the commencement of gold production in May 1997. The operation comprises a single orebody with three linked open pits, and employs a conventional open pit mining method comprising drill, blast, load and haul. Ore is predominantly refractory sulphide ore, which is treated using autoclaves and a pressure oxidation process before the gold can be recovered by a conventional leach process.



A major expansion of the Lihir process plant and flotation circuit was completed in 2013, which substantially replicated the existing process stream. The additional milling, flotation, oxygen production, autoclave and leaching capacity has provided greater flexibility in treating the different ores and stockpiles within the Lihir system. A program to refurbish the original plant at Lihir has also essentially been completed.

Mining activity in the open pit reduced significantly in the 2014 financial year with the majority of mill feed sourced from existing stockpiles to maximise free cash flow in a lower gold price environment.

Debottlenecking the expanded processing plant and reducing the cost base remain the two key focus areas at Lihir over the next 12 months.

**Opposite page top**  
Ore being dumped into Crusher

**This page top**  
Production drilling at Lihir

**This page bottom left**  
Ore haulage from the Lihir open pit

**This page bottom right**  
Gold pour at Lihir



## Telfer

During the year, a major cutback in the Main Dome open pit was completed, which increased access to ore sources. Telfer also made steady progress increasing productivity and reducing costs.



# 536,342

ounces of gold produced

▲ 2% INCREASE

|      |         |
|------|---------|
| 2013 | 525,500 |
| 2014 | 536,342 |

### 2014 Statistics

| Mining Method                 | Open Pit and Underground         |
|-------------------------------|----------------------------------|
| Resources <sup>†</sup> – Gold | 15 million ounces                |
| – Copper                      | 1.0 million tonnes               |
| Reserves <sup>†</sup> – Gold  | 6.3 million ounces               |
| – Copper                      | 0.46 million tonnes              |
| Total Mine Production         | 37,723 thousand tonnes           |
| Total Ore Treated             | 21,294 thousand tonnes           |
| Production – Gold             | 536,342 ounces                   |
| – Copper                      | 25,506 tonnes                    |
| All-In Sustaining Cost        | 1,005 A\$ per ounce of gold sold |
| EBIT Margin                   | 24 percent                       |

<sup>†</sup> Resources and Reserves are at 31 December 2013



The Telfer gold-copper mines are located in the Great Sandy Desert in Western Australia, approximately 400 kilometres south-east of Port Hedland and are 100 percent owned by Newcrest. Production for the year ended June 2014 was 536,342 ounces of gold and 25,506 tonnes of copper with an All-In Sustaining Cost of A\$1,005 per ounce. As at 31 December 2013, the Telfer Province Mineral Resource contained an estimated 15 million ounces of gold and 1.0 million tonnes of copper, including an Ore Reserve estimated to contain 6.3 million ounces of gold and 0.46 million tonnes of copper.

The original Telfer mine reached full production in 1977. Ongoing exploration identified a large, low-grade oxide Mineral Resource in Main Dome and to the north-west in West Dome, resulting in a mill expansion in 1986 and a dump leach operation from 1988. Additional reefs on the eastern flank of Main Dome were identified in the 1990s and mined using narrow vein underground techniques. This operation was suspended in October 2000 due to escalating costs and a gold price around A\$300 per ounce.



Construction of the current operation commenced in early 2003, following a comprehensive feasibility study. Telfer now comprises an open pit and an underground mine. Open pit mining is currently focused on the Main Dome pit. The Telfer Underground is a sub-level cave mine beneath the Main Dome open pit with a 6 million tonne per year shaft hoisting system. Ore is combined in a large, twin train, flotation treatment plant, which produces gold doré and a copper-gold concentrate.

During the year, a major cutback in the Main Dome open pit was completed which increased access to ore sources. Telfer also made steady progress increasing productivity and reducing costs.

In addition to the current operations at Telfer, Newcrest's mining tenements in the area contain a number of other mineral deposits, including the O'Callaghan's Tungsten and base metal deposit located approximately 10 kilometres from the existing Telfer processing plant. Pre-feasibility work on the commercialisation of this deposit is continuing.

**Opposite page top**  
Telfer processing facility

**This page top**  
Overview of Telfer Gold Mine

**This page bottom left**  
Fire assay analysis

**This page bottom middle**  
Transport of ore from  
Telfer open pit



## Gosowong

The Gosowong operation is one of Newcrest's highest margin mines. Near mine exploration at Gosowong to extend the existing mine-life is a major focus area for the Company.



344,747  
ounces of gold produced

▲ 10% INCREASE

|      |         |
|------|---------|
| 2013 | 312,711 |
| 2014 | 344,747 |

### 2014 Statistics\*

| Mining Method                 | Underground                    |
|-------------------------------|--------------------------------|
| Resources <sup>†</sup> – Gold | 1.7 million ounces             |
| – Silver                      | 2.7 million ounces             |
| Reserves <sup>†</sup> – Gold  | 1.2 million ounces             |
| – Silver                      | 1.7 million ounces             |
| Total Mine Production         | 1,042 thousand tonnes          |
| Total Ore Treated             | 826 thousand tonnes            |
| Production – Gold             | 344,747 ounces                 |
| All-In Sustaining Cost        | 823 A\$ per ounce of gold sold |
| EBIT Margin                   | 31 percent                     |

<sup>†</sup> Resources and Reserves are at 31 December 2013

\* 100 percent share



The Gosowong gold mine is located on Halmahera Island, Indonesia. It is operated by PT Nusa Halmahera Minerals which is owned by Newcrest (75 percent interest) and PT Aneka Tambang (25 percent interest), a company listed on the Indonesia Stock Exchange and the ASX.

Production for the year ended June 2014 was 344,747 ounces of gold and 489,724 ounces of silver at an All-In Sustaining Cost of A\$823 per ounce. As at 31 December 2013, the Gosowong Mineral Resource estimate contained 1.7 million ounces of gold and 2.7 million ounces of silver, including an estimated Ore Reserve of 1.2 million ounces of gold and 1.7 million ounces of silver.

Gold mineralisation at Gosowong was discovered by Newcrest geologists in 1993 and comprises multiple high-grade epithermal deposits. Mining operations, which commenced in 1999, were initially open pit based but now consist of two underground mines – Kencana and Toguraci. The processing plant at Gosowong has a capacity in excess of 800,000 tonnes per year.

The Gosowong province remains highly prospective, and near-mine exploration activity to identify further epithermal vein structures and link zones is ongoing. Drilling results from the Salut vein prospect, located approximately 800 metres south of the Toguraci mine, have been encouraging.

## Hidden Valley

The Hidden Valley operation is located in the Morobe Province of Papua New Guinea. It has made good progress over the past 12 months increasing productivity and reducing costs.



105,845<sup>\*</sup>  
ounces of gold produced

▲ 25% INCREASE

|      |         |
|------|---------|
| 2013 | 85,004  |
| 2014 | 105,845 |

### 2014 Statistics\*

| Mining Method                 | Open Pit                         |
|-------------------------------|----------------------------------|
| Resources <sup>†</sup> – Gold | 2.8 million ounces               |
| – Silver                      | 50 million ounces                |
| Reserves <sup>†</sup> – Gold  | 1.7 million ounces               |
| – Silver                      | 30 million ounces                |
| Total Mine Production         | 10,754 thousand tonnes           |
| Total Ore Treated             | 2,001 thousand tonnes            |
| Production – Gold             | 105,845 ounces                   |
| All-In Sustaining Cost        | 1,402 A\$ per ounce of gold sold |
| EBIT Margin                   | (6) percent                      |

<sup>†</sup> Resources and Reserves are at 31 December 2013

\* 50 percent share

Hidden Valley is a gold and silver mine located approximately 90 kilometres south-west of Lae in the Morobe Province, PNG. Hidden Valley is part of the Morobe Mining Joint Ventures (MMJV), which are owned 50 percent by Newcrest and 50 percent by Harmony Gold Mining Company Limited.

Newcrest's 50 percent share of production for the year ended June 2014 was 105,845 ounces of gold and 974,846 ounces of silver with an All-In Sustaining Cost of A\$1,402 per ounce. As at 31 December 2013, the Hidden Valley Mineral Resource estimate contained 2.8 million ounces of gold and 50 million ounces of silver (50 percent share), including an Ore Reserve estimate of 1.7 million ounces of gold and 30 million ounces of silver (50 percent share).

The Hidden Valley operations comprises the Hidden Valley Kaveroi and Hamata open pits, located approximately 6 kilometres apart, and an ore processing facility which was commissioned in August 2009. Both pits employ conventional load and haul mining techniques, with ore from the Hidden Valley Kaveroi pit then transported to the process plant via an overland conveyor.

## Bonikro

Newcrest has a large prospective land holding in Côte d'Ivoire within the Birimian Greenstone belt, which is known to host a number of significant gold deposits in the West African region.



94,994  
ounces of gold produced

▲ 5% INCREASE

|      |        |
|------|--------|
| 2013 | 90,350 |
| 2014 | 94,994 |

### 2014 Statistics\*

| Mining Method                 | Open Pit                         |
|-------------------------------|----------------------------------|
| Resources <sup>†</sup> – Gold | 2.4 million ounces               |
| Reserves <sup>†</sup> – Gold  | 1.5 million ounces               |
| Total Mine Production         | 12,059 thousand tonnes           |
| Total Ore Treated             | 1,974 thousand tonnes            |
| Production – Gold             | 94,994 ounces                    |
| All-In Sustaining Cost        | 1,193 A\$ per ounce of gold sold |
| EBIT Margin                   | (5) percent                      |

<sup>†</sup> Resources and Reserves are at 31 December 2013

\* 100 percent share

The Bonikro operation is located in the central-southern portion of the West African nation of Côte d'Ivoire, approximately 250 kilometres north-west of the commercial capital of Abidjan. It is 89.9 percent Newcrest owned, following the acquisition of Lihir Gold Limited in August 2010.

Production for the year ended June 2014 was 94,994 ounces of gold with an All-In Sustaining Cost of A\$1,193 per ounce. As at 31 December 2013, the Bonikro Mineral Resource was estimated to contain 2.4 million ounces of gold, including an Ore Reserve estimated to contain 1.5 million ounces of gold.

Construction of the Bonikro mine began in May 2007, with gold production commencing in October 2008. The operation employs a conventional open pit mining method comprising drill, blast, load and haul. The predominant method of gold recovery is via carbon in leach technology, with some gold recovered via a gravity circuit.

Newcrest hold rights to exploration tenements in Côte d'Ivoire, covering approximately 17,000 square kilometres within the Birimian Greenstone belt. Current exploration activity is focused on near-mine targets at the Hiré deposit and surrounding area.



# Projects

Newcrest is focussed on maximising free cash flow and generating a return on recent investments; however, a number of growth opportunity have been retained for future potential development. These projects remain in the early study phase.

## Wafi Golpu (50 percent)

Newcrest's most important growth opportunity is Wafi Golpu, located in the Morobe province of Papua New Guinea, with Mineral Resource of 14 million ounces of gold and 4.5 million tonnes of copper (50 percent). Wafi Golpu is part of the MMJV, a joint venture with Harmony Gold Corporation. Study work is continuing to evaluate underground access options and substantially lower capital expenditure development options for Wafi-Golpu. An updated pre-feasibility study is expected to be completed by the end of the 2014 calendar year.

## Namosi (69.94 percent)

Namosi is one of the largest porphyry copper systems in the Pacific Islands, located 30km west of Fiji's capital city, Suva. It has a Mineral Resource containing 5.5 million ounces of gold and 5.5 million tonnes of copper (69.94 percent). Study work to evaluate development alternatives for the Namosi project is focused on low capital start-up options, while community education and regional exploration continue.

## O'Callaghans

O'Callaghans is a tungsten and base metal deposit, located within 10km of the Telfer process plant, with a Mineral Resource of 0.26 million tonnes of tungsten trioxide, 0.39 million tonnes of zinc and 0.19 million tonnes of lead. Study work on development options is continuing.

## Lihir Kapit Pit

Development of the Kapit open pit is an important part of the long term production profile at Lihir. It will provide access to the high grade deposit in the northern section of the Lihir orebody. Kapit, which is linked to the existing Minifie and Lienetz pits, is close to the coast. Part of the Kapit area requires a seawall prior to mining.

## Wafi-Golpu

Wafi-Golpu is a world-class deposit in a highly prospective mineralised belt. The Golpu development option has the potential to underpin production growth at Newcrest in the next decade.



14\*

ounces of gold resource (millions)

### 2014 Statistics\*

| Mining Method     | Potential Open Pit and Underground |
|-------------------|------------------------------------|
| Resources† – Gold | 14 million ounces                  |
| – Copper          | 4.5 million tonnes                 |
| Reserves† – Gold  | 6.2 million ounces                 |
| – Copper          | 2.7 million tonnes                 |

† Resources and Reserves are at 31 December 2013

\* 50 percent share

Wafi-Golpu, located in the Morobe Province of PNG approximately 65 kilometres south-west of the town of Lae, is an advanced exploration project that forms part of the MMJV (Newcrest 50 percent).

Wafi-Golpu comprises an extensive body of gold-only epithermal style mineralisation (Wafi) and deeper porphyry related copper-gold mineralisation (Golpu and Nambonga). The Golpu and Wafi deposits are located in close proximity to each other, with Golpu located below and immediately north of the Wafi deposit.

As at 31 December 2013, the Wafi-Golpu Mineral Resource was estimated to contain 14 million ounces of gold and 4.5 million tonnes of copper (50 percent), including an Ore Reserve estimated to contain 6.2 million ounces of gold and 2.7 million tonnes of copper (50 percent).

A technical pre-feasibility study completed in 2012 confirmed Golpu as a world-class deposit with cash costs expected to be at the bottom of the industry curve and a mine life expected to exceed 20 years.

Study work continued during the year, with a focus on reducing start-up capital, improving orebody knowledge and engaging with all stakeholders. The Golpu development option has the potential to underpin production growth at Newcrest in the next decade and an updated pre-feasibility study is expected by the end of 2014.

# Exploration

Discovery of new ore bodies is an important element in Newcrest's business strategy. The majority of the Company's current asset portfolio is the direct result of Newcrest exploration activities, either through discovery or early stage entry and resource drilling.

The Newcrest Minerals group seeks to grow the Mineral Resources base and Ore Reserves through exploration, innovation and collaboration. The inexpensive capture of gold resources, bringing new provinces into the portfolio, organic growth in existing provinces and efficient conversion of resources to reserves are the primary goals of the exploration program.

Over the past five years, Newcrest invested approximately A\$600 million on exploration and resource definition activities. During that time, gold resources grew from 80 to 150 million ounces and copper resources grew from 14 to 21 million tonnes of contained copper. Similarly, gold reserves grew from 43 to 78 million ounces and copper reserves grew from 5 to 12 million tonnes. The acquisition of Lihir Gold Limited in 2010 added approximately 52 million ounces of gold resources and 30 million ounces of gold reserves to the portfolio.

During the 2014 financial year, Newcrest exploration focussed on drill testing a number of near mine targets, advancing drilling at major projects, testing the Newcrest portfolio of greenfield prospects and converting existing Mineral Resources into Ore Reserves.

Resource definition drilling continued at Golpu to assist with ongoing studies. Study work continued to evaluate underground access options and substantially lower capital development options for Wafi-Golpu. Exploration drilling, targeting near surface epithermal mineralisation between Wafi and Golpu, was also undertaken.

At Gosowong, discovery drilling continued to focus on extending the mine life. Near-mine drilling further defined new zones of mineralisation west of the Toguraci operations, with encouraging results from the Salut Vein prospect. Drilling has resulted in a number of high grade intercepts and demonstrated that the vein is laterally extensive.

Near mine exploration at Bonikro in Côte d'Ivoire continued to target resource extensions within the mine district, with a particular focus on the Hiré deposit and surrounding area.

## Namosi

Namosi is one of the largest porphyry copper systems in the Pacific Islands, with a resource containing 5.5 million ounces of gold and 5.5 million tonnes of copper\*.



**5.5\***  
ounces of gold resource (millions)

### 2014 Statistics\*

| Mining Method                 | Potential Open Pit |
|-------------------------------|--------------------|
| Resources <sup>†</sup> – Gold | 5.5 million ounces |
| – Copper                      | 5.5 million tonnes |
| Reserves <sup>†</sup> – Gold  | 3.6 million ounces |
| – Copper                      | 3.5 million tonnes |

<sup>†</sup> Resources and Reserves are at 31 December 2013

\* 69.94 percent share

The Namosi project, which is located approximately 30 kilometres west of Fiji's capital city, Suva, is centred on a district that has been periodically explored over the past 40 years and is highly prospective for copper-gold porphyry systems. Namosi is one of the largest porphyry copper systems in the Pacific Islands.

In late 2007, Newcrest signed a definitive joint venture agreement with Nittetsu Mining Co. Ltd and Mitsubishi Materials Corporation to establish the Namosi Joint Venture to explore for porphyry copper-gold and epithermal style gold mineralisation in the Namosi region of Fiji. Newcrest has a 69.94 percent interest in the Namosi Joint Venture and is the manager of the exploration activities.

As at 31 December 2013, the Namosi Mineral Resource contained 5.5 million ounces of gold and 5.5 million tonnes of copper (69.94 percent), along with an Ore Reserve of 3.6 million ounces of gold and 3.5 million tonnes of copper (69.94 percent).

Further drilling in the Waivaka Corridor, designed to test for high grade extensions to the Wainaulo resource, was completed in mid-2014. Development alternatives for Namosi are being evaluated with a focus on low capital start-up options and engagement with local stakeholders is ongoing.



# Sustainability

Newcrest is committed to supporting positive economic and social outcomes as well as minimising environmental impacts in the regions where we operate.



## Medicine for Malaria Venture Partnership

Newcrest has a five-year partnership with the Medicines for Malaria Venture (MMV), a Swiss-based non-profit organisation that conducts research into and develops low-cost malaria treatment drugs for distribution to affected countries. During our third year of the partnership, we continued our reviews at our malaria-impacted sites using an entomologist to review the effectiveness of our existing malaria management framework and identify opportunities for improvement and initiated a major feasibility study into the potential for eliminating malaria from the Lihir group of islands.

We work closely with governments, communities, civil society organisations and other local stakeholders to ensure that Newcrest's sustainability objectives and programs are aligned with local priorities and expectations. We know that sharing the benefits of mining with our host communities and managing the impacts from our mines is the right thing to do and this philosophy underpins Newcrest's vision to be the Miner of choice™.

Newcrest continued to make significant progress on our key sustainability objectives, particularly in the areas of governance and partnerships. We also continued to implement a wide range of sustainability and community programs focusing on economic and social development, health and safety and environmental management.

During the reporting period, the Safety, Health and Environment sub-committee of the Board was renamed the Safety and Sustainability Committee and the terms of reference of the Committee were updated to more specifically accommodate broader aspects of sustainability while maintaining a strong focus on safety. These changes reflect the importance that the Company places on safety, sustainability and social responsibility.

Newcrest strengthened its commitment to supporting positive economic and social outcomes by becoming a member of the Extractive Industries Transparency Initiative (EITI) in December 2013. We also further enhanced our commitment to protecting and respecting Human Rights by applying to become a member of the Voluntary Principles on Security and Human Rights (VPSHR) in June 2014. Newcrest continues to publish an annual Sustainability Report using the Global Reporting Initiative framework.



#### **Cadia East's investment into local community**

With the recent opening of Cadia East, one of the world's largest underground gold and copper mines with a mine life in excess of 20 years, ongoing economic benefits will be provided to the local community, the workforce and suppliers, local, State and Federal governments as well as shareholders. Cadia East will contribute an average annual stimulus of approximately 1,900 direct and indirect jobs, \$1 billion in direct and indirect regional output or business turnover, more than \$550 million in direct and indirect regional value-add and over \$160 million in annual household income.

The health and safety of our workforce and communities continues to be a core priority. In December, we tragically lost one of our workforce in an incident at Telfer Gold Mine when a contractor employee was fatally injured while undertaking civil works at the tailings storage facility. Although Newcrest has reported an annual decline in its Total Recordable Injury Frequency Rate (TRIFR) and Serious Potential Incidents (SPIs), these results are overshadowed by such a tragic event. During the 2014 financial year, Newcrest endeavoured to improve its health and safety efforts through its focus on the Safety ReNew Strategy, including safety leadership and systematic management of major hazards. Programs aimed at reducing the incidence of malaria and other diseases continued across all sites, along with a focus on workforce health and wellbeing.

During the reporting period, formal reviews of our existing community agreements at our Lihir, Hidden Valley and Telfer operations were substantially progressed. Community development programs of a wide ranging nature continued to be rolled out across all of our operating sites, with a particular emphasis on fostering non-mine dependent economic activity and the development of community capacity for self-management.

Further information about sustainability at Newcrest, including our 2013 Sustainability Report, can be found on our website [www.newcrest.com.au/sustainability](http://www.newcrest.com.au/sustainability).

#### **Opposite page top**

Environmental monitoring at Telfer

#### **This page top**

Community engagement is integral to our operations

# Mineral Resources and Ore Reserves

Newcrest Mining Limited releases its Annual Statement of Mineral Resource and Ore Reserve estimates and Explanatory Notes as of 31 December each year. The Statement for the period ending 31 December 2013 was released on 14 February 2014, and can be found on Newcrest's website at [www.newcrest.com.au](http://www.newcrest.com.au). This section of the Annual Report includes relevant information set out in that Statement. Changes that have occurred during the six months ending 30 June 2014 due to mining depletion and other adjustments are described below. Newcrest is not aware of any new information or data that materially affects the information contained in the Annual Mineral Resource and Ore Reserve Statement 31 December 2013.

For the purposes of the Annual Mineral Resources and Ore Reserves Statement as at 31 December 2013, Newcrest has completed a detailed review of all production sources to take into account long term metal price, foreign exchange rates, cost assumptions, and mining and metallurgy performance to inform cut-off grades and physical mining parameters. This has resulted in the most marginal ounces being removed from the portfolio and these are reflected in changes to Mineral Resources and Ore Reserves.

As at 31 December 2013, Group Mineral Resources are estimated to contain 150 million ounces of gold, 21 million tonnes of copper and 130 million ounces of silver. This represents a decrease of approximately 11 million ounces of gold (~7 percent), 0.24 million tonnes of copper (~1 percent) and 8 million ounces of silver (~6 percent), compared with the estimate at 31 December 2012. The change in Group Mineral Resources includes estimated mining depletion of approximately 3 million ounces of gold, 0.1 million tonnes of copper and 2 million ounces of silver. Mineral Resources are reported inclusive of Ore Reserves.

The Group Mineral Resources as at 31 December 2013 include material changes for the Telfer and Lihir Mineral Resource estimates, as against the 31 December 2012 estimates, of approximately 5.2 million ounces of gold at Telfer and 4.5 million ounces of gold at Lihir. Consistent with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources 2012 Edition (the JORC Code 2012) and the ASX Listing Rules, the requisite reporting information in respect of the Mineral Resource and Ore Reserve estimates for Telfer and Lihir are included in the Annual Mineral Resources and Ore Reserves Statement, 31 December 2013 and Explanatory Notes and can be found on Newcrest's website at [www.newcrest.com.au](http://www.newcrest.com.au).

## Comparison Table – Mineral Resources\*

| Mineral Resources | December 2013         |               | December 2012         |               |
|-------------------|-----------------------|---------------|-----------------------|---------------|
|                   | Contained Metal       | Grade         | Contained Metal       | Grade         |
| <b>Gold</b>       | <b>Million ounces</b> | <b>g/t Au</b> | <b>Million ounces</b> | <b>g/t Au</b> |
| Cadia Valley      | 47                    | 0.41          | 47.7                  | 0.41          |
| Telfer            | 15                    | 0.81          | 20.2                  | 0.64          |
| Lihir             | 60                    | 2.1           | 64.2                  | 2.0           |
| MMJV (50%)        | 17                    | 0.83          | 17.5                  | 0.82          |
| Other             | 11                    | 0.18          | 11.5                  | 0.19          |
| <b>Total</b>      | <b>150</b>            | <b>0.61</b>   | <b>161.2</b>          | <b>0.61</b>   |
| <b>Copper</b>     | <b>Million tonnes</b> | <b>% Cu</b>   | <b>Million tonnes</b> | <b>% Cu</b>   |
| Cadia Valley      | 8.9                   | 0.25          | 8.99                  | 0.25          |
| MMJV (50%)        | 4.5                   | 0.77          | 4.53                  | 0.77          |
| Namoi             | 5.5                   | 0.34          | 5.50                  | 0.34          |
| Other             | 1.8                   | 0.20          | 1.96                  | 0.15          |
| <b>Total</b>      | <b>21</b>             | <b>0.31</b>   | <b>21.0</b>           | <b>0.30</b>   |
| <b>Silver</b>     | <b>Million ounces</b> | <b>g/t Ag</b> | <b>Million ounces</b> | <b>g/t Ag</b> |
| <b>Total</b>      | <b>130</b>            | <b>1.1</b>    | <b>142.2</b>          | <b>1.2</b>    |

\* Data for 2013 and grades for 2012 are reported to two significant figures to reflect appropriate precision in the estimate and this may cause some apparent discrepancies in totals.

As at 31 December 2013, Group Ore Reserves are estimated to contain 78 million ounces of gold, 12 million tonnes of copper and 77 million ounces of silver. This represents a decrease of approximately 9 million ounces of gold (~11 percent), and 0.34 million tonnes of copper (~3 percent) compared with the estimates at 31 December 2012. Silver Ore Reserves decreased by less than one percent. The change in Group Ore Reserves includes estimated depletion of approximately 3 million ounces of gold and 0.1 million tonnes of copper.

The Group Ore Reserves as at 31 December 2013 include a material change for the Telfer (Telfer open pits) and Lihir Ore Reserves estimates, as against the 31 December 2012 estimate, of approximately 5.3 million ounces of gold for Telfer and 3.7 million ounces of gold for Lihir. Consistent with the requirements of the JORC Code 2012 and the ASX Listing Rules, the requisite reporting information in respect of the Mineral Resource and Ore Reserve estimates for Telfer and Lihir are included in the Annual Mineral Resources and Ore Reserves Statement 31 December 2013 and Explanatory Notes and can be found on Newcrest's website at [www.newcrest.com.au](http://www.newcrest.com.au).

## Comparison Tables – Ore Reserves\*

| Ore Reserves  | December 2013         |               | December 2012         |               |
|---------------|-----------------------|---------------|-----------------------|---------------|
|               | Contained Metal       | Grade         | Contained Metal       | Grade         |
| <b>Gold</b>   | <b>Million ounces</b> | <b>g/t Au</b> | <b>Million ounces</b> | <b>g/t Au</b> |
| Cadia Valley  | 28                    | 0.49          | 27.5                  | 0.51          |
| Telfer        | 6.3                   | 0.85          | 11.6                  | 0.72          |
| Lihir         | 29                    | 2.3           | 32.7                  | 2.1           |
| MMJV (50%)    | 7.9                   | 0.96          | 8.0                   | 0.95          |
| Other         | 6.3                   | 0.20          | 7.4                   | 0.21          |
| <b>Total</b>  | <b>78</b>             | <b>0.66</b>   | <b>87.3</b>           | <b>0.68</b>   |
| <b>Copper</b> | <b>Million tonnes</b> | <b>% Cu</b>   | <b>Million tonnes</b> | <b>% Cu</b>   |
| Cadia Valley  | 5.1                   | 0.28          | 4.78                  | 0.29          |
| MMJV (50%)    | 2.7                   | 1.2           | 2.72                  | 1.2           |
| Namoi         | 3.5                   | 0.37          | 3.46                  | 0.37          |
| Other         | 0.46                  | 0.16          | 1.14                  | 0.17          |
| <b>Total</b>  | <b>12</b>             | <b>0.36</b>   | <b>12.10</b>          | <b>0.35</b>   |
| <b>Silver</b> | <b>Million ounces</b> | <b>g/t Ag</b> | <b>Million ounces</b> | <b>g/t Ag</b> |
| <b>Total</b>  | <b>77</b>             | <b>1.2</b>    | <b>77.2</b>           | <b>1.3</b>    |

\* Data for 2013 and grades for 2012 are reported to two significant figures to reflect appropriate precision in the estimate and this may cause some apparent discrepancies in totals.

Ore Reserves previously reported for Big Cadia (0.4 million ounces of gold and 0.12 million tonnes of copper) and Marsden (0.9 million ounces of gold and 0.47 million tonnes of copper) have also been excluded from Ore Reserves as at 31 December 2013 based on a current assessment of project economics.

The decreases in Group Ore Reserves, as against the 31 December 2012 estimates, are partially offset by an increase at Cadia Valley (1.0 million ounces of gold and 0.33 million tonnes of copper) driven primarily by a re-optimisation of the Cadia East mining outlines and increase at Bonikro as a result of the inclusion of the Hiré satellite deposits (0.3 million ounces of gold).

Updated mining, metallurgical and long-term cost assumptions were developed with reference to recent performance data. The revised long term assumptions include performance improvements consistent with changing activity levels at each site over the life of the operation.



Long term metal price and foreign exchange assumptions for Mineral Resources and Ore Reserves are set out below.

| Long Term Metal Price Assumptions       | Newcrest Managed | MMJV Managed |
|-----------------------------------------|------------------|--------------|
| <b>Mineral Resource Estimates</b>       |                  |              |
| Gold – USD/oz                           | 1,350.00         | 1,400.00     |
| Copper – USD/lb                         | 3.10             | 3.50         |
| Silver – USD/oz                         | 23.00            | 25.00        |
| <b>Ore Reserve Estimates</b>            |                  |              |
| Gold – USD/oz                           | 1,250.00         | 1,250.00     |
| Copper – USD/lb                         | 2.70             | 3.10         |
| Silver – USD/oz                         | 20.00            | 21.00        |
| <b>Long Term Exchange Rate USD: AUD</b> | <b>0.80</b>      | <b>0.90</b>  |

As at 30 June 2014 these are unchanged for both Newcrest and the Morobe Mining Joint Ventures (MMJV) managed sites from those adopted for the 31 December 2012 estimates, other than for Gosowong for which Newcrest has now adopted the same assumptions.

Where appropriate, Mineral Resources are also spatially constrained within notional mining volumes based on metal prices of US\$1,400 per ounce for gold and US\$4.00 per pound for copper. This is a conservative approach adopted to eliminate non-contiguous mineralisation from resource estimates.

The Annual Statement, 31 December 2013, of Mineral Resources and Ore Reserves has been prepared in accordance with the JORC Code 2012. Information prepared and first disclosed under the JORC Code 2004 Edition and not related to a material mining project and which has not materially changed since last reported has not been updated.

Mineral Resource and Ore Reserve estimates reported for the Morobe Mining Joint Ventures (MMJV) are based on Competent Persons' statements provided by the Morobe Mining Joint Ventures and are quoted as Newcrest's 50 percent interest.

#### Competent Person's statement

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Colin Moorhead. Mr Moorhead is the Executive General Manager (EGM) Minerals and a full-time employee of Newcrest Mining Limited. He is a shareholder in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2014 Remuneration Report. Ore Reserves growth is one of the performance measures under that plan. He is a Fellow of The Australasian Institute of Mining and Metallurgy. 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 JORC Code 2012 and is a Qualified Person within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ('NI 43-101'). Mr Moorhead consents to the inclusion in this report of the matters based on his information in the form and context in which it appears including sampling, analytical and test data underlying the results.

The information in this report that relates to specific Mineral Resources and Ore Reserves is based on and accurately reflects reports prepared by the Competent Persons. Each of these persons, other than Mr Greg Job, is a full-time employee of Newcrest Mining Limited or its relevant subsidiaries, holds options (and in some cases, shares) in Newcrest Mining Limited and is entitled to participate in Newcrest's executive

equity long term incentive plan, details of which are included in Newcrest's 2014 Remuneration Report. Ore Reserves growth is one of the performance measures under that plan. Mr Job is a full time employee of Harmony Gold Mining Company Limited, Newcrest's joint venture partner in each of the Morobe Mining Joint Ventures. All the Competent Persons named are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he/she is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Each Competent Person consents to the inclusion of material in the form and context in which it appears.

#### Governance

Newcrest has a policy for the Public Reporting of Exploration Results, Mineral Resources and Ore Reserves. This policy provides a clear framework for how Newcrest manages all public reporting of Exploration Results, Mineral Resources and Ore Reserves, ensuring compliance with the JORC Code 2012. This policy applies to all regulatory reporting, public presentations and other publicly released Company information at both local (site) and corporate levels.

Newcrest has in place a Resource and Reserve Steering Committee (RRSC) chaired by the EGM Minerals. The role of the Committee is to ensure the proper functioning of Newcrest's Resource and Reserves development activity, governance and reporting. The Committee's control and assurance activities respond to a four-level compliance process:

1. Provision of standards and guidelines, and approvals consequent to these;
2. Resources and Reserves reporting process, based on well-founded assumptions and compliant with external standards (JORC Code 2012);
3. External review of process conformance and compliance;
4. Internal assessment of compliance and data veracity.

Updates to the Mineral Resource and Ore Reserve estimates at 31 December 2013 were completed in accordance with the RRSC governance and review processes. This included reporting in compliance with the JORC Code 2012, training and endorsement of suitably qualified Competent Persons, independent external review of Mineral Resources and Ore Reserves at least every three years or where there is a material change and endorsement by the RRSC prior to release to the market.

#### Changes since 31 December 2013

##### Mineral Resource and Ore Reserve Statement

Newcrest is not aware of any new information or data that materially affects the information contained in the Annual Mineral Resource and Ore Reserve Statement, 31 December 2013 other than changes due to normal mining depletion and other minor adjustments that occurred during the six months ended 30 June 2014. These changes are summarised by province below.

Newcrest's Annual Statement of Mineral Resources and Ore Reserves is based upon a number of factors, including (without limitation) actual exploration drilling and production results, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. No changes were made to those assumptions during the period to 30 June 2014. However, in preparing the Annual Statement of Mineral Resources and Ore Reserves for the period ended 31 December 2014, Newcrest proposes to adopt the updated foreign exchange rate assumptions used by Newcrest in its review of asset impairments announced on 18 August 2014. At this stage, the impact the change to those assumptions will have on Newcrest's Mineral Resources and Ore Reserves estimates for the period ending 31 December 2014 has not been determined.

## Mineral Resources and Ore Reserves

### CADIA VALLEY (NSW)

Mineralisation recognised to date in the Cadia Province is porphyry related gold and copper, hosted in rocks of Ordovician age. Ore bodies are typically large tonnage, lower-grade gold with strong copper by-product and minor base metal associations. Minor molybdenum and silver mineralisation is also present. Ore is sourced by bulk mining methods from open pit and underground operations. Exploration is ongoing within the Cadia Province, targeting large-scale alteration systems located within the regional tenement package.

#### Cadia Hill Open Pit

The Cadia Hill Mineral Resource and Ore Reserve including stockpiles remain unchanged since 31 December 2013. Open pit mining at Cadia Hill was suspended in June 2012 at the completion of stage 3. Pre-feasibility level studies into the viability and timing of the final pit stage 4 will be completed by December 2014.

#### Cadia Extended

The Cadia Extended underground resource is located to the north-west of Cadia Hill beneath the backfilled Cadia Extended pit and is unchanged since 31 December 2013. No Ore Reserve has been estimated for Cadia Extended.

#### Ridgeway Underground

Ridgeway Underground is a large-scale underground mine using sub-level cave extraction and block caving (Ridgeway Deeps) below the sub-level cave. Since 31 December 2013, the Mineral Resource has been depleted by 0.19 million ounces of gold and 0.02 million tonnes of copper and the Ore Reserve has been depleted by 0.19 million ounces of gold and 0.02 million tonnes of copper. A pre-feasibility level study into the viability and timing of Ridgeway Deeps Lift 2 is planned for completion by December 2014.

#### Big Cadia

Big Cadia mineralisation is skarn style and has been evaluated as a gold and copper bearing Mineral Resource for future development by open pit mining. The Big Cadia Mineral Resource is unchanged since 31 December 2013. No Ore Reserve is currently estimated for Big Cadia.

#### Cadia East Underground

Cadia East is a low-grade, porphyry related gold and copper deposit with mining based on bulk underground extraction by panel caving methods. Commercial production from initial Panel Cave 1 (PC1) commenced in January 2013. Development continues for the undercut and extraction levels of the second Panel Cave (PC2), with commercial production expected around the middle of the 2015 financial year.

Since 31 December 2013, the Mineral Resource has been depleted by 0.14 million ounces of gold and 0.01 million tonnes of copper, and the Ore Reserve has been depleted by 0.14 million ounces of gold and 0.01 million tonnes of copper.

### TELFER (WA)

Gold and copper mineralisation in the Telfer Province is intrusion related and occurs as higher grade stratabound reefs, discordant veins and lower grade bulk tonnage stockwork zones. The Telfer deposits are hosted by sedimentary rocks of Lower Proterozoic age.

The Telfer operation is comprised of open pit mining at both Main Dome and West Dome and underground mining at Main Dome. Underground mining utilises the sub-level cave (SLC) method for bulk extraction with ore hoisted to the surface via a shaft and selective long hole open stope mining of high grade reefs.

Since December 2013, exploration has recommenced in the Telfer region. Exploration is focussed on discovering additional higher grade underground resources at both Main Dome and West Dome and generation of new targets within regional tenements.

#### Main Dome Open Pit

Since 31 December 2013 mining has been ongoing from Main Dome Stage 4 during which time the Mineral Resource (including open pit stockpiles from West Dome and Main Dome) has been depleted by 0.18 million ounces of gold and 0.01 million tonnes of copper. The Main Dome Ore Reserve has been depleted by 0.17 million ounces of gold and 0.01 million tonnes of copper.

#### West Dome Open Pit

The West Dome deposit is located two kilometres north-west of the Main Dome deposit. Open pit mining in West Dome Stage 1 was completed in the first quarter of the 2014 financial year. The West Dome Mineral Resource and Ore Reserve are unchanged since 31 December 2013.

#### Telfer Underground

The Telfer Underground comprises the operating SLC mine and selective high-grade reef mining external to the SLC. Since 31 December 2013, the Mineral Resource has been depleted by 0.12 million ounces of gold and 0.01 million tonnes of copper and the Ore Reserve has been depleted by 0.12 million ounces of gold and 0.01 million tonnes of copper.

#### Vertical Stockwork Corridor (VSC)

The VSC deposit lies directly below the existing Telfer Underground SLC. The VSC Mineral Resource and Ore Reserve are unchanged since 31 December 2013. Pre-feasibility level studies into the viability and timing of VSC are planned for completion by December 2014.

#### O'Callaghans

The O'Callaghans poly-metallic deposit is located approximately 10 kilometres south of the Telfer Gold Mine. The mineralisation contains tungsten, copper, zinc and lead as a sub-horizontal layer of poly-metallic skarn (altered limestone). The O'Callaghans Mineral Resource and Ore Reserve are unchanged since 31 December 2013. A pre-feasibility study update will be completed during 2014.

#### Telfer Satellite Deposits

The Telfer Satellite Deposits lie within a zone located approximately 30 kilometres from the Telfer Gold Mine. The 'Satellites' are a group of structurally controlled gold deposits, including Backdoor West, Dolphy, Big Tree and Camp Dome. The Telfer Satellite Mineral Resource is unchanged since 31 December 2013. No Ore Reserve has been estimated for Telfer Satellite Deposits.

### LIHIR (PNG)

The Lihir Gold Mine is located on Niolam Island, 900 kilometres north-east of Port Moresby in the New Ireland Province of Papua New Guinea (PNG). Lihir is a volcanic sea mount that rises steeply from sea level to approximately 600 metres above sea level. The Luise Caldera, in which all of the known ore deposits are located, is on the east coast of the island. The Lihir Gold Mine utilises conventional open pit mining methods.

Since 31 December 2013, the insitu pit Mineral Resource has been depleted by 0.10 million ounces of gold and the insitu Ore Reserve has been depleted by 0.08 million ounces of gold. The contained metal in Lihir stockpiles has decreased by 0.54 million ounces of gold through mining depletion and stockpile adjustments.

At Lihir, the optimal extraction of mineralisation (both inside and outside current resources) are the subject of on-going technical studies.

## GOSOWONG (INDONESIA)

Gosowong is located on Halmahera Island in North Maluku Province in the eastern part of the Republic of Indonesia. Gosowong is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture between Newcrest (75 percent) and PT Aneka Tambang (25 percent). For the purpose of reporting Mineral Resources and Ore Reserves, Newcrest reports 100 percent of the assets. Economic mineralisation in the Gosowong province is low sulphidation epithermal veining containing high grade gold and silver.

The Gosowong operation includes the Kencana, Toguraci and Gosowong mines. Newcrest has an active exploration program in place at Gosowong which is focussed on defining additional resources within the vicinity of the current underground operations at Toguraci and Kencana and surrounding goldfields.

### Kencana

At Kencana since 31 December 2013, the Mineral Resource has been depleted by 0.09 million ounces of gold and the Ore Reserve has been depleted by 0.09 million ounces of gold.

### Toguraci

At Toguraci since 31 December 2013, the Mineral Resource has been depleted by 0.06 million ounces of gold and the Ore Reserve has been depleted by 0.06 million ounces of gold.

### Gosowong

The Gosowong Mineral Resource and Ore Reserve are located beneath the existing completed Gosowong open pit. Since 31 December 2013, the Mineral Resource and Ore Reserve remain unchanged.

### Gosowong Tailings Storage Facilities and Stockpiles

The Gosowong Tailings Mineral Resource and Ore Reserve comprise reclaimed tailings deposited during the earlier processing of high-grade ore from the Kencana deposit. Since 31 December 2013, minor amounts of the Gosowong Tailings have been regularly processed.

Since 31 December 2013, the Gosowong 'operational' stockpiles (including Kencana, Toguraci and Gosowong Pit) did not have a material change.

## MOROBE MINING JOINT VENTURES (PNG)

The Morobe Mining Joint Ventures are three 50:50 unincorporated joint ventures between subsidiaries of Newcrest and Harmony Gold Mining Company. The joint venture interests are located in the Morobe Province of PNG and include the Hidden Valley and Wafi-Golpu deposits.

### Hidden Valley

The Hidden Valley Mine is located 90 kilometres south-west of Lae in the Morobe Province of PNG. Mineralisation is structurally controlled epithermal gold – silver stockwork veining hosted in granite and metasedimentary rocks.

The Hidden Valley Mine consists of the Hidden Valley Kaveroi and Hamata open pits located approximately six kilometres apart. Since 31 December 2013, the Mineral Resource and Ore Reserves have decreased through combined costs and metallurgical recoveries update and mining depletion. Mineral Resources have decreased by 0.18 million ounces of gold and the Ore Reserve by 0.12 million ounces of gold (50 percent terms).

### Wafi-Golpu

Wafi-Golpu comprises the Golpu porphyry deposit, the Wafi high sulphidation epithermal deposit and the Nambonga porphyry deposit. The deposits are situated 60 kilometres west-south-west of Lae, on the western flanks of the Timini Range, Morobe Province in PNG.

The Wafi and Nambonga Mineral Resource are unchanged since 31 December 2013. No Ore Reserve has been estimated for Wafi and Nambonga deposits.

Since 31 December 2013 the Golpu Mineral Resource has been updated to include information as a result of additional drilling and a more robust geological model. The Mineral Resource has decreased by 0.03 million ounces of gold (~0.3 percent) and increased by 0.21 million tonnes of copper (~4.6 percent). The Golpu Ore Reserve remains unchanged from 31 December 2013. An updated pre-feasibility study is expected to be completed by the end of the 2014 calendar year.

## NAMOSI JOINT VENTURE (FIJI)

The Namosi tenement is located about 30 kilometres west of Fiji's capital city, Suva. The Namosi project is a joint venture between Newcrest, Nittetsu and Mitsubishi Materials. Newcrest holds a 69.94 percent interest in the joint venture and is manager of project activities.

### Waisoi

The Waisoi deposit is characterised by copper-gold-molybdenum mineralisation hosted in and adjacent to porphyry intrusions. The Waisoi deposit is envisaged to be extracted via bulk open cut mining methods. The Waisoi Mineral Resource and Ore Reserve are unchanged since 31 December 2013.

### Wainaulo

The Wainaulo deposit lies in the Waivaka Corridor, which is a 5 kilometres long, east-north-east trending zone of porphyry-related mineralisation. The deposit is located approximately 6 kilometres south of Waisoi. The Wainaulo Mineral Resource is unchanged since 31 December 2013 and no Ore Reserve has been estimated for the Wainaulo deposit.

## OTHER REGIONS

### Marsden (NSW)

The Marsden copper-gold porphyry deposit is located between the NSW towns of Forbes and West Wyalong, approximately 150 kilometres south-west of the Cadia Valley Operations. The Marsden Mineral Resource is unchanged since 31 December 2013. No Ore Reserve has been estimated for Marsden.

### Côte d'Ivoire (West Africa)

The Côte d'Ivoire operations and projects include Bonikro, Hiré and Dougbafla-East deposits, as well as various exploration tenements. Gold mineralisation is hosted in Proterozoic greenstone volcanic belts and occurs primarily in two modes: as structurally controlled shear zones and as stockwork veining.

The Bonikro open pit mine and the Dougbafla deposit are located within the Oume Project area, central to southern Côte d'Ivoire. The Hiré deposit is located approximately 10 kilometres south-east of Bonikro.

Since 31 December 2013, the Bonikro Mineral Resource has been depleted by 0.10 million ounces of gold and the Ore Reserve has been depleted by 0.10 million ounces of gold. Since 31 December 2013, contained metal in Bonikro stockpiles has increased by 0.04 million ounces of gold.

The Hiré Mineral Resource and Ore Reserve are unchanged since 31 December 2013. Pre-feasibility level studies into the viability and timing of Hiré are planned for completion by December 2014.

The Dougbafla-East Mineral Resource remains unchanged since 31 December 2013. No Ore Reserves have been estimated for the Dougbafla-East deposit. Exploitation licences have been granted for both Hiré and Oume.

Newcrest has an active exploration program in place within Côte d'Ivoire, which is focussed on defining extensions to the current resources and greenfields exploration outside the mine and project areas.



# Mineral Resources and Ore Reserves

## 2014 Mineral Resources

As at 31 December 2013

|                                                                                    | Measured Resource          |                           |                           | Indicated Resource         |                           |                           | Inferred Resource          |                           |                           | Total Resource             |                           |                           | Contained Metal                       |                                         |                          |
|------------------------------------------------------------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------------------|--------------------------|
| Gold and Copper Resources<br>(# = material change at<br>a material mining project) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Insitu<br>Gold<br>(million<br>ounces) | Insitu<br>Copper<br>(million<br>tonnes) | Com-<br>petent<br>Person |
| Cadia East Underground                                                             | 0.20                       | 0.87                      | 0.22                      | 2,500                      | 0.42                      | 0.28                      | 360                        | 0.34                      | 0.19                      | 2,800                      | 0.41                      | 0.26                      | 37                                    | 7.5                                     | 1                        |
| Ridgeway Underground                                                               | 0.15                       | 1.2                       | 0.49                      | 120                        | 0.63                      | 0.32                      | 43                         | 0.37                      | 0.39                      | 170                        | 0.56                      | 0.34                      | 3.0                                   | 0.56                                    | 1                        |
| Other                                                                              | 160                        | 0.45                      | 0.13                      | 170                        | 0.36                      | 0.23                      | 260                        | 0.30                      | 0.10                      | 580                        | 0.36                      | 0.14                      | 6.7                                   | 0.84                                    | 1                        |
| <b>Total Cadia Province – Gold and Copper</b>                                      |                            |                           |                           |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>47</b>                             | <b>8.9</b>                              |                          |
| Main Dome Open Pit <sup>#</sup>                                                    | 24                         | 0.40                      | 0.086                     | 210                        | 0.67                      | 0.086                     | 2.6                        | 0.56                      | 0.094                     | 240                        | 0.64                      | 0.086                     | 4.9                                   | 0.20                                    | 2                        |
| West Dome Open Pit <sup>#</sup>                                                    | –                          | –                         | –                         | 170                        | 0.66                      | 0.057                     | 1.1                        | 0.46                      | 0.056                     | 170                        | 0.65                      | 0.057                     | 3.6                                   | 0.10                                    | 2                        |
| Telfer Underground                                                                 | –                          | –                         | –                         | 96                         | 1.5                       | 0.33                      | 53                         | 0.95                      | 0.21                      | 150                        | 1.3                       | 0.28                      | 6.3                                   | 0.42                                    | 2                        |
| Other                                                                              | –                          | –                         | –                         | 0.57                       | 4.2                       | 0.027                     | 16                         | 0.28                      | 0.34                      | 16                         | 0.42                      | 0.33                      | 0.22                                  | 0.053                                   | 2                        |
| O'Callaghans                                                                       | –                          | –                         | –                         | 69                         | –                         | 0.29                      | 9.0                        | –                         | 0.24                      | 78                         | –                         | 0.29                      | –                                     | 0.22                                    | 2                        |
| <b>Total Telfer Province – Gold and Copper</b>                                     |                            |                           |                           |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>15</b>                             | <b>1.0</b>                              |                          |
| Lihir <sup>#</sup>                                                                 | 100                        | 2.2                       | –                         | 660                        | 2.1                       | –                         | 130                        | 2.1                       | –                         | 880                        | 2.1                       | –                         | 60                                    | –                                       | 3                        |
| Gosowong <sup>*</sup>                                                              | –                          | –                         | –                         | 3.7                        | 13                        | –                         | 0.49                       | 7.6                       | –                         | 4.2                        | 13                        | –                         | 1.7                                   | –                                       | 4                        |
| Bonikro <sup>*</sup>                                                               | 5.7                        | 0.73                      | –                         | 36                         | 1.6                       | –                         | 8.9                        | 1.3                       | –                         | 51                         | 1.4                       | –                         | 2.4                                   | –                                       | 5                        |
| Namosi JV (69.94%)                                                                 | –                          | –                         | –                         | 1,300                      | 0.11                      | 0.33                      | 260                        | 0.10                      | 0.38                      | 1,600                      | 0.11                      | 0.34                      | 5.5                                   | 5.5                                     | 6                        |
| Marsden                                                                            | –                          | –                         | –                         | 200                        | 0.19                      | 0.37                      | 35                         | 0.076                     | 0.17                      | 230                        | 0.17                      | 0.34                      | 1.3                                   | 0.78                                    | 1                        |
| MMJV – Hidden Valley<br>Operations (50%)                                           | 0.83                       | 1.2                       | –                         | 55                         | 1.5                       | –                         | 3.1                        | 1.2                       | –                         | 59                         | 1.5                       | –                         | 2.8                                   | –                                       | 7                        |
| MMJV – Wafi/Golpu/<br>Nambonga (50%)                                               | –                          | –                         | –                         | 460                        | 0.77                      | 0.81                      | 130                        | 0.7                       | 0.64                      | 590                        | 0.76                      | 0.77                      | 14                                    | 4.5                                     | 7                        |
| <b>Total Other Provinces – Gold and Copper</b>                                     |                            |                           |                           |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>88</b>                             | <b>11</b>                               |                          |
| <b>Total Gold and Copper</b>                                                       |                            |                           |                           |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>150</b>                            | <b>21</b>                               |                          |

|                                                                           | Measured Resource         |                             | Indicated Resource         |                             | Inferred Resource          |                             | Total Resource             |                             | Contained Metal                   |                          |
|---------------------------------------------------------------------------|---------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------------|--------------------------|
| Silver Resources<br>(# = material change at<br>a material mining project) | Dry<br>Tonne<br>(million) | Silver<br>Grade<br>(g/t Ag) | Dry<br>Tonnes<br>(million) | Silver<br>Grade<br>(g/t Ag) | Dry<br>Tonnes<br>(million) | Silver<br>Grade<br>(g/t Ag) | Dry<br>Tonnes<br>(million) | Silver<br>Grade<br>(g/t Ag) | Insitu Silver<br>(million ounces) | Com-<br>petent<br>Person |
| Cadia Valley Operations                                                   | 0.35                      | 0.73                        | 2,600                      | 0.60                        | 410                        | 0.40                        | 3,000                      | 0.58                        | 56                                | 1                        |
| Gosowong*                                                                 | –                         | –                           | 3.7                        | 21                          | 0.49                       | 14                          | 4.2                        | 20                          | 2.7                               | 4                        |
| MMJV – Hidden Valley/<br>Hamata/Kaveroi (50%)                             | 0.83                      | 23                          | 55                         | 27                          | 3.1                        | 26                          | 59                         | 27                          | 50                                | 7                        |
| MMJV – Wafi/Golpu/<br>Nambonga (50%)                                      | –                         | –                           | 460                        | 1.4                         | 110                        | 1.2                         | 570                        | 1.4                         | 25                                | 7                        |
| Total Silver                                                              |                           |                             |                            |                             |                            |                             |                            |                             | 130                               |                          |

|                                                                                 | Tonnes                     | Grade                                                 |                         |                         | Contained Metal                                    |                                 |                                 |                          |
|---------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------|-------------------------|-------------------------|----------------------------------------------------|---------------------------------|---------------------------------|--------------------------|
| Polymetallic Resources<br>(# = material change at<br>a material mining project) | Dry<br>Tonnes<br>(million) | Tungsten<br>Trioxide<br>Grade<br>(% WO <sub>3</sub> ) | Zinc<br>Grade<br>(% Zn) | Lead<br>Grade<br>(% Pb) | Insitu<br>Tungsten<br>Trioxide<br>(million tonnes) | Insitu Zinc<br>(million tonnes) | Insitu Lead<br>(million tonnes) | Com-<br>petent<br>Person |
| Measured                                                                        | –                          | –                                                     | –                       | –                       | –                                                  | –                               | –                               |                          |
| Indicated                                                                       | 69                         | 0.34                                                  | 0.55                    | 0.27                    | 0.24                                               | 0.38                            | 0.18                            | 2                        |
| Inferred                                                                        | 9.0                        | 0.25                                                  | 0.15                    | 0.073                   | 0.023                                              | 0.013                           | 0.0066                          |                          |
| <b>Total Polymetallic</b>                                                       |                            |                                                       |                         |                         |                                                    |                                 |                                 |                          |

Note: Data is reported to two significant figures to reflect appropriate precision in the estimate and this may cause some apparent discrepancies in totals.

\* The figures shown represent 100 percent of the Ore Reserve. Gosowong (inclusive of Toguraci and Kencana) is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture company (Newcrest, 75 percent). Bonikro is inclusive of mining and exploration interests in Côte d'Ivoire held by LGL Mines CI SA (Newcrest, 89.9 percent), LGL Exploration CI SA (Newcrest, 100 percent) and LGL Resources CI SA (Newcrest, 99.89 percent).

Figures shown for MMJV relate to projects owned by the Morobe Mining Unincorporated Joint Ventures between subsidiaries of Newcrest and Harmony Gold Mining Company Limited (Newcrest, 50 percent). Newcrest has a 69.94 percent share of the Namosi Unincorporated Joint Venture.

### Competent Person

1. Ann Winchester, 2. James Biggam, 3. Stephen Perkins, 4. Colin McMillan, 5. Craig Irvine, 6. Vik Singh, 7. Greg Job (Harmony).

## 2014 Ore Reserves

As at 31 December 2013

| Gold and Copper Reserves<br>(# = material change at<br>a material mining project) | Proved Reserve             |                           |                           | Probable Reserve           |                           |                           | Total Reserve              |                           |                           | Contained Metal                    |                                         |                          |
|-----------------------------------------------------------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|------------------------------------|-----------------------------------------|--------------------------|
|                                                                                   | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Dry<br>Tonnes<br>(million) | Gold<br>Grade<br>(g/t Au) | Copper<br>Grade<br>(% Cu) | Insitu Gold<br>(million<br>ounces) | Insitu<br>Copper<br>(million<br>tonnes) | Com-<br>petent<br>Person |
| Cadia East Underground                                                            | –                          | –                         | –                         | 1,600                      | 0.49                      | 0.29                      | 1,600                      | 0.49                      | 0.29                      | 25                                 | 4.7                                     | 1                        |
| Ridgeway Underground                                                              | –                          | –                         | –                         | 100                        | 0.58                      | 0.29                      | 100                        | 0.58                      | 0.29                      | 1.9                                | 0.30                                    | 1                        |
| Other                                                                             | 87                         | 0.51                      | 0.14                      | 2.8                        | 0.40                      | 0.14                      | 90                         | 0.50                      | 0.14                      | 1.5                                | 0.13                                    | 1                        |
| <b>Total Cadia Province – Gold and Copper</b>                                     |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>28</b>                          | <b>5.1</b>                              |                          |
| Main Dome Open Pit <sup>#</sup>                                                   | 24                         | 0.40                      | 0.086                     | 74                         | 0.95                      | 0.10                      | 98                         | 0.81                      | 0.10                      | 2.6                                | 0.10                                    | 2                        |
| West Dome Open Pit <sup>#</sup>                                                   | –                          | –                         | –                         | 73                         | 0.68                      | 0.061                     | 73                         | 0.68                      | 0.061                     | 1.6                                | 0.045                                   | 2                        |
| Telfer Underground                                                                | –                          | –                         | –                         | 62                         | 1.1                       | 0.24                      | 62                         | 1.1                       | 0.24                      | 2.2                                | 0.15                                    | 2                        |
| O'Callaghans                                                                      | –                          | –                         | –                         | 59                         | –                         | 0.29                      | 59                         | –                         | 0.29                      | –                                  | 0.17                                    | 2                        |
| <b>Total Telfer Province – Gold and Copper</b>                                    |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>6.3</b>                         | <b>0.46</b>                             |                          |
| Lihir <sup>#</sup>                                                                | 100                        | 2.2                       | –                         | 290                        | 2.3                       | –                         | 390                        | 2.3                       | –                         | 29                                 | –                                       | 3                        |
| Gosowong <sup>*</sup>                                                             | –                          | –                         | –                         | 3.2                        | 12                        | –                         | 3.2                        | 12                        | –                         | 1.2                                | –                                       | 4                        |
| Bonikro <sup>*</sup>                                                              | 5.7                        | 0.73                      | –                         | 27                         | 1.6                       | –                         | 33                         | 1.4                       | –                         | 1.5                                | –                                       | 5                        |
| Namosi JV (69.94%)                                                                | –                          | –                         | –                         | 940                        | 0.12                      | 0.37                      | 940                        | 0.12                      | 0.37                      | 3.6                                | 3.5                                     | 2                        |
| MMJV – Hidden Valley<br>Operations (50%)                                          | 0.87                       | 1.2                       | –                         | 30                         | 1.7                       | –                         | 31                         | 1.7                       | –                         | 1.7                                | –                                       | 6                        |
| MMJV – Wafi/Golpu/<br>Nambonga (50%)                                              | –                          | –                         | –                         | 230                        | 0.86                      | 1.2                       | 230                        | 0.86                      | 1.2                       | 6.2                                | 2.7                                     | 6                        |
| <b>Total Other Provinces – Gold and Copper</b>                                    |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>43</b>                          | <b>6.2</b>                              |                          |
| <b>Total Gold and Copper</b>                                                      |                            |                           |                           |                            |                           |                           |                            |                           |                           | <b>78</b>                          | <b>12</b>                               |                          |

| Silver Reserves<br>(# = material change at<br>a material mining project) | Proved Reserve             |                             | Probable Reserve           |                             | Total Reserve              |                          | Contained Metal                   |                          |
|--------------------------------------------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------------|--------------------------|
|                                                                          | Dry<br>Tonnes<br>(million) | Silver<br>Grade<br>(g/t Ag) | Dry<br>Tonnes<br>(million) | Silver<br>Grade<br>(g/t Ag) | Dry<br>Tonnes<br>(million) | Silver Grade<br>(g/t Ag) | Insitu Silver<br>(million ounces) | Com-<br>petent<br>Person |
| Cadia Valley Operations                                                  | –                          | –                           | 1,700                      | 0.65                        | 1,700                      | 0.65                     | 36                                | 1                        |
| Gosowong*                                                                | –                          | –                           | 3.2                        | 17                          | 3.2                        | 17                       | 1.7                               | 4                        |
| MMJV – Hidden Valley/<br>Hamata/Kaveroi (50%)                            | 0.87                       | 23                          | 30                         | 30                          | 31                         | 29                       | 30                                | 6                        |
| MMJV – Wafi/Golpu/<br>Nambonga (50%)                                     | –                          | –                           | 230                        | 1.4                         | 230                        | 1.4                      | 9.9                               | 6                        |
| Total Silver                                                             |                            |                             |                            |                             |                            |                          |                                   | 77                       |

| Polymetallic Reserves<br>(# = material change at<br>a material mining project) | Tonnes                  |                                                 | Grade                   |                      | Contained Metal                                    |                                 |                                 | Com-<br>petent<br>Person |
|--------------------------------------------------------------------------------|-------------------------|-------------------------------------------------|-------------------------|----------------------|----------------------------------------------------|---------------------------------|---------------------------------|--------------------------|
|                                                                                | Dry Tonnes<br>(million) | Tungsten Trioxide<br>Grade (% WO <sub>3</sub> ) | Zinc<br>Grade<br>(% Zn) | Lead Grade (%<br>Pb) | Insitu<br>Tungsten<br>Trioxide<br>(million tonnes) | Insitu Zinc<br>(million tonnes) | Insitu Lead<br>(million tonnes) |                          |
| Proved                                                                         | –                       | –                                               | –                       | –                    | –                                                  | –                               | –                               | 2                        |
| Probable                                                                       | 59                      | 0.34                                            | 0.62                    | 0.30                 | 0.20                                               | 0.36                            | 0.18                            |                          |
| <b>Total Polymetallic</b>                                                      |                         |                                                 |                         |                      |                                                    |                                 |                                 |                          |

Note: Data is reported to two significant figures to reflect appropriate precision in the estimate and this may cause some apparent discrepancies in totals.

\* The figures shown represent 100 percent of the Ore Reserve. Gosowong (inclusive of Toguraci and Kencana) is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture company (Newcrest, 75 percent). Bonikro is inclusive of mining and exploration interests in Côte d'Ivoire held by LGL Mines CI SA (Newcrest, 89.9 percent), LGL Exploration CI SA (Newcrest, 100 percent) and LGL Resources CI SA (Newcrest, 99.89 percent).

Figures shown for MMJV relate to projects owned by the Morobe Mining Unincorporated Joint Ventures between subsidiaries of Newcrest and Harmony Gold Mining Company Limited (Newcrest, 50 percent). Newcrest has a 69.94 percent share of the Namosi Unincorporated Joint Venture.

### Competent Person

1. Geoff Newcombe, 2. Ron Secis, 3. Steven Butt, 4. Darryl Dyason, 5. Craig Irvine, 6. Greg Job (Harmony).

# Corporate Governance

Newcrest's Corporate Governance Statement sets out in detail the Company's corporate governance processes and structure as at the date of the Annual Report, including for the year ending 30 June 2014.

The Board believes that adherence by Newcrest and its people to the highest standards of corporate governance is critical in order to achieve its vision.

This statement includes information required under the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (ASX Principles and Recommendations).

## 1. BOARD OF DIRECTORS

### Role and Responsibilities

The Board sets and regularly reviews the Company's strategic goals and objectives, and oversees the management and performance of the Company's business. The Board is ultimately accountable to Newcrest's shareholders for the performance of the business. The role of the Board is described in the Board Charter, which is available on the Company's website: [www.newcrest.com.au/about-us/corporate-governance/](http://www.newcrest.com.au/about-us/corporate-governance/).

Responsibility for the day-to-day management of the business is delegated to the Managing Director and Chief Executive Officer (MD and CEO), and the Executive Committee. The Board has approved a formal Statement of Management Authorities and Responsibilities, which is supported by a comprehensive financial controls framework of delegated authorities, including authorities delegated to individual Executives.

### Board Composition

Newcrest's Board currently comprises 10 Directors: two Executive Directors (the MD and CEO – Sandeep Biswas, and the Finance Director and Chief Financial Officer (CFO) – Gerard Bond) and eight Non-Executive Directors.

The Chairman, Peter Hay, is an independent Non-Executive Director and is not a former Executive of the Company. The roles of the Chairman and the MD and CEO are not exercised by the same individual.

Peter Hay succeeded Don Mercer as Chairman on 1 January 2014, having joined the Board in August 2013. Sandeep Biswas was appointed as a Non-Executive Director and as Chief Operating Officer in January 2014, and succeeded Greg Robinson as MD and CEO on 4 July 2014.

The names, skills and experience of each Director and their dates of appointment are set out on pages 8 and 9 of this Report. Details of changes to the Board during the 2013–14 reporting period and the current financial year are set out in the Directors' Report on page 41.

The Board reviews succession on an ongoing basis and has determined that, as a general rule, a Non-Executive Director will not serve on the Board for more than 10 years. Non-Executive Directors must submit themselves for re-election every three years and at least one Director must stand for election each year.

### Selection and Appointment of Directors

Directors regularly review the Board's structure, size and composition to ensure that it has the range of skills, expertise and experience demanded by the Company's operations.

The Company seeks to maintain a Board with a broad range of skills focussed on resource, operational and mining-related expertise; broad commercial and financial understanding; and business experience and strength in other key areas such as health, safety and environment, in each case appropriate to meet the needs of a business of Newcrest's size and complexity.

Nominations to the Board are considered by the Board Nominations Committee, which was constituted in April 2014 and comprises all Non-Executive Directors. Prior to that, the full Board had ultimate responsibility for decision-making in this area. Details of the role and composition of the Nominations Committee are set out under 'Board Committees'. When considering new appointments to the Board, suitable candidates are identified considering a range of skills, experience and diversity, including gender diversity. External professional advisers are engaged to assist in this process as required.

The MD and CEO is appointed by the Board, supported by the Nominations Committee.

New Directors receive a letter of appointment and a Deed of Indemnity. The Company has an induction process to educate Directors with respect to the business, its corporate strategy, operations and projects. The Board program provides for regular visits to sites by rotation each year.

### Board Committees

There are four standing Board Committees, which assist the Board by providing detailed analysis of key issues. These are: the Audit and Risk Committee; the Safety and Sustainability Committee; the Human Resources and Remuneration Committee; and the Nominations Committee.

Each standing Committee meets at least four times per year and otherwise as required and has its own charter. The charters can be found on the Company's website: [www.newcrest.com.au/about-us/corporate-governance/](http://www.newcrest.com.au/about-us/corporate-governance/).

The Board also operates a Board Executive Committee on an ad hoc basis, which meets as required at the direction of the Board.

All members of each Committee are independent Non-Executive Directors. Each Committee member has been selected on the basis that he or she brings relevant and required skills and experience to the relevant Committee.

All Directors receive papers and minutes for all Committees, and are invited to attend all Committee meetings. Each Committee reports its deliberations to the next Board meeting and Committee minutes are provided to the Board.

Details of the number of Board and Committee meetings held during the financial year, and each Director's attendance at the meetings, are set out on page 43 of the Directors' Report.

### Audit and Risk Committee

Members: John Spark (Chairman), Richard Knight, Rick Lee and Tim Poole.

The Committee oversees, reviews and makes recommendations to the Board with respect to the following matters:

- the integrity of the Company's financial statements;
- compliance with all accounting and financial reporting obligations and applicable legal and regulatory requirements;
- risk management and internal control processes and effectiveness; and
- the performance and independence of the external auditor and the internal audit function.

Committee members have access to the Company's external and internal auditors without management present.



### **Safety and Sustainability Committee**

Members: Richard Knight (Chairman), Phil Aiken, Vince Gauci and Winifred Kamit. (John Spark retired from this Committee at the end of 2013).

This Committee (formerly the Safety, Health and Environment Committee) restated its remit in February 2014 to expressly include sustainability, human rights and the related issues listed below. The Committee assists the Board in its oversight, monitoring and reviewing of the Company's practices and governance with respect to the following matters:

- safety, health and environmental management practices;
- relationships with communities;
- sustainability including the Company's Annual Sustainability Report; and
- human rights and security of communities, employees and operations.

Further discussion on the Company's approach to sustainability is set out later in this document and in its Sustainability Report (2013), a copy of which can be located on the Company's website in the Sustainability section: [www.newcrest.com.au/sustainability](http://www.newcrest.com.au/sustainability).

### **Human Resources and Remuneration Committee**

Members: Rick Lee (Chairman), Phil Aiken, Vince Gauci, Winifred Kamit and Tim Poole.

This Committee assists the Board to fulfil its responsibilities with respect to matters including:

- the Company's remuneration framework and levels for all employees, including Executive Managers, and Executive and Non-Executive Directors;
- oversight of organisational design and human capability;
- the behavioural and cultural framework and practices of the Company;
- the implementation and administration of major components of the Company's remuneration strategies, policies and practices;
- human resources and remuneration strategies;
- oversight of industrial relations policies, practices and strategies; and
- the preparation of the Remuneration Report.

The Committee also considers and monitors the Company's practices in relation to diversity, including gender diversity.

### **Nominations Committee**

Members: all Non-Executive Directors. The Chairman of the Board is the Chairman of this Committee.

Established in April 2014, the Committee supports the Board with respect to the following matters:

- Board composition and diversity;
- Board succession planning and Director re-election;
- Director selection, appointment, election and induction;
- evaluations of the performance of the Board, its Committee and individual Directors; and
- succession planning for the Chairman, the Managing Director and key senior executive roles.

The Committee is also responsible for overseeing professional development opportunities for Directors.

The Board remains responsible for the appointment of the MD and CEO as per its charter.

### **Board Executive Committee**

Members: the Chairman, MD and CEO (or in his absence, the Finance Director and CFO) and one other Non-Executive Director.

This Committee acts as a delegate of the Board to facilitate Board processes and decisions between scheduled Board meetings, and at short notice. The Committee holds the full delegated authority of the Board in relation to matters referred to it by the Board.

### **Company Secretary**

Francesca Lee was appointed as General Counsel and Company Secretary on 31 March 2014, replacing Scott Langford who stepped down from the role in November 2013. Peter Larsen assumed the role of Company Secretary from the time of Scott Langford's departure until Francesca Lee commenced at Newcrest. Peter Larsen continues in the role of Deputy Company Secretary. Details of the qualifications and experience of Francesca Lee and Peter Larsen are set out on page 42 of this Report.

All Directors have access to the Company Secretary. The appointment and removal of the Company Secretary are matters for the full Board.

### **Board Independence**

The Board's Independence Policy may be found on the Company's website: [www.newcrest.com.au/media/general/Director\\_Independence\\_Policy.pdf](http://www.newcrest.com.au/media/general/Director_Independence_Policy.pdf).

The Board considers that a Director is independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed in view of the facts and circumstances of the relationship having regard to the criteria listed in Newcrest's Independence Policy. Materiality is considered from the perspective of the Newcrest Group, the organisations with which the Director is affiliated and from each Director's perspective.

The Board has determined that all Non-Executive Directors satisfy the Company's criteria for independence, as set out in the Independence Policy, which aligns with the guidance provided by the ASX Corporate Governance Council recommendations.

All Directors are required to disclose their relevant interests and to give notice of any potential conflict of interest. Each Director is required to disclose any business or other relationship that he or she has directly or as a partner, shareholder or officer of a company or other entity that has an interest in the Company or a related entity. The Board continues to monitor the independence of each Director, and periodically reviews its approach to assessing Director independence.

### **Access to Independent Advice and Information**

All Directors have direct access to all relevant Company information and to the Company's senior executives. The Board has adopted a policy that ensures that Directors also have access to independent legal, accounting or other professional advice as necessary, at the Company's expense.

### 2. BOARD AND EXECUTIVE PERFORMANCE

#### Board Performance Evaluation

In recent years, the Board has undertaken an annual review of its own performance effectiveness and that of its Committees and individual Directors, either directly or through engagement of independent consultants. This process has been led by the Chairman, based on a formal questionnaire and evaluation provided to each Board member. The outcomes of the evaluation are reviewed and considered by the Board, and changes effected where required. In 2014, this process will be repeated. However, the Nominations Committee will have responsibility for coordinating the review.

The review conducted in September and October 2013, led to recommendations including constitution of the Nominations Committee, a revised program for site visits, development of detailed programs for each Committee including with respect to investor relations, and ongoing consideration of the resources required to support the Board and its Committees. The review concluded that the size and capability of the Board were appropriate and that there was an appropriate mix of skills and experience. Consideration to improve the functionality and performance of the Board and its Committees occurs at regular intervals.

The Board, supported by the Nominations Committee, is proposing to appoint an independent consultant to conduct the 2014 Board and Committee review.

#### Executive Performance Evaluation

The Company has in place a performance appraisal system for Executives, which is designed to optimise performance. Details regarding the Company's performance management system for the period 2013–14 are set out in the Remuneration Report on pages 67 to 88.

The Board annually reviews the performance of the MD and CEO against agreed performance measures and other relevant factors.

The MD and CEO undertakes a similar exercise in relation to each of the senior executives. The outcomes of the CEO's annual performance review of the senior executives are discussed with the Board.

Each of the Company's senior executives (including the MD and CEO, and the Finance Director and CFO) has undergone performance evaluation during the 2013–14 reporting period, in accordance with the Company's Work Performance System.

### 3. DIRECTORS' FEES AND EXECUTIVE REMUNERATION

#### Directors' Fees

Remuneration of Non-Executive Directors is fixed rather than variable, so that Board membership of a high standard is maintained and market remuneration trends reflected. Remuneration levels and trends are customarily assessed at least every two years, with the assistance of professional independent remuneration consultants as required and adjusted where necessary to align with Board remuneration levels in comparable Australian-listed companies.

The total aggregate amount of Directors' fees ('fee pool') payable to the Company's Non-Executive Directors may not exceed the maximum amount authorised by the shareholders in general meeting. The fee pool is currently \$2,700,000 and was approved by shareholders in 2010.

The total fee pool includes all fees payable to a Non-Executive Director for acting as a Director of the Board (including attending and participating in any Board Committee meetings) and includes superannuation contributions for the benefit of a Non-Executive Director and any fees that a Non-Executive Director agrees to salary sacrifice (pre-tax) for other benefits.

#### Executive Remuneration

The Company's remuneration policy recognises the different levels of contribution within management to the short-term and long-term success of the Company. A significant proportion of each senior manager's remuneration is placed 'at risk', and is dependent upon both personal and Company performance formally assessed each year.

The Board has established with the MD and CEO, specific personal and corporate performance objectives for the short and long term. The performance of the MD and CEO is formally assessed against these objectives annually. The assessment helps to determine the level of 'at risk' remuneration paid to the MD and CEO.

The Board supported by the Human Resources and Remuneration Committee must approve contracts with remuneration consultants. Remuneration recommendations made by remuneration consultants in relation to Key Management Personnel (KMP) must be made to the Non-Executive Directors.

Details of the Company's remuneration policies and practices in relation to Directors and Executives are set out in the Remuneration Report on pages 67 to 88.

### 4. ETHICAL AND RESPONSIBLE DECISION-MAKING

#### Code of Conduct and Values

The Board has adopted a Code of Conduct that reflects the Company's values and provides a framework within which its entire workforce functions, including in its interaction with stakeholders. This helps to ensure the appropriate degree of integrity in the Company's dealings. Company employees have been trained in the values and expected behaviour under the Code. The Code of Conduct can be viewed in the Corporate Governance section on the Company's website: [www.newcrest.com.au](http://www.newcrest.com.au).

The Company also has a comprehensive range of corporate policies that detail the framework for acceptable corporate behaviour, and these are subject to periodic review. Policies referred to in the Code of Conduct may be found on the Company's website, including the Safety and Health Policy, Diversity Policy, High Performance Policy, Corrupt Practices Policy, International Employees Policy, Communities Policy, and Environmental Policy.

The Company has in place a Speak Out Standard and Service, which is confidential, anonymous and independent. It offers a mechanism to encourage employees and contractors to report concerns of unethical or inappropriate behaviour in good faith and to receive protection from any negative consequences. At each meeting, the Audit and Risk Committee receives details of matters reported to the Service and actions taken.

#### Securities Dealing Policy

The Company has a Securities Dealing Policy, which provides for 'prohibited periods' (or 'blackout periods') when staff must not deal in the Company's securities. Blackout periods commence immediately following the close of the half and full year financial results (31 December and 30 June respectively) and commence two weeks prior to the release of each quarterly report and the Annual General Meeting (AGM). The blackout periods end respectively, immediately after the announcement of the Company's half year and full year financial results; the release of each quarterly report; and the announcement of the AGM results at the conclusion of the AGM.

The Policy prohibits the use by employees of derivatives such as caps, collars, warrants or similar products in relation to Company securities, including shares acquired under the Newcrest Group's equity incentive schemes, whether or not they are vested. Further details of this and related prohibitions are referred to in the Remuneration Report at pages 67 to 88 of this Report. The Policy can be found in the Corporate Governance section of the Company's website: [www.newcrest.com.au](http://www.newcrest.com.au).

## 5. SHAREHOLDER COMMUNICATION, CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS

The Board recognises the importance of keeping the market fully informed of the Company's activities and of stakeholder communication in a timely, balanced and transparent manner. The Board's policy is to seek to achieve effective communication with its shareholders through compliance with ASX Listing Rules and Corporations Act 2001 reporting requirements.

In July 2013, the Board commissioned an independent review of the Company's disclosure and investor relations practices. Newcrest released the full results of the independent review, undertaken by Dr Maurice Newman, to the ASX on 5 September 2013, and has since made changes to enhance its policies and procedures following the recommendations contained in the review report (to the extent not already reflected in Newcrest's disclosure framework).

Newcrest's comprehensive review of its governance structure for market disclosure, following the independent review, led to steps including:

- (a) the establishment in December 2013 of a Disclosure Committee (comprised of the MD and CEO, Finance Director and CFO, General Counsel and Company Secretary, having delegated authority for making and executing disclosure decisions (save for matters expressly reserved to the Board) and overseeing investor relations functions; and
- (b) the approval by the Board in February 2014 of revised and restructured policies, in the form of the publicly available Market Disclosure Policy, which can be found on the Company's website: [www.newcrest.com.au/about-us/corporate-governance](http://www.newcrest.com.au/about-us/corporate-governance), and the internal Market Releases and Investor Relations Policy and Media and External Communications Policy.

The Company's Disclosure Policy describes the system and procedures in place to ensure that Company information considered to be material is announced immediately to the market through the ASX.

The Disclosure Committee Charter describes the Committee's role, which is to support the primary disclosure obligation for the Company to disclose market sensitive information to the ASX, and other exchanges on which it is listed promptly and without delay. A key responsibility of the Disclosure Committee is to assess and determine materiality for the purposes of the Company's disclosure obligations.

The Market Releases and Investor Relations Policy and Media and External Communications Policy establish procedures and controls around public announcements, investor relations and external communications, including:

- (a) requiring external presentation materials with an investor or analyst focus to be provided as a market release to the ASX and other exchanges, and made available on Newcrest's website;
- (b) requiring (so far as practicable) significant investor relations events to be webcast or recorded and made available on Newcrest's website;
- (c) imposing an investor relations 'blackout' period (i.e. where investor meetings, site visits and other elements of the investor relations program are not scheduled or initiated) for a period of two weeks leading up to Newcrest's Half Year and Preliminary Final Reports and quarterly production results, and for such other periods and in relation to such other events as the Disclosure Committee determines to be necessary;
- (d) making all presentations at investor seminars and conferences and industry briefings subject to prior authorisation by the Managing Director following internal review; and
- (e) requiring all investor relations presentations, meetings, briefings and discussions to be:
  - i. conducted by a specifically authorised spokesperson and attended by at least one additional Newcrest employee who has had formal disclosure training in the preceding 12 months; and
  - ii. clearly and comprehensively documented and reviewed afterwards by the Newcrest participants (with the Disclosure Committee to be immediately informed of any market sensitive disclosure).

All releases made to the ASX are placed immediately on the Company's website. Other key communications are also placed immediately on the website. General and historical information about the Company and its operations is also available on the website.

Newcrest webcasts the AGM, the half year and full year financial results presentations, and the production results at the end of each quarter. The Company provides advance notice in respect of briefings, and posts the relevant corporate dates for the year on its website.

Shareholders may receive electronic versions of the notice of meetings, Annual Report and dividend notices, and can request to receive key communications.

The Company holds an accessible and informative AGM. The full text of the notices of meeting is placed on the website.

The Company's external auditor attends the AGM and is available to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in the preparation of its financial statements, and the independence of the auditor in relation to the conduct of the audit. Shareholder questions at the AGM are encouraged by the Chairman. Any shareholders unable to attend may submit questions to the Chairman prior to the meeting. Shareholders also have the opportunity to meet informally with Directors and executive management following the meeting.



### 6. DIVERSITY

Newcrest places a high value on diversity and believes that an inclusive culture and a diverse workforce support high performance. The Company has established a Diversity Policy, a copy of which is located on the Newcrest website at: [www.newcrest.com.au/about-us/company-policies](http://www.newcrest.com.au/about-us/company-policies). The policy provides that the Company will support diversity in the workforce by setting, reviewing and reporting on specific measurable objectives to increase diversity in the workforce. The Company has a Diversity and Inclusion strategy and the Executive Committee Diversity Sub-Committee provides guidance, input and advice to the Executive Committee and the Board on the implementation of Newcrest's Diversity and Inclusion strategy. The Sub-Committee consists of four Executive Committee members and a diversity specialist.

Each quarter, a Diversity and Inclusion update is provided to the Board HR and Remuneration Committee in respect of Newcrest's Diversity and Inclusion annual plan. A full report on the Company's initiatives and practices in respect of diversity relating to gender, nationalisation and Aboriginal and Islander strategy and the Company's performance against its stated diversity objectives and the new diversity measures adopted in early 2014 can be found at pages 36 to 39.

### 7. AUDIT AND RISK MANAGEMENT

The Board recognises that risk management and internal controls are fundamental to sound management, and that oversight of such matters is a key responsibility of the Board. Newcrest has a detailed risk management and internal control framework incorporating policies and procedures, which set out the roles, responsibilities and guidelines for identifying and managing material business risks.

The Board reviews and confirms the effectiveness of the systems, which are in place to facilitate the effective identification, management and mitigation of any significant risks to which the Company is exposed. The Board also reviews management's implementation of risk management and of the internal control systems at least annually. The Board's Audit and Risk Committee assists the Board to fulfil its responsibilities for risk management, internal control processes and effectiveness, internal audit and compliance with applicable legal and regulatory requirements.

#### Management of Risk

Newcrest's Risk Management Framework is used to identify and evaluate risk events, establish robust controls and mitigation strategies, and to provide an assurance process in relation to effectiveness and implementation of these. The aim is to provide an overarching, uniform and consistent framework for identifying, assessing, monitoring and managing material business risks. These risks include strategic, corporate and commercial, major hazard (including operational, health and safety, and environmental), and project management risks. Full functional and site risk reviews are undertaken every six months and reviewed by senior management. A full annual review of risks is conducted in the first half of each financial year. The Company also regularly reviews and tests crisis management and emergency management systems. The Safety and Sustainability Committee assists the Board with management, reporting and risk in respect of safety, health, relationships with communities and other matters within the Committee's remit. A program of work on the items is established annually and specific items and material updates provided at each Committee meeting. The Audit and Risk Committee assist the Board to fulfil its responsibilities for the risk management process, the overall risk framework, risk assessment process, methodology, identification and mitigation actions.

The Executive Committee and the Audit and Risk Committee each consider an update on risk issues at each meeting, including specific risk issues in detail as required. Updates include the current status of material risks, notable activity related to the risks, and confirmation of improvement action completion. Risk profiles, including identification and assessment of related controls, are reviewed and updated by management and reported to the Audit and Risk Committee at each Committee meeting. An overview of the Company's Financial Risk Framework and the methodology supporting that framework are considered by the Audit and Risk Committee at each meeting.

#### Internal Control Framework

Newcrest has controls in place that are designed to support the Risk Management Framework, safeguard the Company's interests, and ensure the integrity of its financial reporting. Key controls include:

- An integrated, robust planning and budgeting process delivering a five-year plan and linked detailed budget annually. The Board reviews the plan, and the budget is subject to Board approval. Progress against performance targets is reported on monthly to senior operations and corporate management and reports are supplemented regularly with forecast updates.
- A comprehensive capital approval process controlling the authorisation of capital expenditure and investments. Key capital decisions are subject to technical and commercial review.
- A system of delegated authorities that cascades authority levels for expenditure and commitments from the Board, the delegation to the MD and CEO, and the further cascading of authorities from the MD and CEO to the rest of the Company.
- Appropriate due diligence procedures for acquisitions and divestments.
- The annual preparation of a capital management plan setting out the key capital structure, liquidity and cash flow at risk objectives of the Company. In addition, Newcrest's Treasury Department has detailed policies for the management of debt, commodities and currency exposures, investment of surplus cash, and interest rate risk management.
- A system of financial control processes to ensure the integrity of financial reporting.
- Each half year, the completion by management of a detailed internal control questionnaire covering financial stewardship, and legal and risk issues.

#### External Audit

The Audit and Risk Committee is responsible for the selection, evaluation, compensation and, where appropriate, replacement of the external auditor, subject to shareholder approval where required. The current external auditor is EY (formerly Ernst & Young). Reappointment of the external auditor is reviewed and approved annually, following a review of performance against key service delivery criteria.

The Audit and Risk Committee ensures that the lead external audit partner and quality review partner must rotate off that role every five years or, if they have acted in that capacity for five out of the last seven successive financial years, they are subject to a two-year 'cooling off' period following rotation. The Audit and Risk Committee and the Board may resolve to extend the five-year period by not more than two successive years, subject to compliance with the *Corporations Act 2001* (Cth). The current lead auditor partner was appointed effective 1 July 2012.

The Audit and Risk Committee meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements, with particular emphasis on the effectiveness, performance and independence of the audit. The Committee also meets with the external auditor without the presence of management following each meeting.

The Audit and Risk Committee receives assurances from the external auditor that they meet all applicable independence requirements in accordance with the *Corporations Act 2001*, and the rules of the professional accounting bodies. This independence declaration forms part of the Directors' Report.

The external auditor attends the AGM and is available to answer shareholder questions regarding aspects of the external audit and their report.

Details of the services provided by EY to the Company, and the fees paid or due and payable for those services, are referred to in the Directors' Report and set out in Note 31 of the Financial Report.

#### **Internal Audit**

The function is managed by the Manager Internal Audit, reporting through to the Finance Director and CFO via the General Manager – Finance and Accounting. The Audit and Risk Committee approves the appointment and removal of the Manager Internal Audit. The internal audit function is supported by external consultants and internal resources.

The Manager Internal Audit has direct access to the Audit and Risk Committee and its Chairman to seek information and explanations. The Chairman of the Audit and Risk Committee meets independently with the Manager Internal Audit.

An annual internal audit plan is presented to and approved by the Audit and Risk Committee. The annual internal audit plan is risk based to cover material risks of the operating sites and key functions. A status report including current findings and actions is provided to the Audit and Risk Committee at each meeting. All material findings are reported to the Board. The status of corrective actions is monitored, reviewed and reported to the Executive Committee and the Audit and Risk Committee.

#### **Management Assurance**

At the Board meetings to approve each of Newcrest's half yearly and annual Financial Statements, the Board receives and considers a written statement (certificate of management assurance) from the MD and CEO, and the Finance Director and CFO in relation to Newcrest's system of risk oversight and management and compliance with internal controls.

This assurance statement is supported by an internal process of compliance confirmations from Executive General Managers and General Managers responsible for operations and key functions.

The MD and CEO and Finance Director and CFO have certified that the Financial Statements for the financial year ended 30 June 2014 present a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with applicable regulatory requirements.

The certificate also stated that the risk management and internal compliance and control systems were operating effectively in all material respects in relation to the reporting of financial risks.

The Directors made comprehensive enquiries of management, the Audit and Risk Committee, and other relevant parties as to the content of the proposed Financial Statements, and applied their knowledge of the affairs of the Company in reading and approving the accounts.

## **8. SUSTAINABILITY**

Sustainability is an important part of Newcrest's vision to develop successful mining operations through balancing economic prosperity, environmental quality and social responsibility. Newcrest is a signatory to the Australian Mining Industry Framework for Sustainable Development 'Enduring Value', and integrates environmental and social management into all facets of the business. The Safety and Sustainability Committee oversees, monitors and reviews the Company's practices and governance in the area of sustainability. The charter for the Committee is located in the Corporate Governance section of the Company's website at: [www.newcrest.com.au/about-us/corporate-governance](http://www.newcrest.com.au/about-us/corporate-governance). Public reporting and a commitment to keep the Company's stakeholders informed is another part of the Company's commitment to sustainability. During the year, the Company applied for membership of the Voluntary Principles on Security and Human Rights. The Company's annual Sustainability Report outlines Newcrest's safety, health, economic, environmental and social contribution and performances to the regions and communities where it operates. The report for 2013 can be found in the Sustainability section on the Company's website at: [www.newcrest.com.au/sustainability/current-sustainability-report](http://www.newcrest.com.au/sustainability/current-sustainability-report).

# Diversity and Inclusion

Diversity and inclusion are important components of Newcrest's organisational culture. Newcrest seeks to create a work environment in which people can come to work feeling safe and valued and are supported to perform at their best. Newcrest also seeks to create a work environment that leverages the diverse thinking and perspectives of its people to significantly improve its innovation, problem-solving capabilities and overall business performance.

Diversity is about what makes people unique and includes people's backgrounds, personality, life experiences and beliefs. This broader view of diversity, i.e. that it relates to the diversity of 'thought' – where different perspectives and capabilities are the point of difference rather than our visible characteristics – is where Newcrest seeks to find its competitive edge. Diversity of thought is the end game for Newcrest and demographic diversity is a visible lead indicator.

At Newcrest, diversity is leveraged through 'inclusion' – the extent to which individuals feel valued and included by an organisation. This is achieved through inclusive leadership; namely, by ensuring all employees have the opportunity to fulfil their individual and combined potential.

Diversity and inclusion are therefore related but different concepts. Newcrest could have a diverse workforce without inclusion; and inclusion without diversity. But one without the other is only half of the business performance equation. Put simply: diversity + inclusion = improved business performance.

Over the last five years, Newcrest has continued to strengthen its diversity and inclusion platform, underpinned by the following elements.

- **Newcrest's values:** the Newcrest values support the diversity and inclusion agenda and demonstrate how they are integrated into the fabric of the business. Key values relevant to diversity and inclusion include high performance, work together, care about people, innovation and problem solving.
- **Board and Executive Committee engagement:** the Newcrest Board and Executive Committee (ExCo) actively leads Newcrest's diversity and inclusion agenda.
- **ExCo Diversity Subcommittee:** the ExCo Diversity Subcommittee continues to provide guidance, input and advice regarding the implementation of Newcrest's Diversity and Inclusion Strategy.
- **Diversity Policy:** the Diversity Policy outlines how Newcrest seeks to create a diverse workforce, including treating employees fairly, setting measurable targets, ensuring legislative compliance and supporting diversity in all its communities. Newcrest's Diversity Policy actively promotes a culture that values difference. The Diversity Policy is published on the Newcrest website at [www.newcrest.com.au/company/policies.asp](http://www.newcrest.com.au/company/policies.asp), and can be accessed by all employees via the internal portal. The policy is also displayed at all sites. Newcrest's standards and procedures are reviewed and updated annually.
- **Workplace Behaviour Standard:** Newcrest's Workplace Behaviour Standard similarly underpins Newcrest's diversity and inclusion priorities by promoting a workplace that is inclusive and free from discrimination, harassment, bullying and victimisation. Ensuring employees understand what is appropriate workplace behaviour and encouraging them to speak up if they see inappropriate behaviour supports Newcrest in building a positive and productive workplace environment.
- **Flexible Work Practices Standard:** enables employees to adopt flexible work practices to support a range of professional and personal circumstances.

While the last 12 months in the gold mining sector, including for Newcrest, have been challenging with wide-scale restructuring taking place, Newcrest has continued to make progress in the following key areas of diversity and inclusion:

- **Diversity of Newcrest's workforce:** creating a more diverse employee base at all levels in the Company by removing the barriers to equal opportunity in all employment processes for all groups, especially women, national and local workforce in sites outside of Australia, and within Australia increasing the opportunities for Aboriginals and Torres Strait Islander people.
- **Building leadership capability:** developing high-performance leaders who are inclusive in their leadership style.
- **Motivating work environment:** creating a motivating, efficient and safe working environment for all employees – free of harassment, discrimination and bullying.
- **Work flexibility:** ensuring the type and scope of Newcrest's work policies and practices provide enough flexibility to enable the active participation of all employees in organisational life.

## DIVERSITY OF NEWCREST'S WORKFORCE

Newcrest has a particular focus on increasing the representation of women, national and local employees at Newcrest's international sites and increasing the opportunities for Aboriginals and Torres Strait Islander people within Australia.

### Gender

Newcrest continues to build the diversity of its workforce with a particular emphasis on gender and the ongoing nationalisation of workforces within Newcrest's international sites.

Newcrest's workforce consists of approximately 11.7 percent of female employees. Refer to Figure 1.

**Figure 1: Proportion of women (all Newcrest sites) as at 30 June 2014**

| Newcrest Mining<br>(all sites) | Total # of Females<br>30 June 2014 | Proportion of<br>Females (%)<br>30 June 2014 |
|--------------------------------|------------------------------------|----------------------------------------------|
| Board                          | 1                                  | 10.0                                         |
| Senior Executives              | 2                                  | 25.0                                         |
| Other Employee Groups          | 655                                | 11.7                                         |

In Newcrest's Workplace Gender Equity report for 2014, Newcrest reported that 14.8 percent of its Australian workforce comprised of women, compared to 15.6 percent for the previous reporting period. Changes in Newcrest's external environment resulted in job losses throughout the period in which many roles occupied by women were impacted. This has impacted the year on year trend. Newcrest remains committed to significantly improving the representation of women within its workforce.

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Act), Newcrest lodged its 2013–14 public report with the Workplace Gender Equality Agency (Agency) on 28 May 2014. As required by the Agency, the report included the workplace profile and the reporting questionnaire. Employees are able to access the report via Newcrest's portal or can request to receive a hard copy.

Feedback and comments regarding the report content could be made via an email address, via phone to an internal contact and also directly to the Agency. An advertisement alerting employees and contractors to Newcrest's submission of the report appeared on Newcrest's portal page together with a link to the report and further information regarding the report and contact details for feedback.

In respect to Newcrest's ASX corporate governance requirements relating to diversity, the following information provides insight into the progress made in respect to the diversity targets for the period 2011–13. Figure 2 details Newcrest's measures for the period 2011–13.



**Figure 2: Newcrest's Diversity Measures 2011–13**

| Diversity Measure                                                                                                                            | 31 Dec 2013<br>Target | 30 Jun 2011 | 30 Jun 2012 | 30 Jun 2013 | 31 Dec 2013<br>Actual | Comments                   |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------|-------------|-------------|-----------------------|----------------------------|
| To increase the proportion of women selected for the graduate program from 25.0 percent as of 31 Dec 2010 to 33.3 percent as at 31 Dec 2013. | 33.3%                 | 26.0%       | 29.5%       | 24.3%       | 33.3%                 | Target achieved Dec 2013   |
| That 33.3 percent of succession plans for all level 2 to 5 roles will have at least one female included by 31 Dec 2013.                      | 33.3%                 | 25.0%       | 27.2%       | 38.0%       | 38.0%                 | Target achieved April 2013 |
| Increase the proportion of women in management levels 2 to 4 by 15.0 percent by 31 Dec 2013*.                                                | 15.0%                 | –           | 8.7%        | 21.3%       | 15.6%                 | Target achieved Dec 2013   |

\* Measure adopted in 2012.

To further embed the progress Newcrest made in respect to diversity measures outlined in Figure 2, Newcrest has selected three measures for the forthcoming reporting period 2014–16.

New diversity measures were approved by the Newcrest Board in early 2014 and replace those outlined in Figure 2. The new measures are intended to deliver a larger pool of women from which Newcrest can identify and develop future leaders.

The new measures are as follows:

- (i) Increase the representation of women in management levels 2 to 4 to a minimum of 16 percent by 31 December 2016.
- (ii) Increase the proportion of women accessing programs aimed at accelerating development by a minimum of 20 percent by 31 December 2016.
- (iii) Increase the representation of women selected for the graduate program to a minimum of 40 percent by 31 December 2016.

### Nationalisation

Newcrest continues to identify ways to grow, develop and progress its national employees. The nationalisation of the workforce at Newcrest's international sites is important for three distinct reasons. Firstly, Newcrest has a clear preference under its International Employees Policy to have its international operations staffed by a country's national employees, with specific reference to the local community – irrespective of any requirements imposed by the prevailing regulatory regime.

Secondly, nationalisation and more specifically localisation are contained in various agreements Newcrest has in place with landowners, local communities and the governments from the host countries. These agreements all form part of Newcrest's licence to operate.

Finally, nationalisation supports a much more sustainable cost profile for the relevant international operation, which has important ramifications in terms of the potential duration of the mining operation and being economically viable. For Newcrest, labour cost makes up approximately 40 percent of the total operating cost.

To better support nationalisation, the existing process has been reviewed and upgraded. The review has resulted in the development of a Newcrest Nationalisation Strategy to support a nationalised workforce within a meaningful timeframe. This will be achieved through the development of a Nationalisation Plan supported by a strong employee development culture in each operation, directed at equipping nationals with the necessary skills to fill the required roles.

Newcrest's Nationalisation Strategy consists of four key elements:

- **Design for Delivery:** integrates nationalisation with the business plan of the relevant site. Design for Delivery seeks to understand the specific category of the expatriate role and to focus nationalisation efforts on roles required on an ongoing basis in the business. Newcrest has three distinct different categories of expatriates, namely technical specialist, capacity building specialist and international assignment. Of the three categories, the expectation is to only nationalise the international assignment category. The other two categories are supporting roles normally associated with fixed-term requirements and not required on a permanent basis within the business

- **International Assignments:** this element involves the placement of key individuals into the business who have strong coaching, mentoring and transfer of knowledge capabilities with the focus on nationalisation of their role. To secure this commitment from the expatriates placed into such roles, incentive arrangements will need to be aligned to drive and support the right behaviour.

- **National Talent:** attraction, development and retention of national talent through the employee lifecycle. Newcrest provides a specific process through the use of succession plans and targeted development plans to ensure the identification of the successors and development of those successors to be able to step up and into roles currently occupied by expatriates. The development of national talent is further supported by Newcrest's strategies and plans in the areas of labour sourcing; national talent management; national retention; external educational partnerships to support local, regional and national development, which will strengthen the school to mine pipeline; and an operator/trade training strategy.

- **Performance:** includes clear accountability and ownership of the site nationalisation plan by each site leadership team. Quarterly reporting of progress will support visibility of performance against the agreed nationalisation plan.

Implementation of the Nationalisation Strategy is a key priority and imperative for Newcrest as it seeks to significantly improve the diversity of its workforce at its international sites. Each site will have the responsibility to develop a nationalisation plan that is site specific and fit for purpose and supports the delivery of the Newcrest Nationalisation Strategy. To support the development of a site-specific nationalisation plan, a toolkit has been developed. Lihir has commenced developing its plan, including targeted development plans for identified nationals, supported by leadership development, training, mentoring, etc.

## Diversity and Inclusion

### Nationalisation (continued)

In addition, Newcrest offers a range of development programs to build the capability of national employees to progress their careers with Newcrest and to learn new skills.

At Newcrest's largest international site, Lihir, Newcrest offers a comprehensive set of in-house development programs that are targeted at nationals and Lihirian employees. These courses are designed to meet general job requirements as well as to contribute to the development of a positive work culture at Newcrest. Additionally, they also meet the personal and business components of Employee Progress and Development Plans. These courses are offered on a yearly training calendar and are conducted by fully trained national facilitators. There are three levels of development provided.

**Level 1:** courses are designed for those who have between zero to five years' work experience and need assistance to understand the concepts of work, career, Company and contractual obligations.

**Level 2:** Employee Development Courses are designed for those who have between five to 15 years' work experience and need assistance to develop key personal skills for better job performance and advancement through their career.

**Level 3:** the Supervisor Development program is designed for those who have between five to 15 years' work experience and are required to supervise others in their job at Lihir or other place of employment.

During the period the Lihir Operation ran a number of in-house development programs focussed on developing the capability of its national workforce. The programs included business and computing, office administration, process plant operations, mine operations training, apprentice training, material handling, maintenance field training, and driver training.

### Aboriginals and Torres Strait Islander people

#### Telfer Aboriginal Training and Employment Strategy (TATES)

The Telfer Aboriginal Training and Employment Strategy at Telfer in Western Australia has been in place since 2002. TATES has provided a range of training and employment opportunities to the local Indigenous community. Over the life of the strategy, more than 400 Indigenous people, primarily members of the local Martu community, have participated in training and employment programs delivered through TATES. While many participants have been employed by Newcrest, others have accessed employment with other organisations as a result of the skills and knowledge they have gained through TATES.

Currently, TATES supports more than 40 Indigenous people working under various employment arrangements, including full-time and part-time employment for Newcrest or contractors Pilbara Logistics, ESS Remote and Birra Personnel Resources. Critical to the success achieved has been the support provided to Aboriginal and Torres Strait Islander people, including via the Telfer Aboriginal mentors who are part of the Community Relations Team. This approach has contributed to improved workforce participation for the Martu and the wider Aboriginal and Torres Strait Islander community at Telfer over the life of the program.

Sport has been used widely to support the development of behaviours that are important to working safely in a mining operation. Sport Newcrest in partnership with the Western Australian Department of Sport and Recreation has conducted the Desert Sport Development Program (DSDP) for the Martu people of the Western Desert for the past 10 years. This program involves the continuing development of sport, including Australian Rules football, softball and children's sports including Little Athletics, and the management of regular multi-community sports carnivals.

The next step was the establishment of the Western Desert Sports Council or Ngurra Kujungka Inc, to oversee the DSDP operations, including the Western Desert Football and Softball Leagues, the tri-annual Sports Festivals, the organisation of sport and people development, and fund raising and management funds. Ngurra Kujungka and its programs are an excellent example of community development, of people and communities growing and taking responsibility for their own development.

### Orange Local Aboriginal Land Council (OLALC)

Cadia Valley Operations (CVO) has entered into a unique partnership with the OLALC aimed at providing local Indigenous people with valuable qualifications and work experience, while fostering their Aboriginal heritage. A group of Indigenous people provide tree planting and seed collection services to assist with CVO's annual rehabilitation program. The partnership is an excellent way to work with local organisations to support the development of local people.

Each participant receives a Certificate 3 in Natural Resources through TAFE and practical experience of rehabilitating the land, which will be left as a legacy for the Aboriginal community for future generations. The group of workers have recently planted 5,000 seedlings of native vegetation at Oaky Creek on land owned by CVO, which is scheduled to be rehabilitated as part of CVO's annual tree planting program.

Following the success of the tree planting and seed collection program, CVO is already working with OLALC to develop other commercial business programs that will provide similar development opportunities to the local Aboriginal community.

## BUILDING LEADERSHIP CAPABILITY

Newcrest has continued to strengthen its suite of leadership programs with a key focus on building the capability of its leaders to create a diverse and inclusive work environment. Newcrest has delivered a range of programs including:

- **Frontline Manager Program:** the Newcrest Frontline Manager Program (FLM) is designed to build the leadership skills of leading hands, supervisors and other frontline leaders in support of achieving business objectives and continuing to develop our people. The program is both innovative and practical, encouraging leaders to apply learning back in the workplace. Following successful completion of all program requirements, participants are awarded a Certificate IV in Frontline Management, which is a nationally recognised qualification.
- **Lihir Frontline Leadership Program:** the Lihir Frontline Leadership (LFL) Program commenced in 2013 and is designed to build the skills of supervisors and people leaders so that they are better able to support the workforce and achieve the organisation's goals. The program is a significant initiative in enhancing business improvement, growing our people and is a key investment in Newcrest's future. During FY2014, 165 employees attended the program.
- **Superintendent Program:** the Newcrest Superintendent program aims to enhance capability to drive results and to further realise Newcrest's commitment to being the Miner of Choice™. The program design recognises the critical role superintendents have in linking Newcrest's strategic plans to operational performance. The program also provides opportunities for superintendents to grow as leaders and to explore and build peer relationships across the organisation. Fifty-three (53) employees from across the business participated in the program during financial year 2014.

- **Outage Supervisor Program:** the Outage Supervisor Program is designed for trade qualified technicians and supervisors who require fundamental supervisory and outage management skills and knowledge. With a focus on practical learning and experience, the program is designed to improve maintenance deliverables across the business. The program has recently commenced at Lihir after initial implementation at Cadia Valley.
- **Coaching for High Performance Program:** the Coaching for High Performance Program commenced in 2013 and is part of the Lihir Leadership Development Strategy. The program aims to strengthen leaders' confidence, competence and accountability to more effectively optimise the skills of their people. This applied skills program has strong links to the LFL program in equipping leaders to coach their people to transfer learning on the job. During financial year 2014, 248 employees completed the program.

All of the abovementioned programs have updated content relating to inclusive leadership, unconscious bias, benefits of diverse teams and the responsibility of leaders in creating an inclusive team environment.

## MOTIVATING WORK ENVIRONMENT

Newcrest has continued to make solid progress in creating a motivating, efficient and safe working environment for all employees – free of harassment, discrimination and bullying. Creating this type of work environment provides the foundations for embracing diversity and fostering inclusive work habits. A number of important actions have been delivered within the period, these include:

- **Code of Conduct training:** the whole of business roll-out of Newcrest's Code of Conduct training to reinforce the expectations of Newcrest's employees and contractors in respect of building an inclusive, diverse and localised workforce in which employees treat each other with dignity, respect and consideration at all times. The Code of Conduct training specifically touches on Newcrest's Diversity Policy and Workplace Behaviour Standard and explicitly outlines employees' responsibilities in regards to these areas.
- **Workplace Behaviour training:** within Newcrest, Australian sites refresher workplace behaviour training is currently underway for all employees and contractors. Workplace behaviour training is an important element in empowering all employees to create a workplace that is inclusive and free from discrimination, harassment, bullying and victimisation. Helping employees understand what is appropriate workplace behaviour, and encouraging employees to speak up if they see inappropriate behaviour, will support in building a motivating work environment. This training will be rolled out progressively in Newcrest's international operations.

Newcrest has specific obligations under human rights, which are the foundation for much of the equal employment opportunity, anti-discrimination and health and safety legislation within Australia. These laws are in place to ensure employees are all treated fairly regardless of personal characteristics. They help to ensure that everyone gets a 'fair go' and make it unlawful to treat someone unfairly based on gender, race, skin colour, sexuality and any other attribute protected under the laws. The workplace behaviour training specifically highlights to employees that bullying, discrimination and harassment are behaviours that do not align with the expected behaviours set out in Newcrest Values, Code of Conduct, Workplace Behaviour Standard or the Diversity Policy and that they are against the law.

- **Mental health awareness workshop for human resource (HR) practitioners:** throughout the period Newcrest conducted a mental health awareness-raising workshop for HR practitioners. This workshop provided HR practitioners with the tools and resources required to coach people leaders in appropriately supporting employees with a mental health concern. This important workshop demonstrates another dimension in how Newcrest is encouraging people leaders to display an inclusive leadership style.
- **Newcrest Living our Values awards:** Newcrest's annual Living our Values awards showcases employees who exemplify Newcrest's values and provides an opportunity for employee contributions to be showcased and visibly recognised. The awards have been running for a number of years and again demonstrate Newcrest's commitment to creating a motivating work environment for its people.
- **'Say No!' to Violence Program (Lihir):** an ongoing issue in Papua New Guinea is violence against women. Newcrest has been active in promoting a zero tolerance for violence against women and has continued to provide access to a number of education and awareness-raising opportunities for employees, in order to provide information to support Newcrest employees impacted by violence. This also assists in getting the messages back to families and villages and may contribute to breaking silence around this subject. Newcrest continues to use the 'Walking in Her Shoes' workshop material (developed in Sub-Saharan Africa), providing participants with a case study that explores the experience of a victim of violence.

## WORK FLEXIBILITY

Newcrest continues to promote to its employees the ability to access flexible work practices to support the professional and personal demands of employees. Newcrest's flexibility agenda continues to evolve and supports the retention of diverse talent. While most people working with Newcrest are looking for a full-time role, increasingly people are looking for flexibility. This is an important enabler for some employees, particularly those with caring and other domestic responsibilities.

A small number of employees have formal arrangements in place in relation to flexible work, which include altered start and finish times and working from home for part of the week. Many others choose to access flexible work arrangements on an informal basis. Additionally, as part of creating a flexible working culture, many employees use technology to enable them to work remotely.

Flexible work at Newcrest also includes part-time work arrangements and job share. These options are not limited to offices. At the Company's mine site at Telfer in Western Australia, all employees work on a fly-in fly-out (FIFO) roster. FIFO is a method of employing people in remote areas and is common in large mining states across Australia. The employees are flown to the worksite where they work for a number of days, and are then flown back to their point of hire for a number of days of rest. At Telfer, the Company has six employees sharing three roles. One of these employees is a woman. This arrangement has supported each of these employees to meet either caring responsibilities or other domestic responsibilities.

The opportunity to purchase up to four weeks of additional recreational leave enabled employees to access leave to meet a diverse range of individual needs. The opportunity has been taken up by both men and women.

The key priorities for Newcrest over the next 12 months will be focussing on strengthening the capability of people leaders to create a motivating work environment for their people, which is characterised by an inclusive leadership style. Continued focus will be on lifting the diversity of Newcrest's workforce with a particular focus on gender and nationalisation while continuing to strengthen Newcrest's tools, resources and systems to promote work flexibility.



# Financial Report

For the year ended 30 June 2014

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# Directors' Report

The Directors present their report together with the consolidated financial report of the Newcrest Mining Limited Group, comprising the Company and its controlled entities, for the year ended 30 June 2014 and the Auditor's Report thereon.

## DIRECTORS

The Directors of the Company during the year ended 30 June 2014, and until the date of this report are set out below. All Directors held their position except as noted.

|                 |                                                                  |
|-----------------|------------------------------------------------------------------|
| Peter Hay       | Non-Executive Director and Non-Executive Chairman <sup>(1)</sup> |
| Sandeep Biswas  | Managing Director and Chief Executive Officer <sup>(2)</sup>     |
| Gerard Bond     | Finance Director and Chief Financial Officer                     |
| Philip Aiken AM | Non-Executive Director                                           |
| Vince Gauci     | Non-Executive Director                                           |
| Winifred Kamit  | Non-Executive Director                                           |
| Richard Knight  | Non-Executive Director                                           |
| Rick Lee        | Non-Executive Director                                           |
| Tim Poole       | Non-Executive Director                                           |
| John Spark      | Non-Executive Director                                           |
| Don Mercer      | Non-Executive Director and Non-Executive Chairman <sup>(3)</sup> |
| Greg Robinson   | Managing Director and Chief Executive Officer <sup>(4)</sup>     |

<sup>(1)</sup> Appointed as a Non-Executive Director on 8 August 2013 and Non-Executive Chairman on 1 January 2014.

<sup>(2)</sup> Appointed Executive Director and Chief Operating Officer on 1 January 2014. Sandeep Biswas succeeded Greg Robinson as Managing Director and Chief Executive Officer on 4 July 2014.

<sup>(3)</sup> Retired from the Board and as Non-Executive Chairman on 31 December 2013.

<sup>(4)</sup> Retired from the Board and was succeeded by Sandeep Biswas as referred to in note (2) above.

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate. There were no significant changes in those activities during the year.

## CONSOLIDATED RESULT

The loss after tax attributable to Newcrest shareholders ('Statutory Loss') for the year ended 30 June 2014 was a net loss of \$2,221 million (2013: loss of \$5,783 million).

Refer to the Operating and Financial Review for further details. The Operating and Financial Review forms part of this Directors' Report. The financial information in the Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS financial information to the financial statements are included in Section 7 of the Operating and Financial Review.

## DIVIDENDS

The Directors have determined that there will be no payment of a dividend for the year ended 30 June 2014.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Refer to the Operating and Financial Review for the significant changes in the state of affairs of the Group.

## FUTURE DEVELOPMENTS

Refer to the Operating and Financial Review for information on likely developments and future prospects of the Group.

## SUBSEQUENT EVENTS

On 22 July 2014, Slater & Gordon Lawyers commenced a representative proceeding in the Federal Court of Australia against Newcrest in relation to Newcrest's market disclosure prior to Newcrest's 7 June 2013 market release. The proceeding is brought on behalf of persons who acquired Newcrest shares between 13 August 2012 and 6 June 2013. The claimants seek declarations, damages and compensation all of which are unquantified. Newcrest intends to vigorously defend the proceedings.

There have been no other matters or events that have occurred subsequent to 30 June 2014 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## SHARE RIGHTS

During the year an aggregate of 241,646 rights were exercised, resulting in the issue of 241,646 ordinary shares of the Company for nil consideration. At the date of this report there were 3,113,052 unissued shares under rights (3,138,930 at 30 June 2014).

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached. During the year, other assurance related services and advisory services were provided by Ernst & Young (auditor to the Company) – refer Note 31 to the financial statements. The Directors are satisfied that the provision of these services did not impair the Auditor's Independence.

## ROUNDING OF AMOUNTS

Newcrest Mining Limited is a company of the kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in the Directors' Report and the Financial Report are rounded to the nearest \$1,000,000 except where otherwise indicated.

## CURRENCY

All references to dollars in the Directors' Report and the Financial Report are a reference to Australian dollars (\$) or A\$) unless otherwise specified.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Managing Director reports monthly to the Board on all significant safety, health and environmental incidents. The Board also has a Safety and Sustainability Committee which has oversight of the safety, health and environmental performance of the Group. The Directors are not aware of any environmental matters which would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted, including Australia, Indonesia, Papua New Guinea, Côte d'Ivoire and Fiji. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites is required to also manage their environmental aspects in accordance with our corporate environmental policies and standards. Where they can add value, selected voluntary industry-specific environmental codes of practice are also adopted by our mining operations, including the Australian Minerals Industry Sustainability Code 'Enduring Value', and the Business and Biodiversity Offset Program.

# Directors' Report

The environmental laws and regulations that cover each of our sites, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land disturbance, waste and tailings management, and the potential impact upon flora and fauna. The Group releases an annual Sustainability Report in accordance with the Global Reporting Initiative that details our activities in relation to management of material environmental aspects.

The Group has a uniform internal reporting system across all sites. All environmental events, including breaches of any regulation or law, are assessed according to their actual or potential environmental consequence. Five levels of environmental incidents are tracked based on factors such as spill volume, incident location (on-site or off-site) and potential or actual environmental impacts. These levels include: I (insignificant), II (minor), III (moderate), IV (major) and V (catastrophic). Data on Category I incidents are only collected at a site level and are not reported in aggregate for the Group.

The number of events reported in each category during the year is shown in the following table. In all cases, environmental authorities were notified of those events where required and remedial action undertaken. During the reporting period, a Category IV (major) environmental incident occurred at Hidden Valley when an estimated 20,000 to 25,000 litres of semi-treated sewerage sludge overflowed from a storage tank and discharged into the environment. Necessary measures were immediately taken to prevent further discharge, clean up quantities of the spilled material and report the incident to the regulator. The investigation report that was shared with the regulator found that there were no significant environmental or health risks posed to the local community or local environment resulting from the incident.

| Category                   | II | III | IV | V |
|----------------------------|----|-----|----|---|
| 2014 – Number of incidents | 13 | 4   | 1  | 0 |
| 2013 – Number of incidents | 46 | 3   | 1  | 0 |

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Newcrest maintains a Directors' and Officers' insurance policy that, subject to some exceptions, provides insurance cover to past, present or future Directors, Secretaries or Executive Officers of the Group and its subsidiaries. The Company has paid an insurance premium for the policy.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

## INFORMATION ON DIRECTORS

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 8 to 9.

## INFORMATION ON FORMER DIRECTORS

**Don Mercer** BSc, MA (Econ), 73

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mr Mercer was appointed to the Board as Non-Executive Chairman in October 2006.

### Skills, experience and expertise

Mr Mercer has extensive business experience obtained as a senior executive of major international organisations including as a former Managing Director and Chief Executive Officer of the ANZ Banking Group Limited. He is a former Chairman of Orica Limited, the AICD, Orchestra Victoria and Australia Pacific Airports Corporation Limited and Chancellor of RMIT University.

### Other Directorships/Appointments

Chairman of Air Liquide Australia Limited

Mr Mercer retired from the Board on 31 December 2013.

**Greg Robinson** BSc (Hons), MBA (Columbia University), MAICD, 52

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Robinson was appointed to the Board as an Executive Director in November 2006.

Mr Robinson was appointed Managing Director and Chief Executive Officer of Newcrest in July 2011 after serving as Director Finance of Newcrest from 2006 to 2011. Prior to joining Newcrest, Mr Robinson was with the BHP Billiton Group from 2001 to 2006 in various executive roles, including Chief Finance and Chief Development Officer, Energy and Chief Financial Officer, Petroleum. Mr Robinson was also a member of the Group Executive Committee. Before joining BHP Billiton, he was a Director of Investment Banking at Merrill Lynch & Co. Mr Robinson is a Director of St. Vincent's Institute.

Mr Robinson retired from the Board on 4 July 2014.

## INFORMATION ON COMPANY SECRETARY

**Francesca Lee** BComm, LLB (Hons), LLM, Grad. Dip. CSP, AGIA, 58

GENERAL COUNSEL AND COMPANY SECRETARY

Ms Lee joined Newcrest as General Counsel and Company Secretary on 31 March 2014. She was General Counsel and Company Secretary of OZ Minerals Limited from 2008 until 2014, and its antecedent companies from 2003. Ms Lee has more than 26 years' experience working across various senior legal and commercial roles within the mining industry including BHP Billiton, Rio Tinto Limited and Comalco Limited, including as General Manager Internal Audit and Risk at Rio Tinto Limited. She also spent several years as Vice President Structured Finance with Citibank Limited.

Ms Lee is a member of the Australian Government Takeovers Panel.

**Peter Larsen** BA, LLB (Hons), 46

DEPUTY COMPANY SECRETARY

Mr Larsen joined Newcrest in March 2006 as Senior Counsel in the legal and secretariat team. He was formally appointed as Deputy Company Secretary in May 2010. Prior to joining Newcrest, Mr Larsen worked as a lawyer in the London office of Ashurst, a major international commercial law firm from 2001 to 2006, practising in the energy, projects and infrastructure team, following roles in house and in private practice in Melbourne.



## DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

| Director        | Directors' Meetings |    | Audit & Risk Committee Meetings |   | Human Resources & Remuneration Committee Meetings |   | Safety & Sustainability Committee Meetings |   |
|-----------------|---------------------|----|---------------------------------|---|---------------------------------------------------|---|--------------------------------------------|---|
|                 | A                   | B  | A                               | C | A                                                 | C | A                                          | C |
| Peter Hay       | 11                  | 11 | –                               | – | –                                                 | – | –                                          | – |
| Sandeep Biswas  | 6                   | 6  | –                               | – | –                                                 | – | –                                          | – |
| Gerard Bond     | 12                  | 12 | –                               | – | –                                                 | – | –                                          | – |
| Philip Aiken AM | 11                  | 12 | –                               | – | 5                                                 | 5 | 3                                          | 4 |
| Vince Gauci     | 12                  | 12 | –                               | – | 5                                                 | 5 | 4                                          | 4 |
| Winifred Kamit  | 12                  | 12 | –                               | – | 5                                                 | 5 | 4                                          | 4 |
| Richard Knight  | 12                  | 12 | 6                               | 6 | –                                                 | – | 4                                          | 4 |
| Rick Lee        | 11                  | 12 | 5                               | 6 | 5                                                 | 5 | –                                          | – |
| Tim Poole       | 12                  | 12 | 5                               | 6 | 5                                                 | 5 | –                                          | – |
| John Spark      | 12                  | 12 | 6                               | 6 | –                                                 | – | 2                                          | 2 |
| Don Mercer      | 6                   | 6  | –                               | – | –                                                 | – | –                                          | – |
| Greg Robinson   | 11                  | 12 | –                               | – | –                                                 | – | –                                          | – |

**Column A** – Indicates the number of meetings attended.

**Column B** – Indicates the number of meetings held whilst a Director.

**Column C** – Indicates the number of meetings held whilst a member.

In February 2014, the Safety, Health and Environment Committee was renamed the Safety and Sustainability Committee. Details of the functions and memberships of the Committees of the Board are presented in Newcrest's Corporate Governance Statement.

The Board recently constituted a Nominations Committee, which will convene for the first time in August 2014.

## DIRECTORS' INTERESTS

As at the date of this report, the interest of each Director in the shares and rights of Newcrest Mining Limited were:

| Director        | Number of Ordinary Shares | Nature of Interest  | Number of Rights Over Ordinary Shares | Nature of Interest |
|-----------------|---------------------------|---------------------|---------------------------------------|--------------------|
| Peter Hay       | 5,000                     | Indirect            | –                                     | N/A                |
| Sandeep Biswas  | 2,512                     | Indirect            | 286,749 <sup>(1)</sup>                | Direct             |
| Gerard Bond     | 28,488                    | Direct              | 180,264 <sup>(2)</sup>                | Direct             |
| Philip Aiken AM | 7,769                     | Indirect            | –                                     | N/A                |
| Vince Gauci     | 18,400                    | Indirect            | –                                     | N/A                |
| Winifred Kamit  | 326                       | Indirect            | –                                     | N/A                |
| Richard Knight  | 40,000                    | Indirect            | –                                     | N/A                |
| Rick Lee        | 28,447                    | Indirect            | –                                     | N/A                |
| Tim Poole       | 4,235                     | Indirect            | –                                     | N/A                |
| John Spark      | 32,105                    | Direct and Indirect | –                                     | N/A                |

<sup>(1)</sup> Includes Sandeep Biswas' unvested performance rights granted pursuant to the Company's 2014 financial year Long Term Incentive scheme, and his entitlement under his Executive Service Agreement to two tranches of ordinary shares in the Company, each to the value of 54,990 shares (or cash equivalent) to be transferred in November 2014 and 2015 respectively, subject to Sandeep Biswas' continuing employment and satisfactory performance.

<sup>(2)</sup> Represents Gerard Bond's unvested performance rights granted pursuant to the Company's 2012, 2013 and 2014 financial year Long Term Incentive scheme.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 1. SUMMARY OF RESULTS FOR THE YEAR ENDED 30 JUNE 2014<sup>(1)(2)</sup>

#### Key points

- Statutory loss<sup>(3)</sup> of A\$2,221 million and Underlying profit<sup>(4)(6)</sup> of A\$432 million
- Significant items representing a net loss after tax of A\$2,653 million, due primarily to A\$2,353 million of asset impairments at Lihir, Telfer, Bonikro and Hidden Valley
- EBITDA<sup>(5)(6)</sup> of A\$1,514 million and EBIT<sup>(5)(6)</sup> of A\$821 million
- Gold production of 2,396,023 ounces and gold sales of 2,405,163 ounces was 14 percent and 17 percent higher than the prior year
- Free cash flow<sup>(7)</sup> was an inflow of A\$133 million compared with a net outflow of A\$1,417 million in the prior year, with all operations free cash flow positive in the current year except Hidden Valley
- Cash flow from operating activities was an inflow of A\$1,037 million
- All-In Sustaining Cost<sup>(8)(9)</sup> of A\$976 per ounce (US\$897 per ounce at an A\$:US\$ exchange rate of \$0.9187<sup>(9)</sup>) was 24 percent (32 percent) lower than the prior year
- Gearing<sup>(10)</sup> of 33.8 percent at 30 June 2014
- A\$1,808 million<sup>(11)</sup> in cash and undrawn, committed bank facilities at 30 June 2014
- No dividend for the 12 months ended 30 June 2014

#### Full year results

Newcrest's operating and financial performance for the 12 months ended 30 June 2014 reflects the Company's focus on improving productivity, reducing costs and capital expenditure and maximising free cash flow while maintaining growth opportunities.

Increased gold and copper production and free cash flow generation in the 2014 financial year follows major expansion investments at Cadia Valley and Lihir, improved operating performance across all operations, and a reduction in All-In Sustaining Cost expenditure.

Newcrest's 2014 financial year gold production of 2.4 million ounces exceeded guidance of 2.0 to 2.3 million ounces. Full year copper production of 86 thousand tonnes also exceeded guidance of 75 to 85 thousand tonnes. Total capital expenditure in the 2014 financial year of A\$843 million, All-In Sustaining Cost expenditure of A\$2.33 billion and exploration expenditure of A\$62 million were also below their guidance of A\$895 to A\$1,025 million, A\$2.45 to A\$2.73 billion and A\$80 to A\$90 million, respectively.

Statutory loss for the current year was A\$2,221 million (compared with a prior year statutory loss of A\$5,783 million), including significant items after tax totalling A\$2,653 million. The significant items comprise asset impairments of A\$2,353 million, an additional income tax expense for the period of A\$120 million as a result of the voluntary amendment of research and development claims in prior periods<sup>(12)</sup>, restructure costs of A\$34 million and A\$146 million in write downs of inventory, property, plant and equipment at Lihir and Cadia Valley.

The asset impairments were primarily a result of Newcrest's review of physical, cost, capital and economic assumptions applied in the valuation of Newcrest's assets as at 30 June 2014. The outcome of this review, and total asset impairments of A\$2,353 million, primarily reflects applying updated operating and capital cost assumptions at Lihir, Bonikro and Hidden Valley, and the impact of applying updated foreign exchange assumptions at Telfer.

Underlying profit for the 12 months ended 30 June 2014 was A\$432 million (prior year A\$446 million) and primarily reflects the impact of a nine percent lower average realised gold price partially offset by a 17 percent increase in gold sales volumes.

EBITDA of A\$1,514 million and EBIT of A\$821 million for the current year represent EBITDA margins and EBIT margins of 37.5 percent and 20.3 percent respectively.

Free cash flow, being cash flow from operating activities less cash flow from investing activities of the Company, for the 12 months ended 30 June 2014 was an inflow of A\$133 million, A\$1,550 million higher than the prior year outflow (of A\$1,417 million). All operations were free cash flow positive in the current year except Hidden Valley.

Cash flow from operating activities for the 12 months ended 30 June 2014 was A\$1,037 million, A\$110 million lower than the prior year (of A\$1,147 million), reflecting higher revenue compared to the prior year as a result of increased sales volumes offset by the continued effect of a lower average realised gold price for the current year and the unwinding of approximately A\$200 million of favourable working capital balances as at 30 June 2013. Cash flow from operating activities in the current year was also adversely impacted by a A\$64 million increase in interest payments associated with higher average debt levels during the current year, a A\$70 million cash tax payment associated with the Company's voluntary amendment of its past Australian research and development claims, and A\$65 million of restructuring expenditure associated with office closure and redundancy costs.

Consistent with the Company's stated aim of focusing on free cash flow generation, a number of initiatives were implemented during the current year. These initiatives included reducing mining activity and increased stockpile processing at Lihir, the cessation of processing low-grade stockpiles at Cadia Valley and reduced open pit activity at Telfer. These initiatives, combined with the completion of major production stripping programs at Telfer and Bonikro, resulted in a reduction in open pit material movements across the Company. Cost reduction activity has also resulted in the transition to new contracts with reduced unit rates across consumables and labour services, reduction in workforce numbers through restructuring, and improved consumption rates for power, reagents and consumables.

<sup>(1)</sup> All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Company') for the 12 months ended 30 June 2014 ('current year') compared with the 12 months ended 30 June 2013 ('prior year'), except where otherwise stated. All references to \$ are a reference to Australian dollars unless otherwise stated.

<sup>(2)</sup> Newcrest has adopted International Financial Reporting Interpretation Committee (IFRIC) Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013. In accordance with the transitional provisions of Interpretation 20, comparative figures have been restated. The impact of this restatement on the comparative Income Statement, Statement of Financial Position and Statement of Cash Flows is outlined in Note 4 of the financial statements.

<sup>(3)</sup> Statutory profit/(loss) is profit after tax attributable to owners of the parent Company.

<sup>(4)</sup> Underlying profit/(loss) is profit after tax before significant items attributable to owners of the parent Company. Refer to section 7 for further details.

<sup>(5)</sup> EBITDA is 'Earnings before interest, tax, depreciation and amortisation, and significant items'. EBIT is 'Earnings before interest, tax and significant items'.

<sup>(6)</sup> EBITDA, EBIT, Underlying profit and All-In Sustaining Cost are non-IFRS financial information used by Newcrest to measure performance and have not been subject to audit by the Company's external auditor. Refer to section 7 for further details.

<sup>(7)</sup> Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities. Free cash flow is non-IFRS financial information. Refer to section 4 for further details.

<sup>(8)</sup> AISC is All-In Sustaining Cost as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

<sup>(9)</sup> All-In Sustaining Costs in USD terms are converted to USD at an average A\$:US\$ exchange rate for the 12 months ended 30 June 2014 of \$0.9187.

<sup>(10)</sup> Gearing is calculated as net debt expressed as a percentage of net debt plus equity. Refer to section 6 for further details.

<sup>(11)</sup> Comprises undrawn bilateral loan facilities of US\$1,520 million and an additional unutilised US\$50 million loan facility at a closing foreign exchange rate of AUD/USD \$0.9420, and cash and cash equivalents of A\$141 million.

<sup>(12)</sup> Refer to Market Release of 17 October 2013.

Cash flow from investing activities for the 12 months ended 30 June 2014 was an outflow of A\$904 million, A\$1,660 million lower than the prior year (an outflow of A\$2,564 million). This was primarily the result of the completion of the Lihir expansion project and the commencement of commercial production at Cadia East Panel Cave 1 in the prior year, lower sustaining capital in the current year, and a lower level of production stripping activity (primarily at Telfer and Bonikro). Exploration expenditure of A\$62 million was A\$90 million lower than the prior year.

Newcrest's All-In Sustaining Cost per ounce sold for the 12 months ended 30 June 2014 was A\$976 per ounce (US\$897 per ounce), A\$307 per ounce lower than the prior year result of A\$1,283 per ounce (US\$1,318 per ounce). This improvement is primarily the result of the higher sales volumes, production efficiencies and reductions in sustaining capital expenditure and production stripping activity.

### Capital structure

As at 30 June 2014, Newcrest's gearing level was 33.8 percent. Under current market and operating conditions, the Board remains comfortable with gearing being at this level in the short to medium term given the near term cash flow growth outlook of the Group.

As at 30 June 2014 Newcrest had an equivalent of A\$1,808 million in cash and undrawn, committed bank facilities. As announced on 28 March 2014, Newcrest extended the tenor of many of its existing bilateral bank loan facilities to provide a smoother and longer average maturity profile of its debt facilities.

Consistent with the Company's dividend policy – with dividend levels set with regard to profitability, balance sheet strength, and reinvestment options in the business – the Newcrest Board has determined there will be no dividend for the 2014 financial year having regard to the level of profitability and free cash flow in the current year, the level of gearing at 30 June 2014, and the planned application of operating cash flow to Cadia East Panel Cave 2 in the 2015 financial year.

### Outlook<sup>(13)</sup>

All sites achieved production and cost guidance for the current year, with some sites performing significantly better. Looking ahead, Newcrest is firmly focused on realising the full potential of each of the Company's assets, with a focus on the following:

- operational discipline (including safety);
- cash; and
- profitable growth.

The Company expects to be free cash flow positive<sup>(14)(15)</sup> in the 2015 financial year at an average realised gold price of US\$1,250 per ounce, subject to market and operating conditions, with the following guidance:

- Group gold production is expected to be in the range of 2.2 to 2.4 million ounces
- Group copper production is expected to be in the range of 75,000 to 85,000 tonnes
- Group silver production is expected to be in the range of 2.2 to 2.5 million ounces
- Group All-In Sustaining Cost expenditure is expected to be in the range of A\$2,300 to A\$2,600<sup>(15)</sup> million
- Total capital expenditure (inclusive of project and development capital, production stripping and sustaining capital) is expected to be in the range of A\$660 to A\$740 million, including approximately A\$240 to A\$280 million relating to the development of Cadia East Panel Cave 2
- Total exploration expenditure (inclusive of on-site exploration) is expected to be in the range of A\$60 to A\$70 million

Depreciation and amortisation of site assets (including production stripping) is expected to be in the range of A\$600 to A\$670 million, including the amortisation of capitalised production stripping.

<sup>(13)</sup> Disclaimer: These materials include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'continue', and 'guidance', or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

<sup>(14)</sup> Refer to the Company's forward looking statements disclaimer above.

<sup>(15)</sup> Assumes weighted average gold price of US\$1,250 per ounce, copper price of US\$3.00 per pound, silver price of US\$20 per ounce and AUD/USD exchange rate of 0.93.



# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 1. SUMMARY OF RESULTS FOR THE YEAR ENDED 30 JUNE 2014<sup>(1)(2)</sup> (continued)

#### Summarised Financial and Operating Results

|                                                   |                 | For the 12 months ended 30 June |         |          |          |
|---------------------------------------------------|-----------------|---------------------------------|---------|----------|----------|
|                                                   | Measure         | 2014                            | 2013    | Change   | Change % |
| <b>Key financial data</b>                         |                 |                                 |         |          |          |
| Revenue                                           | A\$ million     | 4,040                           | 3,775   | 265      | 7%       |
| EBITDA                                            | A\$ million     | 1,514                           | 1,473   | 41       | 3%       |
| EBIT                                              | A\$ million     | 821                             | 745     | 76       | 10%      |
| Statutory profit/(loss)                           | A\$ million     | (2,221)                         | (5,783) | 3,562    | 62%      |
| Underlying profit                                 | A\$ million     | 432                             | 446     | (14)     | (3%)     |
| Cash flow from operating activities               | A\$ million     | 1,037                           | 1,147   | (110)    | (10%)    |
| Cash flow from investing activities               | A\$ million     | (904)                           | (2,564) | 1,660    | 65%      |
| – Sustaining capital <sup>(16)</sup>              | A\$ million     | (298)                           | (572)   | 274      | 48%      |
| – Production stripping                            | A\$ million     | (191)                           | (440)   | 249      | 57%      |
| – Major projects (non-sustaining) <sup>(16)</sup> | A\$ million     | (354)                           | (1,374) | 1,020    | 74%      |
| – Exploration expenditure                         | A\$ million     | (62)                            | (152)   | 90       | 59%      |
| Free cash flow                                    | A\$ million     | 133                             | (1,417) | 1,550    | N/C      |
| Gearing                                           | %               | 33.8                            | 29.3    | 4.5      | 15%      |
| EBITDA margin                                     | %               | 37.5                            | 39.0    | (1.5)    | (4%)     |
| EBIT margin                                       | %               | 20.3                            | 19.7    | 0.6      | 3%       |
| ROCE <sup>(17)</sup>                              | %               | 6.4                             | 4.8     | 1.6      | 33%      |
| <b>Key operational data</b>                       |                 |                                 |         |          |          |
| Total ore mined                                   | tonnes 000's    | 45,701                          | 60,518  | (14,817) | (24%)    |
| Total waste mined                                 | tonnes 000's    | 48,935                          | 111,783 | (62,848) | (56%)    |
| Total material mined                              | tonnes 000's    | 94,636                          | 172,301 | (77,665) | (45%)    |
| Total material treated                            | tonnes 000's    | 56,176                          | 58,571  | (2,395)  | (4%)     |
| Gold produced                                     | 000's ounces    | 2,396                           | 2,110   | 286      | 14%      |
| Gold sales                                        | 000's ounces    | 2,405                           | 2,055   | 350      | 17%      |
| Realised gold price                               | A\$/ounce       | 1,408                           | 1,550   | (142)    | (9%)     |
| Realised gold price                               | US\$/ounce      | 1,292                           | 1,585   | (293)    | (18%)    |
| Copper produced                                   | tonnes 000's    | 86.1                            | 80.4    | 5.7      | 7%       |
| Copper sales                                      | tonnes 000's    | 84.2                            | 78.9    | 5.3      | 7%       |
| Realised copper price                             | A\$/pound       | 3.46                            | 3.38    | 0.08     | 2%       |
| All-In Sustaining Cost                            | A\$ million     | 2,329                           | 2,607   | (278)    | (11%)    |
| All-In Sustaining Cost                            | A\$/ounce sold  | 976                             | 1,283   | (307)    | (24%)    |
| All-In Sustaining Cost                            | US\$/ounce sold | 897                             | 1,318   | (421)    | (32%)    |
| Closing foreign exchange rate                     | AUD/USD         | 0.9420                          | 0.9275  | 0.0145   | 2%       |
| Average foreign exchange rate                     | AUD/USD         | 0.9187                          | 1.0272  | (0.1085) | (11%)    |
| Average foreign exchange rate                     | PGK/AUD         | 2.19                            | 2.17    | 0.02     | 1%       |
| Average foreign exchange rate                     | IDR/AUD         | 10,493                          | 9,910   | 583      | 6%       |

<sup>(16)</sup> Sustaining capital and major projects (non-sustaining) are non-IFRS financial information used by Newcrest to measure performance and have not been subject to audit by the Company's external auditor. Refer to section 3 for further detail.

<sup>(17)</sup> ROCE is 'Return On Capital Employed' and is non-IFRS financial information used by Newcrest to measure performance and has not been subject to audit by the Company's external auditor. Refer to section 7 for further detail.

## 2. DISCUSSIONS AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT

### 2.1 Profit overview

For the 12 months ended 30 June 2014, the Company incurred a Statutory loss of A\$2,221 million, compared with the prior year Statutory loss of A\$5,783 million.

Underlying profit for the 12 months ended 30 June 2014 of A\$432 million was three percent lower than the prior year Underlying profit of A\$446 million. The current year profit outcome reflects adverse factors including a nine percent decline in average realised gold price and higher interest costs (due to higher average debt levels and lower capitalised interest). These unfavourable impacts were largely offset by increased gold production and sales volumes.

The difference of A\$2,653 million between Statutory profit and Underlying profit in the current year is attributable to significant items relating to:

- asset impairments of A\$2,353 million;
- an additional income tax expense for the period of A\$120 million as a result of the voluntary amendment of Research and Development claims in prior periods;
- write-down of property, plant and equipment at Lihir and Cadia Valley of A\$122 million;
- restructuring costs of A\$34 million; and
- write-down of inventory at Lihir of A\$24 million.

Further information on asset impairments, asset write-downs and restructure costs can be found in section 2.7.

### 2.2 Underlying profit

The differences between Underlying profit of A\$432 million in the current year and Underlying profit of A\$446 million in the prior year are quantified in the table below.

| A\$ million                              | For the 12 months ended 30 June |                |              |              |
|------------------------------------------|---------------------------------|----------------|--------------|--------------|
|                                          | 2014                            | 2013           | Change       | Change %     |
| <b>Revenues:</b>                         | <b>4,040</b>                    | <b>3,775</b>   | <b>265</b>   | <b>7%</b>    |
| Gold                                     | 3,359                           | 3,149          | 210          | 7%           |
| Copper                                   | 629                             | 573            | 56           | 10%          |
| Silver                                   | 52                              | 53             | (1)          | (2%)         |
| <b>Cost of sales<sup>(18)</sup>:</b>     | <b>(3,059)</b>                  | <b>(2,764)</b> | <b>(295)</b> | <b>(11%)</b> |
| Operating Costs                          | (2,395)                         | (2,058)        | (337)        | (16%)        |
| Depreciation                             | (664)                           | (706)          | 42           | 6%           |
| <b>Other costs:</b>                      |                                 |                |              |              |
| Corporate administration                 | (134)                           | (132)          | (2)          | (2%)         |
| Exploration                              | (36)                            | (64)           | 28           | 44%          |
| Other income/expense                     | (12)                            | (82)           | 70           | 85%          |
| Net finance costs                        | (174)                           | (109)          | (65)         | (60%)        |
| Share of profit of associate             | 22                              | 12             | 10           | (83%)        |
| <b>Tax and non-controlling interest:</b> |                                 |                |              |              |
| Income tax expense                       | (192)                           | (158)          | (34)         | (22%)        |
| Non-controlling interest                 | (23)                            | (32)           | 9            | 28%          |
| <b>Underlying profit</b>                 | <b>432</b>                      | <b>446</b>     | <b>(14)</b>  | <b>(3%)</b>  |

<sup>(18)</sup> Cost of sales excludes pre-tax inventory write-downs of A\$35 million in the 2014 financial year and A\$177 million in the prior year.

## 2.3 Production and revenue

| For the 12 months ended 30 June          |                    |              |              |            |           |
|------------------------------------------|--------------------|--------------|--------------|------------|-----------|
|                                          | Measure            | 2014         | 2013         | Change     | Change %  |
| <b>Production volumes<sup>(19)</sup></b> |                    |              |              |            |           |
| Gold                                     | ounces             | 2,396,023    | 2,109,784    | 286,239    | 14%       |
| Copper                                   | tonnes             | 86,118       | 80,366       | 5,752      | 7%        |
| Silver                                   | ounces             | 2,324,210    | 1,931,816    | 392,394    | 20%       |
| <b>Sales volumes<sup>(19)</sup></b>      |                    |              |              |            |           |
| Gold                                     | ounces             | 2,405,163    | 2,054,923    | 350,240    | 17%       |
| Copper                                   | tonnes             | 84,220       | 78,887       | 5,333      | 7%        |
| Silver                                   | ounces             | 2,297,324    | 1,943,032    | 354,292    | 18%       |
| <b>Realised prices</b>                   |                    |              |              |            |           |
| Gold                                     | A\$/ounce          | 1,408        | 1,550        | (142)      | (9%)      |
| Copper                                   | A\$/pound          | 3.46         | 3.38         | 0.08       | 2%        |
| Silver                                   | A\$/ounce          | 22.45        | 27.13        | (4.68)     | (17%)     |
| <b>Realised prices</b>                   |                    |              |              |            |           |
| Gold                                     | US\$/ounce         | 1,292        | 1,585        | (293)      | (18%)     |
| Copper                                   | US\$/pound         | 3.17         | 3.44         | (0.27)     | (8%)      |
| Silver                                   | US\$/ounce         | 20.59        | 27.89        | (7.30)     | (26%)     |
| <b>Closing foreign exchange rate</b>     |                    |              |              |            |           |
|                                          | AUD/USD            | 0.9420       | 0.9275       | 0.0145     | 2%        |
| <b>Average foreign exchange rate</b>     |                    |              |              |            |           |
|                                          | AUD/USD            | 0.9187       | 1.0272       | (0.1085)   | (11%)     |
| <b>Revenue</b>                           |                    |              |              |            |           |
| Gold                                     | A\$ million        | 3,359        | 3,149        | 210        | 7%        |
| Copper                                   | A\$ million        | 629          | 573          | 56         | 10%       |
| Silver                                   | A\$ million        | 52           | 53           | (1)        | (2%)      |
| <b>Total sales revenue</b>               | <b>A\$ million</b> | <b>4,040</b> | <b>3,775</b> | <b>265</b> | <b>7%</b> |

<sup>(19)</sup> Production and sales for the 12 months ended 30 June 2014 includes 18,675 pre-commissioning and development gold ounces and 1,770 tonnes of copper for the Cadia East project. Production and sales for the 12 months ended 30 June 2013 includes 22,695 pre-commissioning and development gold ounces and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.

### 2.3.1 Production

Gold production for the 12 months ended 30 June 2014 of 2,396,023 ounces was 286,239 ounces or 14 percent higher than the prior year (2,109,784 ounces).

Production in the current year was higher than the prior year at all operations as a result of a full year of commercial production from Cadia East Panel Cave 1, increased throughput capacity at Lihir, increased volume and grade from Ridgeway, and higher grade from Gosowong underground ore sources. Processing of lower grade, lower margin, stockpiled ore from Cadia Hill ceased in the current year, as did the open pit operation at Gosowong.

Copper production of 86,118 tonnes in the current year was 5,752 tonnes or seven percent higher than the prior year (80,366 tonnes). This was primarily the result of an increase in the volume and grade of ore from Cadia East and Ridgeway compared to the prior year.

Further information on production at all operations can be found in section 5.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 2. DISCUSSIONS AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT (continued)

#### 2.3 Production and revenue (continued)

##### 2.3.2 Revenue

Total sales revenue for the 12 months ended 30 June 2014 of A\$4,040 million was A\$265 million or seven percent higher than the prior year (A\$3,775 million).

A\$ million

|                                                                 |              |
|-----------------------------------------------------------------|--------------|
| <b>Total sales revenue for the 12 months ended 30 June 2013</b> | <b>3,775</b> |
| <b>Changes in revenues:</b>                                     |              |
| Gold                                                            | 549          |
| Copper                                                          | 41           |
| Silver                                                          | 10           |
| <b>Volume</b>                                                   | <b>600</b>   |
| Gold                                                            | (339)        |
| Copper                                                          | 15           |
| Silver                                                          | (11)         |
| <b>Price</b>                                                    | <b>(335)</b> |
| <b>Total sales revenue for the 12 months ended 30 June 2014</b> | <b>4,040</b> |

Gold revenue for the current year of A\$3,359 million was seven percent higher than the prior year (A\$3,149 million), primarily the result of a 17 percent increase in gold sales volumes to 2,405,163 ounces, partially offset by a reduction in realised gold prices.

The average realised gold price for the current year was A\$1,408 per ounce, nine percent lower than the prior year (A\$1,550 per ounce). In US dollar terms, the average realised gold price of US\$1,292 per ounce in the current year was 18 percent lower than the prior year (US\$1,585 per ounce). The relative performance of the gold price in Australian dollar terms reflects an 11 percent decline in the average AUD/USD exchange rate during the current year to \$0.9187 (\$1.0272 in the prior year).

Copper revenue of A\$629 million was 10 percent higher than the prior year (A\$573 million), reflecting a two percent increase in the average realised Australian dollar copper price to A\$3.46 per pound and a seven percent increase in copper sales volumes to 84,220 tonnes.

Silver revenue of A\$52 million was two percent lower than the prior year (A\$53 million), with higher sales volumes offset by lower average realised silver prices.

Newcrest's sales revenue continues to be predominantly attributable to gold, with gold revenue representing 83 percent of total sales revenue for the current year (83 percent in the prior year).

| Production and Sales                                           | For the 12 months ended 30 June |                  |                  |                  |
|----------------------------------------------------------------|---------------------------------|------------------|------------------|------------------|
|                                                                | 2014                            |                  | 2013             |                  |
|                                                                | Production                      | Sales            | Production       | Sales            |
| <b>Gold production and sales (ounces)<sup>(20)</sup></b>       |                                 |                  |                  |                  |
| Cadia Hill (stockpile)                                         | 21,141                          | 17,129           | 119,372          | 140,944          |
| Ridgeway                                                       | 345,364                         | 337,984          | 262,228          | 244,225          |
| Cadia East                                                     | 226,326                         | 218,492          | 65,279           | 65,279           |
| Cadia Valley                                                   | 592,831                         | 573,605          | 446,879          | 450,448          |
| Telfer                                                         | 536,342                         | 539,672          | 525,500          | 508,976          |
| Lihir                                                          | 721,264                         | 747,265          | 649,340          | 621,885          |
| Gosowong                                                       | 344,747                         | 336,059          | 312,711          | 303,122          |
| Hidden Valley                                                  | 105,845                         | 104,772          | 85,004           | 84,272           |
| Bonikro                                                        | 94,994                          | 103,790          | 90,350           | 86,220           |
| <b>Total gold production and sales (ounces)<sup>(20)</sup></b> | <b>2,396,023</b>                | <b>2,405,163</b> | <b>2,109,784</b> | <b>2,054,923</b> |
| <b>Copper production and sales (tonnes)</b>                    |                                 |                  |                  |                  |
| Cadia Hill (stockpile)                                         | 3,022                           | 2,521            | 13,095           | 15,620           |
| Ridgeway                                                       | 41,918                          | 41,038           | 35,995           | 33,117           |
| Cadia East                                                     | 15,672                          | 15,404           | 4,823            | 4,823            |
| Cadia Valley                                                   | 60,612                          | 58,963           | 53,913           | 53,560           |
| Telfer                                                         | 25,506                          | 25,257           | 26,453           | 25,327           |
| <b>Total copper production and sales (tonnes)</b>              | <b>86,118</b>                   | <b>84,220</b>    | <b>80,366</b>    | <b>78,887</b>    |
| <b>Silver production and sales (ounces)</b>                    |                                 |                  |                  |                  |
| Cadia Hill (stockpile)                                         | 13,111                          | 10,917           | 187,452          | 187,452          |
| Ridgeway                                                       | 325,901                         | 315,346          | 224,028          | 224,028          |
| Cadia East                                                     | 147,777                         | 140,734          | –                | –                |
| Cadia Valley                                                   | 486,789                         | 466,997          | 411,480          | 411,480          |
| Telfer                                                         | 327,740                         | 327,740          | 283,026          | 283,026          |
| Lihir                                                          | 26,305                          | 26,305           | 19,770           | 19,770           |
| Gosowong                                                       | 489,724                         | 484,550          | 342,835          | 342,835          |
| Hidden Valley                                                  | 974,846                         | 973,687          | 856,328          | 870,046          |
| Bonikro                                                        | 18,806                          | 18,044           | 18,377           | 15,875           |
| <b>Total silver production and sales (ounces)</b>              | <b>2,324,210</b>                | <b>2,297,324</b> | <b>1,931,816</b> | <b>1,943,032</b> |

<sup>(20)</sup> Production and sales for the 12 months ended 30 June 2014 includes 18,675 pre-commissioning and development gold ounces and 1,770 tonnes of copper for the Cadia East project. Production and sales for the 12 months ended 30 June 2013 includes 22,695 pre-commissioning and development gold ounces and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.



## 2.4 Cost of sales

Cost of sales for the 12 months ended 30 June 2014 of A\$3,059 million was A\$295 million or 11 percent higher than the prior year (A\$2,764 million).

| A\$ million                         | For the 12 months ended 30 June |              |            |            |
|-------------------------------------|---------------------------------|--------------|------------|------------|
|                                     | 2014                            | 2013         | Change     | Change %   |
| Site production costs               | 1,972                           | 1,976        | (4)        | –          |
| Ore inventory movements             | 118                             | (128)        | 246        | 192%       |
| Royalties                           | 113                             | 106          | 7          | 7%         |
| Treatment and realisation           | 173                             | 141          | 32         | 23%        |
| Finished goods inventory movement   | 19                              | (37)         | 56         | 151%       |
| <b>Operating costs</b>              | <b>2,395</b>                    | <b>2,058</b> | <b>337</b> | <b>16%</b> |
| Depreciation                        | 664                             | 706          | (42)       | (6%)       |
| <b>Cost of sales<sup>(21)</sup></b> | <b>3,059</b>                    | <b>2,764</b> | <b>295</b> | <b>11%</b> |

<sup>(21)</sup> Cost of sales excludes pre-tax inventory write-downs of A\$35 million in the 2014 financial year and A\$177 million in the prior year.

### 2.4.1 Site production costs

Site production costs for the 12 months ended 30 June 2014 of A\$1,972 million was A\$4 million lower than the prior year (A\$1,976 million).

The A\$4 million decrease in expenditure, in the context of a 14 percent increase in gold production, is primarily the result of changes in operating activities, such as planned reductions in open pit mining activity at Telfer and Lihir, the cessation of processing of lower grade Cadia Hill stockpiled ore and the focus on cost reductions at all operations. Absolute decreases in site production costs were largely offset by costs associated with higher throughput activity at Lihir, higher underground mining volumes at Cadia Valley and the adverse cost impact of a weaker Australian dollar against the US dollar on US dollar denominated costs.

On a unit cost basis, site production costs for the 12 months ended 30 June 2014 were A\$829 per ounce produced<sup>(22)</sup>, 12 percent lower than the prior year (A\$947 per ounce produced). This reduction is primarily the result of increased gold production, the aforementioned changes in operational activities and the increased focus on costs and maximising free cash flow.

Unit site production costs improved as a result of a full year of commercial production from the major expansion projects, Cadia East Panel Cave 1 and the expanded plant at Lihir:

- The Lihir plant expansion, completed early in the 2013 calendar year, enabled an increase in mill throughput and gold production, which offset the associated increase in site operating costs, resulting in marginally lower unit costs on a US dollar per ounce basis (though not on an Australian dollar basis given the decline in the value of the Australian dollar against the US dollar). The greater mill capacity enabled an increase in stockpile feed, thereby reducing reliance on ex-pit ore feed and enabling a transition to lower levels of mining activity and its associated expenditure; and
- Commercial production from and continuing ramp up at Cadia East in the current year, combined with higher grade and mined ore from Ridgeway, enabled a reduction in unit site operating costs. The cessation of processing lower grade stockpiled Cadia Hill ore also resulted in lower Cadia Valley unit site operating costs.

As noted above, the Australian dollar weakened relative to the US dollar in the current year to an average of \$0.9187 compared with the prior year average of \$1.0272. This depreciation had a negative impact of approximately A\$30 million on translation of US dollar denominated site production costs.

Newcrest has focussed on cost reduction at all operations. These cost reductions include transitioning to new contracts which have seen reductions in unit rates across both consumables and labour services, reductions in workforce numbers and reduced activity levels, and improved consumption rates for power, reagents and consumables.

Further information on Operations can be found in section 5.

### 2.4.2 Ore inventory

Total ore inventory movements for the 12 months ended 30 June 2014 was an A\$118 million net expense, compared with a net credit to costs in the prior year (of A\$128 million), reflecting a net consumption of ore stockpiles in the current period principally as a result of changes to mining and processing activities at Telfer, Lihir and Gosowong. In the current year there was a 24 percent reduction in ore mined and a four percent decrease in ore processed compared with the prior year.

The net consumption of ore inventory and resulting net expense of A\$118 million in the current year was largely attributable to:

- Lihir A\$67 million – commissioning of the plant expansion and expanded flotation circuit has enabled a significant increase in stockpile ore processing capability, with the volume of ore treated being 45 percent higher in the current year (10.1 million tonnes compared with 6.9 million tonnes in the prior year). Combined with a 69 percent reduction in the level of ore mining activity in the current year, there was a higher drawdown from stockpiles in the current year of 9.8 million tonnes (compared with a net addition of 6.0 million tonnes in the prior year);
- Telfer A\$38 million – reflects the depletion of gold contained on dump leach pads during the current year; and
- Gosowong A\$13 million – completion of mining activity in the open pit in July 2013 resulted in a higher level of drawdown of stockpiled ore in the current year.

### 2.4.3 Royalty and treatment and realisation costs

Royalties expense was A\$7 million or seven percent higher in the current year, consistent with the higher sales revenue.

Treatment and realisation costs for the 12 months ended 30 June 2014 of A\$173 million were A\$32 million or 23 percent higher than the prior year (A\$141 million), reflecting increased sales volumes and higher treatment and refining charges in the copper concentrate markets in the current year.

### 2.4.4 Depreciation

Depreciation expense included in cost of sales for the 12 months ended 30 June 2014 of A\$664 million was A\$42 million or six percent lower than the prior year (A\$706 million).

The decrease in depreciation expense primarily reflects the impact of the impairment to the carrying value of Telfer assets in the year ended 30 June 2013, which significantly reduced Telfer's depreciable asset base resulting in lower depreciation at Telfer in the current year (A\$75 million compared with A\$250 million in the prior year). This decrease in depreciation expense at Telfer was partially offset by a:

- A\$72 million increase at Lihir, primarily the result of completing the plant expansion in January 2013 resulting in a higher depreciable asset base combined with the increased mill throughput in the current year and the weakening of the Australian dollar against the US dollar;
- A\$19 million increase at Bonikro reflecting the amortisation of production stripping costs associated with a greater proportion of production sourced from Stage 4 of the open pit;
- A\$17 million increase at Cadia East as a result of a full year of production (following the commencement of commercial production, which is primarily depreciated on a units of use basis, on 1 January 2013); and
- A\$16 million increase at Ridgeway as a result of higher levels of production sourced from the Ridgeway underground mine.

<sup>(22)</sup> Production for the 12 months ended 30 June 2014 includes 18,675 pre-commissioning and development production gold ounces and 1,770 tonnes of copper. Production for the 12 months ended 30 June 2013 includes 22,695 pre-commissioning gold ounces, and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with this production are capitalised and not included in the operating cost calculations.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 2. DISCUSSIONS AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT (continued)

#### 2.5 Other costs

##### 2.5.1 Corporate administration costs

Corporate administration costs for the 12 months ended 30 June 2014 of A\$134 million were A\$2 million or around two percent higher than the prior year (A\$132 million). Corporate cash costs of A\$96 million in the current year represent a reduction of A\$6 million or six percent compared with the prior year. Newcrest achieved a reduction in recurring corporate costs through the closure of the Brisbane office (announced in June 2013), rationalisation of corporate office and support functions and associated reductions in headcount, and targeted cost reduction activities throughout the year. However, in the current year, these savings were largely offset by a A\$7 million increase in corporate legal costs and an increase in employee incentive payments compared to the prior year where minimal short-term incentives were paid to Executives. Corporate depreciation in the current year was A\$7 million higher primarily as a result of completing the enterprise systems implementation.

##### 2.5.2 Exploration expense

Exploration expense for the 12 months ended 30 June 2014 of A\$36 million was A\$28 million or 44 percent lower than the prior year (A\$64 million).

Further information on Exploration can be found in section 3.

##### 2.5.3 Other income/expenses

| A\$ million                                                    | For the 12 months ended 30 June |             |
|----------------------------------------------------------------|---------------------------------|-------------|
|                                                                | 2014                            | 2013        |
| Net fair value gain/(loss) on gold and copper derivatives      | 10                              | (45)        |
| Net foreign exchange gain/(loss)                               | (11)                            | 9           |
| Legacy community contractual settlements and negotiation costs | (10)                            | (37)        |
| Other                                                          | (1)                             | (9)         |
| <b>Other income/(expense)</b>                                  | <b>(12)</b>                     | <b>(82)</b> |

Other income/(expense) for the 12 months ended 30 June 2014 was an expense of A\$12 million, which was A\$70 million lower than the prior year (A\$82 million).

The fair value gain on gold and copper derivatives primarily relates to the movement in spot prices impacting the quotational period adjustments on sales. Newcrest seeks to lock in the gold and copper price for the quotational period for concentrate shipments at the time of sale using forward sales contracts to minimise this impact. The quotational period and fair value adjustments were favourable A\$10 million for the current year.

Expenditure of A\$10 million in the current year primarily relates to progression of negotiations with landowners of the commercial and community development agreements at Lihir.

##### 2.5.4 Finance costs

Net finance costs of A\$174 million for the 12 months ended 30 June 2014 were A\$65 million higher than the prior year (A\$109 million).

Gross finance costs for the current year of A\$182 million were A\$37 million higher than the prior year, primarily reflecting a higher level of average debt in the year and the impact of a lower AUD/USD exchange rate on US dollar denominated debt and interest expense.

Capitalised interest for the current year of A\$7 million, associated with Cadia East Panel Cave 2, was A\$28 million lower than the prior year, when interest costs of A\$35 million on capital expenditure were capitalised prior to commencement of commercial production from Cadia East and completion of the Lihir plant expansion early in the 2013 calendar year.

#### 2.6 Income tax expense and non-controlling interests

Income tax expense on Underlying profit for the 2014 financial year was A\$192 million, resulting in an effective tax rate in-line with the Australian Company tax rate of 30 percent. In the prior year, income tax expense was A\$158 million with an effective tax rate of 25 percent, with the difference primarily relating to tax concessions associated with exploration deductions in Papua New Guinea in the prior year.

Income tax benefit on Statutory profit in the current year was A\$510 million, which included a A\$120 million expense relating to Newcrest's voluntary amendment of its Australian research and development claims with respect to the 2009 to 2011 financial years and a tax benefit of A\$702 million relating to significant items. Income tax benefit on Statutory profit in the prior year was A\$419 million, which included a tax benefit of \$577 million primarily relating to asset impairments.

Non-controlling interests in Underlying profit of A\$23 million, being the profit after tax attributable to the minority shareholders of Newcrest's non-wholly owned subsidiaries, decreased from the prior year (A\$32 million), reflecting lower profits from both Gosowong and Bonikro in the current year.

Non-controlling interests on Statutory profit was A\$6 million, with the difference of A\$17 million relating to the impairment of assets in West Africa.

#### 2.7 Asset impairments, asset write-downs and restructure costs

Significant items totalling A\$2,653 million (after tax) were recognised for the 12 months ended 30 June 2014.

Charges totalling A\$2,486 million (after tax) recognised in the second half of the 2014 financial year comprise:

- Asset impairments of A\$2,306 million after tax, where the key drivers by operation were:
  - At Lihir, primarily reflecting a change in the operating and capital cost assumptions taking into account cost performance realised in the 2014 financial year, following a full year of operation post the plant expansion and the knowledge being gained from a major review of operating costs currently underway at the site;
  - At Telfer, primarily reflecting the increase in the long term AUD/USD exchange rate assumptions which had a negative impact on Australian dollar revenue;
  - At West Africa and Hidden Valley, primarily reflecting updated operating cost, capital cost and development timing assumptions; and
  - At Corporate, reflecting a reversal of impairment of investment in associate (Evolution Mining Limited).
- A\$122 million in relation to the write-down of property, plant and equipment, primarily in relation to geothermal assets at Lihir and the review and sales of surplus property, plant and equipment at Cadia Valley and Lihir;
- A charge for restructure costs of A\$34 million, primarily as a result of the rationalisation of corporate office and support functions and associated reductions in headcount, and targeted cost reduction activities throughout the year; and
- A\$24 million write-down of inventory at Lihir.

Charges totalling A\$167 million (after tax) recognised in the first half of the 2014 financial year comprise:

- A\$120 million income tax expense relating to a voluntary amendment of Newcrest's research and development claims with respect to the 2009 to 2011 financial years; and
- A\$47 million after tax impairment of exploration assets in West Africa.

## 2.7 Asset impairments, asset write-downs and restructure costs (continued)

|                                                     | For the year ended 2014 |                                  |                         |              |             |                  |              |                 |
|-----------------------------------------------------|-------------------------|----------------------------------|-------------------------|--------------|-------------|------------------|--------------|-----------------|
| A\$ million                                         | Impairments             | Write-down of non-current assets | Write-down of inventory | Subtotal     | Restructure | Total before tax | Tax          | Total after tax |
| Cadia Valley                                        | –                       | 20                               | –                       | 20           | 8           | 28               | (8)          | 20              |
| Telfer                                              | 204                     | –                                | –                       | 204          | 1           | 205              | (62)         | 143             |
| Lihir                                               | 2,647                   | 154                              | 35                      | 2,836        | 17          | 2,853            | (727)        | 2,126           |
| Gosowong                                            | –                       | –                                | –                       | –            | 1           | 1                | –            | 1               |
| Hidden Valley                                       | 79                      | –                                | –                       | 79           | –           | 79               | –            | 79              |
| West Africa                                         | 198                     | –                                | –                       | 198          | –           | 198              | (20)         | 178             |
| Corporate                                           | (11)                    | –                                | –                       | (11)         | 19          | 8                | 115          | 123             |
| <b>Total items by segment</b>                       | <b>3,117</b>            | <b>174</b>                       | <b>35</b>               | <b>3,326</b> | <b>46</b>   | <b>3,372</b>     | <b>(702)</b> | <b>2,670</b>    |
| Tax on significant items                            | (747)                   | (52)                             | (11)                    | (810)        | (12)        |                  | (822)        |                 |
| Tax amendments to R&D claims                        | –                       | 120                              | –                       | 120          | –           |                  | 120          |                 |
| <b>Total after tax</b>                              | <b>2,370</b>            | <b>242</b>                       | <b>24</b>               | <b>2,636</b> | <b>34</b>   |                  |              | <b>2,670</b>    |
| Non-controlling interest                            | (17)                    | –                                | –                       | (17)         | –           |                  |              | (17)            |
| <b>Total after tax and non-controlling interest</b> | <b>2,353</b>            | <b>242</b>                       | <b>24</b>               | <b>2,619</b> | <b>34</b>   |                  |              | <b>2,653</b>    |

The following table provides a summary of significant items totalling A\$6,229 million (after tax) for the prior year (12 months ended 30 June 2013).

|                                                     | For the year ended 2013 |                                        |                            |              |             |                        |              |                       |
|-----------------------------------------------------|-------------------------|----------------------------------------|----------------------------|--------------|-------------|------------------------|--------------|-----------------------|
| A\$ million                                         | Impairments             | Write-down of<br>non-current<br>assets | Write-down<br>of inventory | Subtotal     | Restructure | Total<br>before<br>tax | Tax          | Total<br>after<br>tax |
| Telfer                                              | 1,674                   | 19                                     | 106                        | 1,799        | 17          | 1,816                  | (545)        | 1,271                 |
| Lihir                                               | 3,492                   | 146                                    | 50                         | 3,688        | 5           | 3,693                  | (60)         | 3,633                 |
| Hidden Valley                                       | 406                     | –                                      | –                          | 406          | –           | 406                    | 54           | 460                   |
| West Africa                                         | 575                     | 1                                      | 21                         | 597          | 1           | 598                    | (62)         | 536                   |
| Corporate                                           | 273                     | –                                      | –                          | 273          | 49          | 322                    | 36           | 358                   |
| <b>Total items by segment</b>                       | <b>6,420</b>            | <b>166</b>                             | <b>177</b>                 | <b>6,763</b> | <b>72</b>   | <b>6,835</b>           | <b>(577)</b> | <b>6,258</b>          |
| Tax on significant items                            | (564)                   | (50)                                   | (47)                       | (661)        | (21)        |                        | (682)        |                       |
| De-recognition of deferred tax asset                | –                       | 105                                    | –                          | 105          | –           |                        | 105          |                       |
| <b>Total after tax</b>                              | <b>5,856</b>            | <b>221</b>                             | <b>130</b>                 | <b>6,207</b> | <b>51</b>   |                        |              | <b>6,258</b>          |
| Non-controlling interest                            | (27)                    | –                                      | (2)                        | (29)         | –           |                        |              | (29)                  |
| <b>Total after tax and non-controlling interest</b> | <b>5,829</b>            | <b>221</b>                             | <b>128</b>                 | <b>6,178</b> | <b>51</b>   |                        |              | <b>6,229</b>          |

## 3. REVIEW OF CAPITAL AND EXPLORATION

### 3.1 Investing activities

Investing activities for the 12 months ended 30 June 2014 represented a cash outflow of A\$904 million, being A\$1,660 million or 65 percent lower than the prior year (A\$2,564 million). This reduction reflected changes in all categories of capital expenditure.

| A\$ millions                                        | For the 12 months ended 30 June |              |                |              |
|-----------------------------------------------------|---------------------------------|--------------|----------------|--------------|
|                                                     | 2014                            | 2013         | Change         | Change %     |
| Capital expenditure                                 |                                 |              |                |              |
| Production stripping                                | 191                             | 440          | (249)          | (57%)        |
| Sustaining                                          | 298                             | 572          | (274)          | (48%)        |
| Major project (non-sustaining)                      | 354                             | 1,374        | (1,020)        | (74%)        |
| <b>Total capital expenditure</b>                    | <b>843</b>                      | <b>2,386</b> | <b>(1,543)</b> | <b>(65%)</b> |
| Exploration                                         | 62                              | 152          | (90)           | (59%)        |
| Proceeds from sale of plant and equipment           | (8)                             | –            | (8)            |              |
| Proceeds from sale of investments                   | –                               | (9)          | 9              | 100%         |
| Interest capitalised                                | 7                               | 35           | (28)           | (80%)        |
| <b>Total cash outflow from investing activities</b> | <b>904</b>                      | <b>2,564</b> | <b>(1,660)</b> | <b>(65%)</b> |

### 3.1.1 Capital expenditure

Capital expenditure for the 12 months ended 30 June 2014 was A\$843 million, A\$1,543 million or 65 percent lower than the prior year (A\$2,386 million).

The reduction in capital expenditure primarily reflects commencement of commercial production at Cadia East and completion of the Lihir plant expansion, which were still being progressed in the prior year, the completion of major production stripping activity at Telfer and Bonikro, and lower sustaining capital expenditure in the current year.

### 3.1.2 Production stripping

| A\$ million                       | For the 12 months ended 30 June |            |              |              |
|-----------------------------------|---------------------------------|------------|--------------|--------------|
|                                   | 2014                            | 2013       | Change       | Change %     |
| Telfer                            | 24                              | 196        | (172)        | (88%)        |
| Cadia Valley                      | –                               | –          | –            | –            |
| Lihir                             | 145                             | 134        | 11           | 8%           |
| Gosowong                          | –                               | 16         | (16)         | (100%)       |
| Bonikro                           | 9                               | 62         | (53)         | (85%)        |
| Hidden Valley                     | 13                              | 32         | (19)         | (59%)        |
| <b>Total production stripping</b> | <b>191</b>                      | <b>440</b> | <b>(249)</b> | <b>(57%)</b> |

Production stripping for the 12 months ended 30 June 2014 was A\$191 million, A\$249 million lower than the prior year (A\$440 million).

The reduction was primarily due to the completion of major stripping activities at Telfer (Main Dome Stage 4 and Stage 6) and Bonikro (Stage 4) which were largely completed in the prior year, partly offset by increased activity at Lihir with stripping of Minifie Stage 9 taking place in the current year.



# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 3. REVIEW OF CAPITAL AND EXPLORATION (continued)

#### 3.1 Investing activities (continued)

##### 3.1.3 Sustaining capital

| A\$ million                     | For the 12 months ended 30 June |            |              |              |
|---------------------------------|---------------------------------|------------|--------------|--------------|
|                                 | 2014                            | 2013       | Change       | Change %     |
| Telfer                          | 52                              | 140        | (88)         | (63%)        |
| Cadia Valley                    | 60                              | 98         | (38)         | (39%)        |
| Lihir                           | 99                              | 194        | (95)         | (49%)        |
| Gosowong                        | 57                              | 21         | 36           | 171%         |
| Bonikro                         | 4                               | 12         | (8)          | (67%)        |
| Hidden Valley                   | 14                              | 33         | (19)         | (58%)        |
| Other                           | 12                              | 74         | (62)         | (84%)        |
| <b>Total sustaining capital</b> | <b>298</b>                      | <b>572</b> | <b>(274)</b> | <b>(48%)</b> |

Sustaining capital expenditure for the 12 months ended 30 June 2014 was A\$298 million, A\$274 million or 48% lower than the prior year (A\$572 million).

The reduction in sustaining capital expenditure was primarily the result of Newcrest's focus on cost and capital reduction, as well as progressive completion of projects in progress in the prior year, including dump leach pad refurbishments and a new regrind facility at Telfer, and investment in information and process systems development (including SAP) across the Company. The refurbishment program at Lihir to improve the reliability of the original plant continued albeit at lower levels than the prior year. The increase at Gosowong primarily relates to the tailings storage facility, the Toguraci refrigeration plant and the impact of re-classifying Toguraci and Kencana development expenditure from non-sustaining in the prior year to sustaining in the current year.

##### 3.1.4 Major projects (non-sustaining) capital

| A\$ million                                          | For the 12 months ended 30 June |              |                |              |
|------------------------------------------------------|---------------------------------|--------------|----------------|--------------|
|                                                      | 2014                            | 2013         | Change         | Change %     |
| Telfer                                               | -                               | 72           | (72)           | (100%)       |
| Cadia Valley                                         | 315                             | 545          | (230)          | (42%)        |
| Lihir                                                | 7                               | 542          | (535)          | (99%)        |
| Gosowong                                             | 1                               | 72           | (71)           | (99%)        |
| Bonikro                                              | -                               | 25           | (25)           | (100%)       |
| Hidden Valley                                        | -                               | 21           | (21)           | (100%)       |
| Wafi-Golpu                                           | 27                              | 81           | (54)           | (67%)        |
| Other                                                | 4                               | 16           | (12)           | (75%)        |
| <b>Total major projects (non-sustaining) capital</b> | <b>354</b>                      | <b>1,374</b> | <b>(1,020)</b> | <b>(74%)</b> |

Major project, or non-sustaining, capital expenditure for the 12 months ended 30 June 2014 was A\$354 million, A\$1,020 million or 74 percent lower than the prior year (A\$1,374 million) primarily as a result of commencement of commercial production at Cadia East and completion of the Lihir plant expansion in the prior year. Current year expenditure primarily related to:

- Development of Cadia East Panel Cave 2, with the ongoing development and the expansion of the undercut and extraction levels to grow the footprint the key focus. The construction and commissioning of the Panel Cave 2 West Crusher and associated material handling systems were completed during the current year and excavation work for Panel Cave 2 East Crusher and infrastructure commenced. The final vent raise bore was completed in the current year, finalising the long-term ventilation circuit for Cadia East;
- Optimising the pre-feasibility study for the Wafi-Golpu project, including consideration of an upper mine development with lower establishment capital prior to development of a lower, block cave mine; and
- Commissioning activities for the flotation circuit expansion project at Lihir early in the current year.

#### 3.2 Exploration

Exploration expenditure in the 12 months ended 30 June 2014 of A\$62 million was A\$90 million or 59 percent lower than the prior year (A\$152 million). Of this A\$62 million, A\$36 million was expensed resulting in a capitalisation rate of 42 percent. Exploration activity in the current year focused on Gosowong, Telfer, Bonikro, Namosi and the Wafi-Golpu project.

| A\$ millions                 | For the 12 months ended 30 June |      |        |          |
|------------------------------|---------------------------------|------|--------|----------|
|                              | 2014                            | 2013 | Change | Change % |
| <b>Expenditure by nature</b> |                                 |      |        |          |
| Greenfields                  | 16                              | 37   | (21)   | (57%)    |
| Brownfields                  | 23                              | 33   | (10)   | (30%)    |
| Resource definition          |                                 |      |        |          |
| Telfer                       | 7                               | 22   | (15)   | (68%)    |
| Gosowong                     | 1                               | 8    | (7)    | (88%)    |
| Hidden Valley & Wafi-Golpu   | 8                               | 26   | (18)   | (69%)    |
| Lihir                        | 1                               | 9    | (8)    | (89%)    |
| Bonikro                      | 2                               | 8    | (6)    | (75%)    |
| Fiji                         | 4                               | 9    | (5)    | (56%)    |
|                              | 62                              | 152  | (90)   | (59%)    |
| <b>Expenditure by region</b> |                                 |      |        |          |
| Australia                    | 18                              | 39   | (21)   | (54%)    |
| Indonesia                    | 17                              | 28   | (11)   | (39%)    |
| Papua New Guinea             | 15                              | 58   | (43)   | (74%)    |
| West Africa                  | 7                               | 22   | (15)   | (68%)    |
| Fiji                         | 5                               | 5    | -      | -        |
|                              | 62                              | 152  | (90)   | (59%)    |

Exploration at Gosowong is focussed on new discoveries and extending the present mine life.

At Telfer, drilling targeted the West Dome Deeps prospect and the area located below the Telfer Deeps Sub-Level Cave mine and the top of the Vertical Stockwork Corridor.

Drilling within the Bonikro mine district targeted higher grade mineralisation at Hiré.

Resource definition drilling continued at Wafi-Golpu to provide additional ore body knowledge for the ongoing studies, while brownfield drilling tested for near surface higher grade gold mineralisation within the vicinity of the Golpu and Wafi resources.

Away from Newcrest's operational sites and Wafi-Golpu, drilling was restricted to the Namosi Joint Venture and the Morobe Exploration Joint Venture interests. Drilling at Namosi explored for higher grade mineralisation below the Wainaulo resource within the Waivaka Corridor. Target generation activity continued with global data gathering.

#### 3.3 Other investing activities

Other investing activities, which include proceeds from sale of investments and interest capitalised, for the 12 months ended 30 June 2014 was a net inflow of A\$1 million, A\$27 million lower than the prior year (A\$26 million outflow). This is primarily the result of higher capitalised interest in the prior year before the commencement of commercial production at Cadia East and completion of the Lihir plant expansion.

## 4. DISCUSSION AND ANALYSIS OF CASH FLOW

### 4.1 Cash flow overview

Newcrest's free cash flow for the current year was an inflow of A\$133 million, compared with an outflow of A\$1,417 million in the prior year.

| A\$ millions                                  | For the 12 months ended 30 June |         |         |          |
|-----------------------------------------------|---------------------------------|---------|---------|----------|
|                                               | 2014                            | 2013    | Change  | Change % |
| <b>Cash flow from operating activities</b>    | <b>1,037</b>                    | 1,147   | (110)   | (10%)    |
| <b>Cash flow from investing activities</b>    | <b>(904)</b>                    | (2,564) | 1,660   | 65%      |
| <b>Free cash flow</b>                         | <b>133</b>                      | (1,417) | 1,550   | 109%     |
| <b>Cash flow from financing activities</b>    | <b>(61)</b>                     | 1,236   | (1,297) | (105%)   |
| Net movement in cash                          | <b>72</b>                       | (181)   | 253     | 140%     |
| Cash at the beginning of the period           | <b>69</b>                       | 242     | (173)   | (71%)    |
| Effects of exchange rate changes on cash held | –                               | 8       | (8)     | (100%)   |
| <b>Cash at the end of the period</b>          | <b>141</b>                      | 69      | 72      | 104%     |

### 4.2 Cash flow from operating activities

| A\$ millions                                   | For the 12 months ended 30 June |         |        |          |
|------------------------------------------------|---------------------------------|---------|--------|----------|
|                                                | 2014                            | 2013    | Change | Change % |
| <b>Cash flow from operating activities</b>     |                                 |         |        |          |
| Receipts from customers                        | <b>3,967</b>                    | 3,815   | 152    | 4%       |
| Payments to suppliers and employees            | <b>(2,636)</b>                  | (2,409) | (227)  | (9%)     |
| Net interest paid                              | <b>(161)</b>                    | (97)    | (64)   | (66%)    |
| Income taxes paid                              | <b>(138)</b>                    | (162)   | 24     | 15%      |
| Dividends received                             | <b>5</b>                        | –       | 5      |          |
| <b>Net cash flow from operating activities</b> | <b>1,037</b>                    | 1,147   | (110)  | (10%)    |

Cash flow from operating activities for the 12 months ended 30 June 2014 was A\$1,037 million, A\$110 million lower than the prior year (A\$1,147 million). The reduction in cash flow from operating activities in the current year reflects:

- Higher cash inflows from customers due to an increase in gold sales revenue (seven percent higher than the prior year) and copper sales revenue (10 percent higher than the prior year);
- The reversal of favourable working capital balances as at 30 June 2013 of approximately A\$200 million, primarily relating to payables and receivables. The timing of higher levels of mining, maintenance and capital activity in the final six months of the prior year resulted in a higher than average build in payables, with the associated cash payments to suppliers occurring in the current year. Conversely, the timing of concentrate shipments and debtor receipts resulted in lower than average receivables balance at the end of the prior year, reducing the cash receipts available in the current year;
- An increase of A\$64 million in interest paid, associated with higher average debt levels;
- Approximately A\$65 million pertaining to the Brisbane office closure, redundancies and other restructure costs across the business which were provided for at 30 June 2013 but largely paid in the current year;
- A reduction in income taxes paid of A\$24 million in the current year compared with the prior year, reflecting lower levels of taxable income on underlying earnings in the current year, largely offset by a tax payment of approximately A\$70 million as a result of the Company's voluntary amendment in the current year of its Australian research and development claims with respect to the 2009 to 2011 financial years; and
- A\$5 million dividends received from Evolution Mining Limited.

### 4.3 Cash flow from investing activities

Cash flow from investing activities for the 12 months ended 30 June 2014 was an outflow of A\$904 million, A\$1,660 million lower than the prior year cash outflow (A\$2,564 million). The reduction is a result of lower levels of expenditure in all investing categories – major project (non-sustaining), sustaining, production stripping and exploration expenditure – in the current year compared with the prior year.

Refer to section 3 for an explanation of capital and exploration expenditures.

### 4.4 Cash flow from financing activities

Cash flow from financing activities for the 12 months ended 30 June 2014 was an outflow of A\$61 million, compared with a cash inflow in the prior year of A\$1,236 million.

| A\$ million                                                                    | For the 12 months ended 30 June |         |         |          |
|--------------------------------------------------------------------------------|---------------------------------|---------|---------|----------|
|                                                                                | 2014                            | 2013    | Change  | Change % |
| <b>Cash flow from financing activities</b>                                     |                                 |         |         |          |
| Proceeds from borrowing:                                                       | <b>2,038</b>                    | 3,002   | (964)   | (32%)    |
| US dollar bilateral loan facilities                                            | <b>2,038</b>                    | 2,054   | (16)    | (1%)     |
| US dollar senior unsecured notes                                               | –                               | 948     | (948)   | (100%)   |
| Repayment of borrowings:                                                       | <b>(2,076)</b>                  | (1,623) | (453)   | (28%)    |
| Net payment of finance lease principal                                         | <b>(1)</b>                      | (3)     | 2       | 67%      |
| Payment for treasury shares                                                    | <b>(6)</b>                      | (1)     | (5)     | (500%)   |
| Partial sale of subsidiary to non-controlling interest, net of withholding tax | –                               | 117     | (117)   | (100%)   |
| Dividend paid – to members of the parent entity                                | –                               | (230)   | 230     | 100%     |
| Dividend paid – to non-controlling interests                                   | <b>(16)</b>                     | (26)    | 10      | 38%      |
| <b>Net cash from financing activities</b>                                      | <b>(61)</b>                     | 1,236   | (1,297) | (105%)   |

Key financing activities during the current year were:

- A net repayment of A\$38 million on US dollar bilateral bank loan facilities. Utilised facilities at 30 June 2014 were US\$1,630 million (A\$1,730 million) compared with US\$1,675 million (A\$1,806 million) at 30 June 2013;
- A\$6 million in shares purchased by the Newcrest Employee Share Trust on behalf of the Company to satisfy future share rights and awards as they vest;
- No dividends were paid in the current year, consistent with the Company's dividend policy – with dividend levels set with regard to profitability, balance sheet strength, and reinvestment options in the business; and
- A\$16 million represents dividends paid to PT Antam (which holds a 25 percent non-controlling interest in PT Nusa Halmahera Minerals, the entity that owns the Gosowong asset).

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 5. REVIEW OF OPERATIONS

#### 5.1 Cadia Valley

|                        |                | For the 12 months ended 30 June |         |         |          |
|------------------------|----------------|---------------------------------|---------|---------|----------|
| Measure                |                | 2014                            | 2013    | Change  | Change % |
| <b>Operating</b>       |                |                                 |         |         |          |
| Total material mined   | tonnes 000's   | 16,893                          | 11,344  | 5,549   | 49%      |
| Total material treated | tonnes 000's   | 20,024                          | 25,478  | (5,454) | (21%)    |
| Gold head grade        | grams/tonne    | 1.12                            | 0.71    | 0.41    | 58%      |
| Gold recovery          | %              | 81.9                            | 76.3    | 5.6     | 7%       |
| Gold produced          | ounces         | 592,831                         | 446,879 | 145,952 | 33%      |
| Copper produced        | tonnes         | 60,612                          | 53,913  | 6,699   | 12%      |
| Silver produced        | ounces         | 486,789                         | 411,480 | 75,309  | 18%      |
| Gold sales             | ounces         | 573,605                         | 450,448 | 123,157 | 27%      |
| Copper sales           | tonnes         | 58,963                          | 53,560  | 5,403   | 10%      |
| Silver sales           | ounces         | 466,997                         | 411,480 | 55,517  | 13%      |
| <b>Financial</b>       |                |                                 |         |         |          |
| Revenue                | A\$ million    | 1,233                           | 1,058   | 175     | 17%      |
| Depreciation           | A\$ million    | 174                             | 134     | 40      | 30%      |
| Cost of sales          | A\$ million    | 742                             | 700     | 42      | 6%       |
| Operating EBIT         | A\$ million    | 491                             | 358     | 133     | 37%      |
| All-In Sustaining Cost | A\$ million    | 181                             | 264     | (83)    | (31%)    |
| All-In Sustaining Cost | A\$/ounce sold | 326                             | 618     | (292)   | (47%)    |

Cadia Valley gold production and sales<sup>(23)</sup> for the 12 months ended 30 June 2014 was 592,831 ounces and 573,605 ounces respectively, which was 33 percent and 27 percent higher than the prior year.

Increased material mined was primarily the result of the continued ramp up in ore mined from Cadia East Panel Cave 1 following commencement of commercial production on 1 January 2013, together with increased ore production and feed from Ridgeway. Processing of lower grade, lower margin stockpiled ore ceased in the current year, resulting in an overall reduction in total material treated. This change in feed mix resulted in higher average feed grades for both gold and copper which resulted in higher overall recoveries for both gold and copper, and the increase in gold and copper production in the current year.

Revenue for the 12 months ended June 30 2014 of A\$1,233 million was A\$175 million or 17 percent higher than the prior year (A\$1,058 million).

Revenue from gold sales was 18 percent higher than the prior year, driven by a 27 percent increase in sales volumes partially offset by a nine percent reduction in the realised gold price.

Revenue from copper sales was 16 percent higher than the prior year due to 10 percent higher sales volumes and a two percent higher realised copper price.

Cost of sales for the 12 months ended June 30 2014 of A\$742 million was A\$42 million or six percent higher than the prior year (A\$700 million). This increase was driven by higher sales volumes being 27 percent higher in the current year partially offset by a lower unit cost of sales. The unit cost reduction exceeded the decrease in the realised gold price per ounce to deliver a higher EBIT margin. The lower unit costs was a result of higher gold production in the current year from increased grade and recoveries associated with the increase ore sourced from Cadia East and Ridgeway and the cessation of processing Cadia Hill stockpiles, and improvement and optimisation projects across the operation.

Depreciation expense for the 12 months ended 30 June 2014 of A\$174 million was A\$40 million or 30 percent higher than the prior year (A\$134 million), primarily the result of the higher production from Ridgeway and the commencement of commercial production from Cadia East Panel Cave 1 on 1 January 2013.

All-In Sustaining Cost<sup>(24)</sup> per ounce sold for the 12 months ended June 30 2014 of A\$326 per ounce was A\$292 per ounce or 47 percent lower than the prior year (A\$618 per ounce). The reduction in unit cost was primarily the result of the cessation of processing of low grade stockpiled ore, higher grades and lower cost of ore from both Ridgeway and Cadia East Panel Cave 1, and lower sustaining capital in the current year, partially offset by a reduction in copper credits on a per ounce basis.

<sup>(23)</sup> Production and sales for the 12 months ended 30 June 2014 includes 18,675 pre-commissioning and development gold ounces and 1,770 tonnes of copper for the Cadia East project. Production and sales for the 12 months ended 30 June 2013 includes 22,695 pre-commissioning gold ounces and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.

<sup>(24)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.



## 5.2 Telfer

|                        |                | For the 12 months ended 30 June |         |          |          |
|------------------------|----------------|---------------------------------|---------|----------|----------|
| Measure                |                | 2014                            | 2013    | Change   | Change % |
| <b>Operating</b>       |                |                                 |         |          |          |
| Total material mined   | tonnes 000's   | 37,723                          | 91,288  | (53,565) | (59%)    |
| Total material treated | tonnes 000's   | 21,294                          | 21,543  | (249)    | (1%)     |
| Gold head grade        | grams/tonne    | 0.90                            | 1.00    | (0.10)   | (10%)    |
| Gold recovery          | %              | 81.2                            | 71.7    | 9.5      | 13%      |
| Gold produced          | ounces         | 536,342                         | 525,500 | 10,842   | 2%       |
| Copper produced        | tonnes         | 25,506                          | 26,453  | (947)    | (4%)     |
| Silver produced        | ounces         | 327,740                         | 283,026 | 44,714   | 16%      |
| Gold sales             | ounces         | 539,672                         | 508,976 | 30,696   | 6%       |
| Copper sales           | tonnes         | 25,257                          | 25,327  | (70)     | -        |
| Silver sales           | ounces         | 327,740                         | 283,026 | 44,714   | 16%      |
| <b>Financial</b>       |                |                                 |         |          |          |
| Revenue                | A\$ million    | 950                             | 983     | (33)     | (3%)     |
| Depreciation           | A\$ million    | 75                              | 250     | (175)    | (70%)    |
| Cost of sales          | A\$ million    | 722                             | 946     | (224)    | (24%)    |
| Operating EBIT         | A\$ million    | 228                             | 37      | 191      | 516%     |
| All-In Sustaining Cost | A\$ million    | 542                             | 867     | (325)    | (37%)    |
| All-In Sustaining Cost | A\$/ounce sold | 1,005                           | 1,704   | (699)    | (41%)    |

Telfer gold production and sales for the 12 months ended 30 June 2014 was 536,342 ounces and 539,672 ounces respectively, two percent and six percent higher than the prior year.

Increased gold production was primarily the result of higher recoveries due to lower levels of high sulphur ore sourced from West Dome and continuous improvement initiatives delivered in the current year, partly offset by lower feed grades. Lower feed grade was primarily the result of an increase in stockpile feed compared with the prior year due to the planned reduction in open pit operations, and a disruption to the underground hoisting system in the first half of the 2014 financial year.

Revenue for the 12 months ended 30 June 2014 of A\$950 million was A\$33 million or three percent lower than the prior year (A\$983 million). Revenue from gold sales was A\$33 million lower than the prior year, with a reduction in the realised gold price largely being offset by the increase in gold sales volumes. Revenue from copper sales was A\$2 million higher than the prior year and primarily the result of the higher realised copper price partially offset by lower copper sales volumes.

Cost of sales for the 12 months ended 30 June 2014 of A\$722 million was A\$224 million or 24 percent lower than the prior year (A\$946 million). The reduction is primarily the result of cost reductions implemented in the current year and a lower depreciation charge.

Depreciation expense for the 12 months ended 30 June 2014 of A\$75 million was A\$175 million or 70 percent lower than the prior year (A\$250 million), primarily as a result of the impairment of Telfer assets as at 30 June 2013, offset by the commencement in the current year of depreciation of the production stripping asset (Stage 4).

All-In Sustaining Cost<sup>(25)</sup> per ounce sold for the 12 months ended 30 June 2014 of A\$1,005 per ounce was A\$699 per ounce or 41 percent lower than the prior year (A\$1,704 per ounce). The reduction is primarily the result of lower sustaining capital expenditure and lower unit site operating costs. The reduction of sustaining capital spend reflects the finalisation of Main Dome Stage 4 waste stripping and the focus on free cash flow generation, with non-essential capital spend deferred where appropriate. Lower unit site operating costs are primarily the result of the completion of mining in West Dome Stage 1 in the first quarter of the 2014 financial year, productivity improvements and cost reductions across the site.

<sup>(25)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 5. REVIEW OF OPERATIONS (continued)

#### 5.3 Lihir

3.5 Limit

| Measure                | For the 12 months ended 30 June |         |         |          |       |
|------------------------|---------------------------------|---------|---------|----------|-------|
|                        | 2014                            | 2013    | Change  | Change % |       |
| <b>Operating</b>       |                                 |         |         |          |       |
| Total material mined   | tonnes 000's                    | 16,166  | 29,605  | (13,439) | (45%) |
| Total material treated | tonnes 000's                    | 10,057  | 6,941   | 3,116    | 45%   |
| Gold head grade        | grams/tonne                     | 2.72    | 3.41    | (0.69)   | (20%) |
| Gold recovery          | %                               | 81.9    | 85.2    | (3.3)    | (4%)  |
| Gold produced          | ounces                          | 721,264 | 649,340 | 71,924   | 11%   |
| Silver produced        | ounces                          | 26,305  | 19,770  | 6,535    | 33%   |
| Gold sales             | ounces                          | 747,265 | 621,885 | 125,380  | 20%   |
| Silver sales           | ounces                          | 26,305  | 19,770  | 6,535    | 33%   |
| <b>Financial</b>       |                                 |         |         |          |       |
| Revenue                | A\$ million                     | 1,055   | 961     | 94       | 10%   |
| Depreciation           | A\$ million                     | 221     | 149     | 72       | 48%   |
| Cost of sales          | A\$ million                     | 923     | 546     | 377      | 69%   |
| Operating EBIT         | A\$ million                     | 132     | 415     | (283)    | (68%) |
| All-In Sustaining Cost | A\$ million                     | 943     | 732     | 211      | 29%   |
| All-In Sustaining Cost | A\$/ounce sold                  | 1,261   | 1,177   | 84       | 7%    |

Lihir gold production and sales for the 12 months ended 30 June 2014 was 721,264 ounces and 747,265 ounces respectively, 11 percent and 20 percent higher than the prior year.

Mill throughput in the current year of 10.1 million tonnes was 45 percent above the prior year, primarily reflecting the completion of the plant expansion project in the prior year and ongoing improvement projects. Gold grade was 20 percent lower in the current year, primarily the result of an increase in ore feed sourced from stockpiles (85 percent of total feed in the current year compared with 42 percent in the prior year). Gold recoveries were lower in the current year, primarily the result of more ore being processed through the flotation circuit and an increased proportion of ore sourced from lower grade stockpiles. The increase in ore sourced from stockpiles has enabled a reduction in open pit mining compared with the prior year. Waste stripping of the next ore source, Minifie Stage 9, continued.

Revenue for the 12 months ended 30 June 2014 of A\$1,055 million was A\$94 million or 10 percent higher than the prior year (A\$961 million). This was primarily the result of the increase in gold sales, partially offset by a decrease in realised gold price.

Cost of sales for the 12 months ended 30 June 2014 of A\$923 million was A\$377 million or 69 percent higher than the prior year (A\$546 million). The increase in the current year reflects the 45 percent increase in plant throughput as well as adverse currency impacts. A higher non-cash net inventory charge in the current year is due to the net depletion of ore inventory, with 85 percent of ore sourced from stockpiles (42 percent in the prior year), and lower ex-pit ore mining rates in the current year.

Increased use of the existing stockpiles as the primary feed to the mill enabled a reduction in ex-pit mining activity and costs. Cost reductions were also achieved from improvement programs such as consolidation and renegotiation of contractor terms, reduced oxygen plant usage, lower manning levels, lower heavy fuel oil price and more efficient energy generation.

Depreciation expense for the 12 months ended 30 June 2014 of A\$221 million was A\$72 million or 48 percent higher than the prior year (A\$149 million). This was primarily the result of a larger depreciable asset base following the completion of the Lihir plant expansion early in the 2013 calendar year, increased gold production and the weakening of the Australian dollar against the US dollar.

All-In Sustaining Cost<sup>(26)</sup> per ounce sold for the 12 months ended 30 June 2014 of A\$1,261 per ounce was A\$84 per ounce or seven percent higher than the prior year of A\$1,177 per ounce. In US dollar terms, the All-In Sustaining Cost of US\$1,159 per ounce was US\$50 per ounce or four percent lower than the prior year of US\$1,209 per ounce. The reduction in All-In Sustaining Costs per ounce sold in US dollar terms was primarily the result of the reduction in sustaining capital and overhead expenditure, partly offset by costs associated with the increased feed from stockpiled ore.

<sup>(26)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

## 5.4 Gosowong

Q4 2024

|                        |                | For the 12 months ended 30 June |         |         |          |
|------------------------|----------------|---------------------------------|---------|---------|----------|
| Measure                |                | 2014                            | 2013    | Change  | Change % |
| <b>Operating</b>       |                |                                 |         |         |          |
| Total material mined   | tonnes 000's   | 1,042                           | 6,793   | (5,751) | (85%)    |
| Total material treated | tonnes 000's   | 826                             | 869     | (43)    | (5%)     |
| Gold head grade        | grams/tonne    | 13.50                           | 11.71   | 1.79    | 15%      |
| Gold recovery          | %              | 96.4                            | 95.2    | 1.2     | 1%       |
| Gold produced          | ounces         | 344,747                         | 312,711 | 32,036  | 10%      |
| Silver produced        | ounces         | 489,724                         | 342,835 | 146,889 | 43%      |
| Gold sales             | ounces         | 336,059                         | 303,122 | 32,937  | 11%      |
| Silver sales           | ounces         | 484,550                         | 342,835 | 141,715 | 41%      |
| <b>Financial</b>       |                |                                 |         |         |          |
| Revenue                | A\$ million    | 484                             | 483     | 1       | –        |
| Depreciation           | A\$ million    | 110                             | 100     | 10      | 10%      |
| Cost of sales          | A\$ million    | 335                             | 274     | 61      | 22%      |
| Operating EBIT         | A\$ million    | 149                             | 209     | (60)    | (29%)    |
| All-In Sustaining Cost | A\$ million    | 277                             | 201     | 76      | 38%      |
| All-In Sustaining Cost | A\$/ounce sold | 823                             | 664     | 159     | 24%      |

Gosowong gold production and sales for the 12 months ended 30 June 2014 was 344,747 ounces and 336,059 ounces respectively, 10 percent and 11 percent higher than the prior year.

The higher gold production was primarily the result of higher grades with an increased proportion of higher grade ore sourced from Kencana and Toguraci underground mines and lower tonnes sourced from the lower grade Gosowong open pit due to the completion of open pit mining in July 2013. Total material treated was approximately five percent lower than the prior year.

Revenue for the 12 months ended 30 June 2014 of A\$484 million was A\$1 million higher than the prior year (A\$483 million). This result was due to the 11 percent increase in gold sales volumes being offset by a nine percent decrease in the realised gold price.

Cost of sales for the 12 months ended 30 June 2014 of A\$335 million was A\$62 million or 23 percent higher than the prior year (A\$273 million). This increase was primarily the result of changes in mining activity related to the ramp up of the higher grade Toguraci mine and the more difficult mining conditions encountered at Toguraci due to extreme heat, partially offset by a reduction in open pit costs following the completion of mining in the Gosowong pit.

Depreciation expense for the 12 months ended 30 June 2014 of A\$110 million was A\$10 million or 10 percent higher than the prior year (A\$100 million), primarily the result of higher gold production combined with the weakening of the Australian dollar against the US dollar.

All-In Sustaining Cost<sup>(27)</sup> per ounce sold for the 12 months ended 30 June 2014 of A\$823 per ounce (US\$756 per ounce) was A\$159 per ounce or 24 percent higher than the prior year (A\$664 or US\$682 per ounce). This outcome was primarily the result of higher sustaining capital spend per ounce sold related to Toguraci and Kencana mine development costs, the commencement of the lift of the tailings storage facility and installation of the refrigeration plant to manage underground heat issues at the Toguraci mine in the current year.

<sup>(27)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.



# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 5. REVIEW OF OPERATIONS (continued)

#### 5.5 Hidden Valley<sup>(28)</sup>

3.5 Hidden Valley

|                        |                | For the 12 months ended 30 June |         |         |          |
|------------------------|----------------|---------------------------------|---------|---------|----------|
| Measure                |                | 2014                            | 2013    | Change  | Change % |
| <b>Operating</b>       |                |                                 |         |         |          |
| Total material mined   | tonnes 000's   | 10,754                          | 10,869  | (115)   | (1%)     |
| Total material treated | tonnes 000's   | 2,001                           | 1,844   | 157     | 9%       |
| Gold head grade        | grams/tonne    | 1.87                            | 1.70    | 0.17    | 10%      |
| Gold recovery          | %              | 88.2                            | 84.7    | 3.5     | 4%       |
| Gold produced          | ounces         | 105,845                         | 85,004  | 20,841  | 25%      |
| Silver produced        | ounces         | 974,846                         | 856,328 | 118,518 | 14%      |
| Gold sales             | ounces         | 104,772                         | 84,272  | 20,500  | 24%      |
| Silver sales           | ounces         | 973,687                         | 870,046 | 103,641 | 12%      |
| <b>Financial</b>       |                |                                 |         |         |          |
| Revenue                | A\$ million    | 171                             | 155     | 16      | 10%      |
| Depreciation           | A\$ million    | 39                              | 47      | (8)     | (17%)    |
| Cost of sales          | A\$ million    | 182                             | 199     | (17)    | (9%)     |
| Operating EBIT         | A\$ million    | (11)                            | (44)    | 33      | 75%      |
| All-In Sustaining Cost | A\$ million    | 147                             | 203     | (56)    | (28%)    |
| All-In Sustaining Cost | A\$/ounce sold | 1,402                           | 2,407   | (1,005) | (42%)    |

Hidden Valley gold production and sales for the 12 months ended 30 June 2014 was 105,845 ounces and 104,722 ounces respectively, 25 percent and 24 percent higher than the prior year.

Silver production and sales for the 12 months ended 30 June 2014 was 974,846 ounces and 973,687 ounces respectively, 14 percent and 12 percent higher than the prior year.

Increased gold production was primarily the result of higher throughput and gold grade. The increase in mill throughput primarily reflects improved reliability during the current year. Increased gold grade was primarily the result of access to higher grade ore from Hidden Valley Stage 3.

Increased silver production was primarily the result of increased silver recovery, partially offset by reduced silver grade. Higher silver recoveries primarily reflect the benefit from commissioning of the oxygen plant in the current year. Lower silver grade reflects milling a higher proportion of milled tonnes from Hamata open pit in the current year, which contains minimal silver reserves.

Revenue for the 12 months ended 30 June 2014 of A\$171 million was A\$16 million or 10 percent higher than the prior year (A\$155 million). The increase in sales volumes for both gold and silver were partially offset by lower realised prices in the current year.

Cost of sales for the 12 months ended 30 June 2014 of A\$182 million was A\$18 million or nine percent lower than the prior year (A\$200 million). The current year benefited from a full year of operating the ore crusher at the head of the overland conveyor ('OLC'), resulting in increased availability and improved performance of the OLC system and a reduction in the proportion of tonnes being hauled to the mill by truck. The operation has also benefited from a broad set of cost and operational improvement initiatives, including rationalisation of contractor services and strategic sourcing projects driving reductions in material costs.

Depreciation expense for the 12 months ended 30 June 2014 of A\$39 million was A\$8 million or 17 percent lower than the prior year (A\$47 million), which reflects the reduced asset base as a result of the impairment to the carrying value of assets at Hidden Valley as at 30 June 2013.

All-In Sustaining Cost<sup>(29)</sup> per ounce sold for the 12 months ended 30 June 2014 of A\$1,402 per ounce (US\$1,288 per ounce) was \$1,005 per ounce or 42 percent lower than the prior year (A\$2,407 or US\$2,473 per ounce), reflecting increased gold sales, reduced site operating costs and lower sustaining capital expenditure.

<sup>(28)</sup> Newcrest's 50 percent interest in Hidden Valley shown.

<sup>(29)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

## 5.6 Bonikro

3.5 Bonito

|                        |                | For the 12 months ended 30 June |        |          |          |
|------------------------|----------------|---------------------------------|--------|----------|----------|
| Measure                |                | 2014                            | 2013   | Change   | Change % |
| <b>Operating</b>       |                |                                 |        |          |          |
| Total material mined   | tonnes 000's   | 12,059                          | 22,402 | (10,343) | (46%)    |
| Total material treated | tonnes 000's   | 1,974                           | 1,896  | 78       | 4%       |
| Gold head grade        | grams/tonne    | 1.62                            | 1.57   | 0.05     | 3%       |
| Gold recovery          | %              | 89.5                            | 94.4   | (4.9)    | (5%)     |
| Gold produced          | ounces         | 94,994                          | 90,350 | 4,644    | 5%       |
| Silver produced        | ounces         | 18,806                          | 18,377 | 429      | 2%       |
| Gold sales             | ounces         | 103,790                         | 86,220 | 17,570   | 20%      |
| Silver sales           | ounces         | 18,044                          | 15,875 | 2,169    | 14%      |
| <b>Financial</b>       |                |                                 |        |          |          |
| Revenue                | A\$ million    | 147                             | 135    | 12       | 9%       |
| Depreciation           | A\$ million    | 45                              | 26     | 19       | 73%      |
| Cost of sales          | A\$ million    | 154                             | 99     | 55       | 56%      |
| Operating EBIT         | A\$ million    | (8)                             | 36     | (44)     | (122%)   |
| All-In Sustaining Cost | A\$ million    | 124                             | 151    | (27)     | (18%)    |
| All-In Sustaining Cost | A\$/ounce sold | 1,193                           | 1,751  | (558)    | (32%)    |

Bonikro gold production and sales for the 12 months ended 30 June 2014 was 94,994 ounces and 103,790 ounces respectively, five percent and 20 percent higher than the prior year.

Increased production was primarily due to an increase in treated tonnes compared with the prior year and higher grades. These increases were partially offset by lower recovery, primarily impacted by ore type and characteristics that impacted the carbon in leach circuit performance. Gold sales were 20 percent higher than the prior year primarily as a result of timing of shipments of prior year production.

Revenue for the 12 months ended 30 June 2014 of A\$147 million was A\$12 million or nine percent higher than the prior year (A\$135 million). The increase in sales volumes for both gold and silver were primarily offset by realised prices in the current year which were nine percent lower for gold and 17 percent lower for silver compared with the prior year.

Cost of sales for the 12 months ended 30 June 2014 of A\$154 million was A\$54 million or 54 percent higher than the prior year (A\$100 million). In addition to an increase in sales volumes, the increase in cost of sales, and resulting negative operating EBIT, was primarily due to higher depreciation charges associated with mining ore from Stage 4 and the impact of net realisable adjustments on ore stockpiles.

Depreciation expense for the 12 months ended 30 June 2014 of A\$45 million was A\$19 million or 73 percent higher than the prior year (A\$26 million). The increase primarily reflects the amortisation of production stripping costs associated with a greater proportion of production sourced from Stage 4 of the open pit.

All-In Sustaining Cost<sup>(30)</sup> per ounce sold for the 12 months ended 30 June 2014 was A\$1,193 per ounce (US\$1,096 per ounce), A\$558 per ounce or 32 percent lower than the prior year (A\$1,751 or US\$1,798 per ounce). Production stripping to remove waste from Stage 4 of the open pit was completed in June 2013, resulting in lower sustaining capital in the current year.

<sup>(30)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 6. DISCUSSION AND ANALYSIS OF THE BALANCE SHEET

#### 6.1 Net assets and total equity

Newcrest's net assets and total equity decreased by A\$2,295 million, or 23 percent during the year to A\$7,707 million, primarily due to the asset impairments detailed earlier in this report (refer to section 2.7).

| A\$ million                             | As at 30 June  |                 | Change         | Change %     |
|-----------------------------------------|----------------|-----------------|----------------|--------------|
|                                         | 2014           | 2013            |                |              |
| <b>Assets</b>                           |                |                 |                |              |
| Cash and cash equivalent                | 141            | 69              | 72             | 104%         |
| Receivables                             | 169            | 178             | (9)            | (5%)         |
| Inventories                             | 1,958          | 2,194           | (236)          | (11%)        |
| Other financial assets                  | 24             | 28              | (4)            | (14%)        |
| Current tax asset                       | 65             | 58              | 7              | 12%          |
| Property, plant and equipment           | 4,683          | 5,544           | (861)          | (16%)        |
| Exploration, evaluation and development | 5,879          | 7,863           | (1,984)        | (25%)        |
| Goodwill                                | —              | 436             | (436)          | (100%)       |
| Other Intangible assets                 | 88             | 114             | (26)           | (23%)        |
| Deferred tax assets                     | 286            | 326             | (40)           | (12%)        |
| Investment in associate                 | 162            | 132             | 30             | 23%          |
| Other assets                            | 132            | 131             | 1              | 1%           |
| <b>Total assets</b>                     | <b>13,587</b>  | <b>17,073</b>   | <b>(3,486)</b> | <b>(20%)</b> |
| <b>Liabilities</b>                      |                |                 |                |              |
| Payables                                | (319)          | (620)           | 301            | 49%          |
| Borrowings                              | (4,076)        | (4,211)         | 135            | 3%           |
| Other financial liabilities             | (10)           | (71)            | 61             | 86%          |
| Provisions                              | (574)          | (594)           | 20             | 3%           |
| Deferred tax liabilities                | (901)          | (1,575)         | 674            | 43%          |
| <b>Total liabilities</b>                | <b>(5,880)</b> | <b>(7,071)</b>  | <b>1,191</b>   | <b>17%</b>   |
| <b>Net assets</b>                       | <b>7,707</b>   | <b>10,002</b>   | <b>(2,295)</b> | <b>(23%)</b> |
| <b>Equity</b>                           |                |                 |                |              |
| Equity – Newcrest interest              | (7,581)        | (9,863)         | 2,282          | 23%          |
| Non-controlling interests               | (126)          | (139)           | 13             | 9%           |
| <b>Total equity</b>                     | <b>(7,707)</b> | <b>(10,002)</b> | <b>2,295</b>   | <b>23%</b>   |

#### 6.2 Net debt and gearing

As at 30 June 2014, Newcrest had net debt, comprising total borrowings less cash, of A\$3,935 million, A\$207 million lower than the 30 June 2013 net debt position of A\$4,142 million. The decrease is primarily the result of cash balances being A\$72 million higher, a A\$38 million repayment on the bilateral loan facilities during the current year, and a A\$75 million retranslation of US dollar denominated debt resulting from a 30 June 2014 closing foreign exchange rate of \$0.9420, two percent higher than the 30 June 2013 closing foreign exchange rate of \$0.9275. Components of the movement in net debt are outlined in the table below.

|                                                           |              |
|-----------------------------------------------------------|--------------|
| <b>Net debt at 30 June 2013</b>                           | <b>4,142</b> |
| Net repayment on USD bilateral loan facilities            | (38)         |
| Retranslation of USD denominated debt                     | (75)         |
| Net decrease/(increase) in cash balances                  | (72)         |
| Net increase/(decrease) in finance leases and other items | (22)         |
| <b>Net debt at 30 June 2014</b>                           | <b>3,935</b> |

The gearing ratio (net debt to net debt and equity) as at 30 June 2014 was 33.8 percent, compared to 29.3 percent as at 30 June 2013.

| A\$ million                                   | As at 30 June |               |
|-----------------------------------------------|---------------|---------------|
|                                               | 2014          | 2013          |
| Total debt                                    | 4,076         | 4,211         |
| Less cash and cash equivalents                | (141)         | (69)          |
| <b>Net debt</b>                               | <b>3,935</b>  | <b>4,142</b>  |
| Equity                                        | 7,707         | 10,002        |
| <b>Total capital (net debt and equity)</b>    | <b>11,642</b> | <b>14,144</b> |
| <b>Gearing (net debt/net debt and equity)</b> | <b>33.8%</b>  | <b>29.3%</b>  |

### 6.3 Liquidity and debt facilities

During the current year Newcrest entered into three additional bilateral loan facilities (totalling additional aggregate facility amounts of US\$650 million), increasing the total committed amount under its bilateral loan facilities to US\$3,150 million. Of the available committed amount, US\$1,630 million was drawn as at 30 June 2014, which compares to US\$1,675 as at 30 June 2013. US\$1,520 million remains undrawn as at 30 June 2014.

In March 2014 and May 2014, Newcrest extended the average tenor of the majority of its existing bilateral loan facilities. The extension provides a smoother and longer average maturity profile for Newcrest's bilateral loan facilities, with no material change to terms and conditions, no increase in the total level of debt facilities and no increase in interest cost.

Newcrest has issued outstanding USD Senior Unsecured Notes under Rule 144A and Regulations of the US Securities Act, comprising:

| Notes value     | Due date         | Coupon rate | Issue date    |
|-----------------|------------------|-------------|---------------|
| US\$750 million | 15 November 2021 | 4.45%       | November 2011 |
| US\$250 million | 15 November 2041 | 5.75%       | November 2011 |
| US\$750 million | 1 October 2022   | 4.20%       | October 2012  |
| US\$250 million | 15 November 2041 | 5.75%       | October 2012  |

Newcrest also has US\$230 million of long-term Senior Unsecured Notes issued into the United States Private Placement market, comprising:

| Notes value     | Due date    | Coupon rate | Issue date |
|-----------------|-------------|-------------|------------|
| US\$105 million | 11 May 2015 | 5.70%       | May 2005   |
| US\$100 million | 11 May 2017 | 5.70%       | May 2005   |
| US\$25 million  | 11 May 2020 | 5.70%       | May 2005   |

During the year PT Nusa Halmahera Minerals entered into US\$50 million loan facility with one bank. This is an unsecured revolving facility maturing in January 2015. This facility remains undrawn.

## 7. NON-IFRS FINANCIAL INFORMATION

Underlying profit, EBIT, EBITDA, Free Cash Flow, All-In Sustaining Cost and Return on Capital Employed are non-IFRS financial measures which Newcrest employs in managing the business. They have been included in the Operating and Financial Review to provide additional insight and understanding of business performance for users of this financial information. When reviewing business performance this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS.

These measures do not have any standard definition under IFRS and may be calculated differently by other companies. The tables below reconcile these non-IFRS measures to the most appropriate IFRS measure.

The reconciliation of free cash flow to the cash flow statement can be found in section 4.1.

### 7.1 Reconciliation of Statutory profit to Underlying profit

Underlying profit is reported by Newcrest to provide greater understanding of the underlying business performance of its operations. Underlying profit excludes significant items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature. Examples include gains/losses and other costs incurred for acquisitions and disposals of mining interests and asset impairment and write-down charges. Underlying profit and Statutory profit both represent amounts attributable to Newcrest shareholders.

The following table provides a reconciliation of Statutory profit to Underlying profit:

| A\$ million                                                   | For the 12 months ended 30 June 2014 |              |                          |                |
|---------------------------------------------------------------|--------------------------------------|--------------|--------------------------|----------------|
|                                                               | Before tax                           | Tax          | Non-controlling interest | After tax      |
| <b>Profit after tax attributable to Newcrest shareholders</b> |                                      |              |                          |                |
| <b>'Statutory profit/(loss)'</b>                              | <b>(2,725)</b>                       | <b>510</b>   | <b>(6)</b>               | <b>(2,221)</b> |
| Research and development tax claim amendment                  | –                                    | 120          | –                        | 120            |
| Impairment loss                                               | 3,128                                | (747)        | (17)                     | 2,364          |
| Asset write-downs                                             | 174                                  | (52)         | –                        | 122            |
| Inventory write-downs                                         | 35                                   | (11)         | –                        | 24             |
| Investment in Evolution – investment impairment reversal      | (11)                                 | –            | –                        | (11)           |
| Restructure costs                                             | 46                                   | (12)         | –                        | 34             |
| <b>Total of significant items</b>                             | <b>3,372</b>                         | <b>(702)</b> | <b>(17)</b>              | <b>2,653</b>   |
| <b>Underlying profit</b>                                      | <b>647</b>                           | <b>(192)</b> | <b>(23)</b>              | <b>432</b>     |

| A\$ million                                                   | For the 12 months ended 30 June 2013 |              |                          |                |
|---------------------------------------------------------------|--------------------------------------|--------------|--------------------------|----------------|
|                                                               | Before tax                           | tax          | Non-controlling interest | After tax      |
| <b>Profit after tax attributable to Newcrest shareholders</b> |                                      |              |                          |                |
| <b>'Statutory profit/(loss)'</b>                              | <b>(6,199)</b>                       | <b>419</b>   | <b>(3)</b>               | <b>(5,783)</b> |
| Impairment loss                                               | 6,147                                | (564)        | (27)                     | 5,556          |
| Asset write-downs                                             | 166                                  | (50)         | –                        | 116            |
| Inventory write-downs                                         | 177                                  | (47)         | (2)                      | 128            |
| De-recognition of deferred tax assets                         | –                                    | 105          | –                        | 105            |
| Investment in Evolution – share of associates impairment      | 122                                  | –            | –                        | 122            |
| Investment in Evolution – investment impairment               | 151                                  | –            | –                        | 151            |
| Restructure costs                                             | 72                                   | (21)         | –                        | 51             |
| <b>Total of significant items</b>                             | <b>6,835</b>                         | <b>(577)</b> | <b>(29)</b>              | <b>6,229</b>   |
| <b>Underlying profit</b>                                      | <b>636</b>                           | <b>(158)</b> | <b>(32)</b>              | <b>446</b>     |

### 7.2 Reconciliation of Underlying profit to EBITDA

| A\$ million                                          | For the 12 months ended 30 June |              |
|------------------------------------------------------|---------------------------------|--------------|
|                                                      | 2014                            | 2013         |
| <b>Underlying profit</b>                             | <b>432</b>                      | <b>446</b>   |
| less non-controlling interest in controlled entities | (23)                            | (32)         |
| less income tax expense                              | (192)                           | (158)        |
| less net finance costs                               | (174)                           | (109)        |
| <b>EBIT</b>                                          | <b>821</b>                      | <b>745</b>   |
| less depreciation and amortisation                   | (693)                           | (728)        |
| <b>EBITDA</b>                                        | <b>1,514</b>                    | <b>1,473</b> |



# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 7. NON-IFRS FINANCIAL INFORMATION (continued)

#### 7.3 Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales

'All-In Sustaining Cost' and 'All-In Cost' is a non-IFRS measure which Newcrest has adopted from 2013. This non-IFRS measure was developed in conjunction with other members of the World Gold Council. The 'All-In Sustaining Cost' measure more fully defines the costs associated with producing gold from current operations.

|                                                             | For the 12 months ended 30 June |                    |              |                    |
|-------------------------------------------------------------|---------------------------------|--------------------|--------------|--------------------|
|                                                             | 2014                            |                    | 2013         |                    |
|                                                             | \$A million                     | A\$ per ounce sold | \$A million  | A\$ per ounce sold |
| <b>Gold sales (koz)<sup>(31)</sup></b>                      | <b>2,386</b>                    |                    | <b>2,032</b> |                    |
| <b>Cost of sales</b>                                        | <b>3,059</b>                    | <b>1,282</b>       | <b>2,764</b> | <b>1,360</b>       |
| less depreciation                                           | (664)                           | (278)              | (706)        | (347)              |
| less by-product revenue                                     | (681)                           | (285)              | (626)        | (308)              |
| plus corporate costs                                        | 105                             | 44                 | 110          | 54                 |
| plus sustaining exploration                                 | 7                               | 3                  | 32           | 16                 |
| plus capitalised stripping and underground mine development | 197                             | 82                 | 452          | 222                |
| plus sustaining capital expenditure                         | 298                             | 125                | 572          | 281                |
| plus other <sup>(32)</sup>                                  | 8                               | 3                  | 9            | 5                  |
| <b>All-In Sustaining Cost<sup>(33)</sup></b>                | <b>2,329</b>                    | <b>976</b>         | <b>2,607</b> | <b>1,283</b>       |
| plus non-sustaining capital expenditure                     | 354                             | 148                | 1,374        | 677                |
| plus non-sustaining exploration and other                   | 55                              | 23                 | 156          | 76                 |
| <b>All-In Cost<sup>(33)</sup></b>                           | <b>2,738</b>                    | <b>1,147</b>       | <b>4,137</b> | <b>2,036</b>       |

<sup>(31)</sup> Sales for the 12 months ended 30 June 2014 excludes 18,675 pre-commissioning and development sales gold ounces and 1,770 tonnes of copper for the Cadia East project. Sales for the 12 months ended 30 June 2013 includes 22,695 pre-commissioning sales gold ounces, and 1,879 tonnes of copper for the Cadia East project. Expenditure associated with these sales are capitalised and not included in the operating cost calculations.

<sup>(32)</sup> Other includes rehabilitation accretion and amortisation and other costs categorised as sustaining.

<sup>(33)</sup> All-In Sustaining Cost and All-In Cost metrics are as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013.

#### 7.4 Reconciliation of Return on Capital Employed (ROCE)

ROCE is 'Return on Capital Employed' and is reported by Newcrest to provide greater understanding of the underlying business performance of its operations. ROCE is calculated as EBIT expressed as a percentage of average total capital employed (net debt and equity).

| A\$ million                                                             | As at 30 June |               |
|-------------------------------------------------------------------------|---------------|---------------|
|                                                                         | 2014          | 2013          |
| EBIT                                                                    | 821           | 745           |
| Total capital (net debt and equity) – as at 30 June 2012                |               | 17,183        |
| Total capital (net debt and equity) – as at 30 June 2013                | 14,144        | 14,144        |
| Total capital (net debt and equity) – as at 30 June 2014                | 11,642        |               |
| <b>Average total capital employed</b>                                   | <b>12,893</b> | <b>15,664</b> |
| <b>Return on Capital Employed (EBIT/average total capital employed)</b> | <b>6.4%</b>   | <b>4.8%</b>   |

### 8. RISKS

Newcrest's business, operating and financial results and performance are subject to various risks and uncertainties, many of which are beyond the Company's reasonable control. Set out below are matters which the Company has assessed as having the potential to have a material adverse effect on the business, operating and/or financial results and performance of the Company. These matters may arise individually, simultaneously or in combination.

The matters identified below are not necessarily listed in order of importance and are not intended as an exhaustive list of all of the risks and uncertainties associated with Newcrest's business. Additional risks and uncertainties not presently known to management, or that management currently believes to be immaterial or manageable, may adversely affect Newcrest's business.

#### Market price of gold and other commodities

Commodity prices are volatile and may be subject to short-term changes, which may be severe, and to price adjustments of a longer term nature. For example, following a prolonged period of annual increases in the gold price, culminating in a high of approximately US\$1,900 per ounce<sup>(34)</sup> in September 2012, the gold price experienced its largest price change in more than twenty years in April 2013 and finished the 2013 financial year at approximately US\$1,250 per ounce<sup>(34)</sup>. Newcrest's average realised gold price during the 2014 financial year was US\$1,292 per ounce.

Commodity prices are affected by numerous factors beyond Newcrest's control, including macroeconomic conditions (such as financial and banking stability, global and regional political and economic events, inflation, changes in interest rates and the relative strength of the US dollar), speculative positions taken by investors or traders, actual or expected gold sales by central banks, changes in supply or demand for gold, gold hedging and de-hedging by producers, and production and cost levels in major gold producing regions.

Examples of the potential impact of commodity prices include (but are not limited to):

- Revenue from Newcrest's operations is linked to the realised prices for commodity products. For example, in the 2015 financial year a US\$10 per ounce change in the average gold price realised by Newcrest is estimated to have an impact of approximately A\$25 million on Newcrest's total revenue from operations<sup>(35)</sup>.
- Copper and silver revenue provides by-product credits against Newcrest's operating costs for gold production. As a result, the commodity price realised by Newcrest for copper and silver (and any other by-product) will impact upon the costs per ounce of gold production. For example, in the 2015 financial year a US\$0.05 per pound change in the average copper price realised by Newcrest is estimated to have an impact of approximately A\$9 million on Newcrest's total revenue from operations<sup>(36)</sup>.
- Material changes in commodity prices may change the economic viability of mining operations, particularly higher cost mining operations, which may result in decisions to alter production plans or the suspension or closure of mining operations.
- Reductions in the revenue realised by Newcrest from mining operations may result in Newcrest curtailing or suspending its exploration activities, with the result that depleted reserves may not be replaced, and the market value of Newcrest's gold or copper inventory may be reduced.

<sup>(34)</sup> Source: World Gold Council (<http://www.gold.org/investment/interactive-gold-price-chart>).

<sup>(35)</sup> Calculation based on the mid-point of Newcrest's 2015 financial year gold production guidance (2.2 to 2.4 million ounces) and assuming a fixed US\$:A\$ exchange rate of 0.93.

<sup>(36)</sup> Calculation based on the mid-point of Newcrest's 2015 financial year copper production guidance (75 to 85 thousand tonnes) and assuming a fixed US\$:A\$ exchange rate of 0.93.

In addition, historical and current commodity price performance may impact upon Newcrest's assumptions regarding future commodity prices which, in turn, may impact upon Newcrest's current and future operating, business and financial performance and results. Examples of the potential impact of changes to assumptions regarding future commodity prices, alone or in combination with other factors such as foreign exchange rates, include (but are not limited to):

- Changes to assumptions regarding future commodity prices may result in changes to proposed project developments or the deferral or abandonment of current or future project development;
- A decline in the assumptions regarding future commodity prices (alone, or in combination with other material assumptions) may result in a reduction of Newcrest's estimates of Mineral Resources and Ore Reserves; and
- Changes in assumptions regarding future commodity prices may impact upon the assessment of the carrying values of Newcrest's assets for accounting purposes.

### Foreign exchange rates

The majority of Newcrest's revenue is realised in, or linked to, the US dollar on the basis that commodities are sold globally based on US dollar prices. By contrast, the majority of Newcrest's operating costs are denominated in the relevant local currency. As a result, relative strengthening of local currency (particularly the Australian dollar) against the US dollar will impact upon Newcrest's operating, business and financial performance and results. For example, in the 2015 financial year a A\$0.01 change in the AUD/USD exchange rate is estimated to have an impact of approximately A\$22 million on Newcrest's EBIT in the 2015 financial year<sup>(37)</sup>.

Similarly to assumptions regarding future commodity prices, assumptions regarding future foreign exchange rates, alone or in combination with other factors, may impact upon continuing operations, project development decisions, Mineral Resource and Ore Reserves estimates and the assessment of the carrying value of Newcrest's assets.

### Increased costs and production inputs

Operating costs are frequently subject to variations from one year to the next due to a number of factors, including changing ore grade and metallurgy, revisions to mine plans in response to the physical shape and location of an ore body and/or changes to meet external economic conditions, and the level of sustaining capital required to maintain operations.

Operating costs and capital expenditure are, to a significant extent, driven by the cost of commodity inputs consumed in mining (including fuel, chemical reagents, explosives, tyres, electricity and steel), labour costs and realised by-products such as copper and silver, each of which may be subject to volatile price movements. Increases in costs may have a material adverse effect upon the profitability of existing mining operations. Newcrest's ability to lower its cost profile and meet projected operating cost targets at its mines and returns anticipated from new mining projects, could make certain mines or projects uneconomic, and could impact the assessment of the carrying value of Newcrest's assets.

### Operating risks and hazards

Newcrest's mining operations are subject to operating risks and hazards including (without limitation) unanticipated ground conditions, industrial incidents, infrastructure and equipment under-performance or failure, shortage of principal supplies, transportation and aviation issues in relation to the Company's workforce (including FIFO transportation arrangements) and equipment, environmental incidents, safety-related incidents, interruptions and delays due to community issues, and natural events such as seismic activity and severe weather conditions (including floods and drought).

A key operational risk for Newcrest is the availability of power and water to support mining and mineral processing activities, particularly at Newcrest's remotely located assets. Even a temporary interruption of power or water supply could adversely affect an operation.

Newcrest's operations in Indonesia and Papua New Guinea are in areas known to be seismically active and are subject to the risks of earthquakes and related risks of tidal surge and tsunami, which are difficult to predict. Some of Newcrest's operations may also experience other specific operating challenges, such as the underground risks at Gosowong relating to temperature and ground conditions.

Newcrest faces particular geotechnical, geothermal and hydrological challenges, in particular due to the trend toward mining deeper more mature pits, more complex deposits and the use of bulk underground mining techniques. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical instability and hydrological impacts.

There are a number of risks and uncertainties associated with the block caving and panel caving mining methods being applied or proposed to be applied by Newcrest at its Cadia Valley Operations. Risks include a deposit that may not cave as anticipated, the formation of air pockets during cave propagation, the wide spans needed give rise to a risk of unplanned ground movement due to changes in stresses in the surrounding rock and the risk of unplanned release of material and/or water through drawbells and ventilation shafts.

In addition, the success of Newcrest at some of its operations, including the Lihir operation, depends, in part, upon the implementation of Newcrest's engineering solutions to particular hydrological and geothermal conditions. At Lihir, for example, significant removal of both groundwater and sea water inflow and geothermal control is required before and during mining. A failure to resolve any unexpected problems relating to these conditions at a commercially reasonable cost could adversely affect the economics, safety or feasibility of Newcrest's operations.

### Future operating and capital cost requirements

Newcrest's operating, business and financial performance and results will be impacted by the extent to which Newcrest's operating cash flows are able to fund its operating and capital expenditure requirements. To the extent that Newcrest's operating cash flows are insufficient to meet its current and future operating and capital expenditure requirements, Newcrest may need to draw on available debt facilities or seek additional funding through asset divestitures, further equity or debt issue, or additional bank debt (or some combination of these), or Newcrest may need to defer operating or capital expenditure.

Newcrest's ability to service current funding arrangements and to raise and service any additional funding or to meet conditions applicable to current or future funding arrangements, will be a function of a number of factors, including (without limitation) macroeconomic conditions, future gold and copper prices, Newcrest's credit rating, operational cash flow and production performance. If Newcrest is unable to obtain additional funding on acceptable terms in these circumstances, Newcrest's business, operating and financial performance and results may be impacted.

### Exploration, project evaluation and project development

Newcrest's current and future business, operating and financial performance and results are impacted by the discovery of new mineral prospects and actual performance of developing and operating mines, which may differ significantly from estimates determined at the time the relevant project was approved for development. Newcrest's current or future development activities may not result in expansion or replacement of current production, or one or more new productions sites or facilities may be less profitable than anticipated or may not be profitable at all.

Newcrest's ability to sustain or increase its current level of production in the future is in part dependent on the success of its exploration activities in replacing gold and copper reserves depleted by production, the development of new projects and the expansion of existing operations. In the last decade the time from discovery to production has increased significantly as a result of a variety of factors, including increases in capital requirements, environmental considerations and the complexity and depth of ore bodies.

<sup>(37)</sup> Calculation based on the mid-point of Newcrest's 2015 financial year guidance for production, operating costs, capital and exploration costs, and assuming average realised prices of US\$1,250 per ounce of gold, US\$3.00 per pound of copper and US\$20.0 per ounce of silver, and a starting US\$:A\$ exchange rate of 0.93.

# Directors' Report

## OPERATING AND FINANCIAL REVIEW

### 8. RISKS (continued)

#### Exploration, project evaluation and project development (continued)

In the absence of exploration success, or additions to Newcrest's mineral inventory to support future operations through development activities, expansions or acquisitions, Newcrest will be unable to replace ore reserves depleted by operations.

Exploration activities are speculative in nature and often require substantial expenditure on exploration drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material.

Once mineralisation is discovered it may take several years to determine whether adequate Ore Reserves exist to support a development decision and to obtain necessary ore body knowledge to assess the technical and economic viability of mining projects. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including commodity prices, currency exchange rates, the required return on capital and future cost of development and mining operations.

#### Maintaining title

Newcrest's production, development and exploration activities are subject to obtaining and maintaining the necessary titles, authorisations, permits and licences, and associated land access arrangements with the local community, which authorise those activities under the relevant law (Authorisations). There can be no guarantee that Newcrest will be able to successfully obtain and maintain relevant Authorisations, or obtain and maintain relevant Authorisations on terms acceptable to Newcrest, to support its activities, or that renewal of existing Authorisations will be granted in a timely manner or on terms acceptable to Newcrest.

Authorisations held by or granted to Newcrest may also be subject to challenge by third parties which, if successful, could impact on Newcrest's exploration, development and/or mining activities. For example, in New South Wales, a privately owned exploration company called Gold & Copper Resources Pty Ltd has initiated a series of legal proceedings seeking to challenge the validity of Authorisations granted to Newcrest (or its subsidiaries) in relation to mining and exploration activities at the Cadia Valley Operations. None of the proceedings to date has resulted in Newcrest losing any of its Authorisations.

#### Law and regulation

Newcrest's current and future mining, development and exploration activities are subject to various laws, policies and regulations governing the development and mining of mineral deposits, taxation and royalties, import and export duties and restrictions, exchange controls, foreign investment approvals, employee and community relations, and environmental and other matters. A failure to comply with legal requirements may result in enforcement action being taken against Newcrest with potentially material consequences, including financial penalties, suspension of operations and forfeiture.

In a number of jurisdictions where Newcrest has existing interests, the legal framework is increasingly complex, subject to change and becoming more onerous. In particular, Newcrest is subject to extensive laws and regulation in relation to the environment and workplace health and safety.

Mining operations and development activities have inherent risks and liabilities associated with potential harm to the environment and the management of waste products. A key consideration in Newcrest's operations is the management of waste. Newcrest is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable environmental laws and regulations. Estimates of closure and rehabilitation liabilities are based principally on current legal and regulatory requirements and actual costs may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward mine closure and associated closure and rehabilitation costs.

Newcrest's production, development and exploration activities are also subject to extensive generic and mining-specific health and safety laws and regulations. Changes to these laws may result in material additional expenditure or interruption to Newcrest's activities in order to comply with changing requirements.

#### Political, economic, social and security risks

Newcrest's production, development and exploration activities are subject to the political, economic, social and other risks and uncertainties in the jurisdictions in which those activities are undertaken. Such risks are unpredictable and have become more prevalent in recent years. In particular, in recent years there has been an increasing social and political focus on:

- the revenue derived by governments and other stakeholders from mining activities, which has resulted in announced reviews of the fiscal regimes<sup>(38)</sup> applicable to mining in a number of the jurisdictions in which Newcrest has interests (including Australia, Papua New Guinea, Côte d'Ivoire and Indonesia); and
- resource nationalism, with the announcement of proposed reforms regarding government or landowner participation in mining activities, greater limits on foreign ownership of mining or exploration interests and/or forced divestiture (with or without adequate compensation), and broad reform agenda in relation to mining legislation, environmental stewardship and local business opportunities and employment.

Recent examples of reviews announced in jurisdictions in which Newcrest has mining and/or exploration interests include (without limitation):

- In Indonesia (where Newcrest's 75 percent owned Gosowong operations are located), in the context of the review of the Gosowong Contract of Work, the Government may seek to reduce the size of the tenement holding, impose requirements for additional local equity participation, and make changes to the fiscal regime that applies to the project.
- In Papua New Guinea, the Government is undertaking a broad review of mining laws, with potential reforms extending the level of local equity participation in projects, more stringent requirements for local participation in mining-related businesses, local mineral smelting and processing, and broader changes to the regulatory regime for mining and related activities.
- In Australia, the Government of Western Australia is reviewing the state's royalty rates, having previously indicated that an increase in the royalty rate for gold could be considered.
- In Côte d'Ivoire, the Government undertook a review of its mining code, resulting in a new mining code and associated changes that amended the royalty rate for gold from three percent royalty rate to a rate of three percent to six percent linked to the gold price.

There can be no certainty as to what changes, if any, will be made to relevant laws in the jurisdictions where the Company has current interests, or other jurisdictions where the Company may have interest in the future, or the impact that relevant changes may have on Newcrest's ability to own and operate its mining and related interests and to otherwise conduct its business in those jurisdictions.

<sup>(38)</sup> Fiscal reviews announced variously include review of royalty rates, taxation rates, mining and related levies and imposts, local business partnerships, local mineral processing requirements and equity participation.

### Community relations

A failure to manage relationships with the communities in which Newcrest operates may lead to local dissatisfaction, which, in turn, may lead to interruptions to Newcrest's production, development and exploration activities. Particular challenges in community relations are increasing expectations regarding the level of benefits that communities receive and the level of transparency regarding the application of compensation and other benefits to affected landowners.

In addition, there is an increasing level of community concern relating to the perceived effect of mining activities on the environment and on the communities located near such activities. Adverse publicity generated by non-government-organisations or others relating to extractive industries generally, or Newcrest specifically, could have an adverse impact on Newcrest's reputation or financial condition and may impact on Newcrest's relationships with the communities in which it operates. No assurance can be given that incidents will not arise that generate community concerns associated with Newcrest's operations and potentially cause disruptions until resolved.

Typically, where Newcrest has exploration activities, development projects or operations, it enters into agreements with local landowners. These agreements include compensation and other benefits and may be subject to periodic review. The negotiation and/or review of community agreements, including compensation and other benefits, involves complicated and sensitive issues, associated expectations and often competing interests, which Newcrest seeks to manage respectfully. The nature and subject matter of these negotiations may result in community unrest which, in some instances, results in interruptions to Newcrest's activities.

For example, the community agreements in place with customary landowners in relation to Newcrest's Lihir operation in Papua New Guinea are the subject of an ongoing review process. The duration of the review process is a result of the important issues covered by the agreements and the competing interests of different landowner groups. During the ongoing review process, and in the context of the previous review (FY2003–07), the Lihir operations have experienced disruptions as a result of community unrest regarding the progress of the review negotiations and intra-community issues. There is no guarantee that this won't happen again in the future.

### Resources and reserves

Mineral Resources and Ore Reserves estimates are necessarily imprecise and involve subjective judgements regarding a number of factors including (not limited to) grade distribution or mineralisation, the ability to economically extract and process mineralisation, and future commodity prices, exchange rates and operating costs. Such estimates relate to matters outside Newcrest's reasonable control and involve statistical analysis, which may subsequently prove to be unreliable or flawed.

Newcrest's annual Mineral Resources and Ore Reserves statement is based upon a number of factors, including (without limitation) actual exploration drilling and production results, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. These factors may result in reductions in Newcrest's Mineral Resources and Ore Reserves estimates, which could adversely affect the life-of-mine plans and may impact upon the value attributable to Newcrest's mineral inventory and/or the carrying value of one or more of Newcrest's assets.

### Reliance on contractors

Some aspects of Newcrest's production, development and exploration activities are conducted by contractors. As a result, Newcrest's business, operating and financial performance and results are impacted upon by the availability and performance of contractors and the associated risks.

### Marketing

Newcrest produces mineral concentrates which are exported by ocean vessels to smelters, located predominantly in Asia, with associated risks including (without limitation) fluctuating smelter charges, marine transportation charges and inland freight charges. Transportation of the concentrate is also subject to numerous risks including (without limitation) delays in delivery of shipments, terrorism, loss of or reduced access to export ports, weather conditions and environmental liabilities in the event of an accident or spill. Sales of concentrate may also be adversely impacted by disruption at the operations of one or more of the receiving smelters and consequent declarations of force majeure at such smelters. Additionally, the quality of mineral concentrates, including the presence of impurities and deleterious, is subject to restrictions on import which vary in foreign jurisdictions and may impact upon the saleability or price realised for the mineral concentrate.

### Human resources and industrial relations

Newcrest competes with mining and other companies to attract and retain key employees and third party contractors with appropriate technical skills and managerial experience necessary to continue to operate its business. There can be no assurance that Newcrest will be able to attract and retain skilled and experienced personnel and, should Newcrest lose any of its key personnel or fail to attract personnel, its business may be harmed and its results of operations and financial condition could be adversely affected.

Newcrest may be impacted by industrial relations issues in connection with its employees and the employees of Newcrest's contractors and suppliers. Any such activity could cause production delays, increased labour costs and adversely impact Newcrest's ability to meet its production forecasts.

In a number of jurisdictions where Newcrest has mining and related interests, there are also local requirements or expectations regarding the extent to which local and national persons are directly engaged in the mining and related activities, which may result in disruptions to Newcrest's activities where relevant requirements and/or expectations are not met. There can be no assurance that disruptions will not occur in the future which may have an adverse effect on Newcrest's business. Similarly, there can be no assurance that Newcrest will be able to attract and retain suitably qualified and experienced local or national personnel, or that unskilled persons trained by Newcrest will be retained, in the future.

### Competition for projects to replace Ore Reserves

Significant gold deposits are becoming more difficult to find (fewer discoveries), are deeper and often in remote and more challenging jurisdictions. The declining rate of discovery of new gold deposits has, in recent years, increased the challenge of replacing the mining depletion of existing resources and reserves throughout the global gold sector. Newcrest faces intense competition for acquisition of attractive exploration and mining properties to replace reserves depleted by mining. As a result of this competition, exploration and acquisitions may not result in Newcrest being able to maintain or increase its Ore Reserves which could negatively impact its future business, operating and financial performance and results.

Newcrest evaluates potential acquisition and development opportunities for mineral deposits, exploration or development properties and operating mines, either as stand-alone assets or as parts of companies. Newcrest's decision to acquire or develop these properties is based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent and quality of mineralisation, resources and reserves, assessment of the potential for further discoveries or growth in resources and reserves, cash and other operating costs, development and capital costs, future commodity prices, projected economic returns and evaluations of existing or potential liabilities associated with the relevant assets and how these factors may change in future. Other than historical operating results (if applicable), these factors are uncertain and could have an impact on revenue, cash and other operating results, as well as the process used to estimate Mineral Resources and Ore Reserves.



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## OPERATING AND FINANCIAL REVIEW

### 8. RISKS (continued)

#### Joint arrangements and non-controlling interests

Newcrest has material joint venture interests and subsidiaries with non-controlling interests, including its interests in the Morobe Mining Joint Ventures in Papua New Guinea<sup>(39)</sup>, the Gosowong mine in Indonesia, the Bonikro mine in Côte d'Ivoire and the Namosi project in Fiji. Various circumstances or events may have a material adverse impact on Newcrest's interests held in these entities, including (but not limited to) disagreement with joint venture partners and non-controlling interests on how to develop and operate the mines or projects efficiently, inability of joint venture partners to meet their financial and other joint venture commitments and particular risks associated with entities where a sovereign State holds an interest, including the extent to which the State intends to engage in project decision making and the ability of the State to fund its share of project costs.

#### New acquisitions

Newcrest's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any such acquisitions could have a material adverse effect on its business, operating results and financial condition. Business combinations and acquisitions entail a number of risks including the effective integration of acquisitions to realise synergies, significant one-time write offs or restructuring charges, and unanticipated costs and liabilities, including unforeseen plant and equipment reliability issues. Newcrest may also be liable for the acts or omissions of predecessors or otherwise exposed to liabilities that were unforeseen or greater than anticipated.

#### Macro-economic conditions

Newcrest's operating performance and financial performance is influenced by a variety of macro-economic and business conditions including the level of inflation, interest rates, exchange rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, change or deterioration in the rate of economic growth including changes to interest rates or decrease in consumer and business demand, could be expected to ultimately have an impact on Newcrest's business, results of operations or financial condition and performance.

#### Uninsured risks

In addition to maintaining insurances required by law, Newcrest maintains an insurance program for property damage and business interruption designed to protect it against events which could have a significant adverse effect on its operations and profitability. Newcrest's insurances do not cover all potential risks associated with its business. Newcrest may elect not to insure, or to self-insure against certain risks, where the premiums associated with insuring against those risks are considered to be excessive or for various other reasons, including an assessment that the risks are remote. Further, Newcrest's insurance policies carry deductibles and limits which apply in the event of a claim which may lead to Newcrest not recovering the full monetary impact of an insured event, and are subject to policy terms and conditions (including exclusions) which may impact on the extent to which a relevant policy responds to the circumstances of a claim. The occurrence of events for which Newcrest is not insured, or in respect of which relevant insurances do not respond fully, may adversely affect Newcrest's cash flows and overall profitability.

#### Refinancing risk

In addition to cash flows from operating activities, Newcrest has a range of debt facilities with external financiers – including unsecured bilateral loan facilities, corporate unsecured senior notes (or 'bonds') and private placement unsecured notes. Newcrest has sought to structure these debt facilities to have varying maturities so that its refinancing obligations are staged. Although Newcrest currently generates sufficient funds to service its debt requirements, no assurance can be given that Newcrest will be able to meet its financial covenants when required or be able to refinance the debt prior to its expiry on acceptable terms to Newcrest. If Newcrest is unable to meet its financial covenants when required or refinance its external debt on acceptable terms to the Company, its financial condition and ability to continue operating may be adversely affected.

#### Litigation

Litigation has the potential to materially impact upon Newcrest's business, operating and financial performance and results. Regardless of the ultimate outcome of litigation (which may be subject to appeal), and whether involving regulatory action or civil claims, litigation may have a material impact on the Company as a result of the costs associated with litigation (some of which may not be recoverable) and the management time associated with defending litigation.

The notes to Newcrest's Financial Statements provide details regarding certain current and potential litigation involving the Company.

#### Forward looking statements

Newcrest provides guidance on aspects of its business including production, cost and capital expenditure which relate to matters in the future (forward looking statements). Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from those indicated in the forward looking statements.

Forward looking statements are based on the Company and its management's assessment of the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. There can be no assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company.

<sup>(39)</sup> The Morobe Mining Joint Ventures comprise the Hidden Valley mine unincorporated joint venture, which holds the Hidden Valley operation, the Wafi-Golpu unincorporated joint venture, which holds the Wafi-Golpu exploration project, and the Morobe exploration unincorporated joint venture, which holds a portfolio of exploration tenements in the Morobe Province in Papua New Guinea.

## LETTER FROM THE CHAIRMAN AND THE CHAIRMAN OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, we are pleased to introduce Newcrest's Remuneration Report for the year ended 30 June 2014.

### 30 June 2014 Performance and Remuneration Outcomes

After a period of major investment and a sustained fall in the gold price, challenging cost and production targets were set for financial year 2014. During the year, safety performance improved, gold production of 2.4 million ounces exceeded guidance and was 14 percent higher than the prior period, and group All-In Sustaining Cost was reduced by 24 percent. The objective to be free cash flow positive was also met reflecting the focus on cash generation.

With respect to the Company's Short Term Incentive ('STI') scheme, performance against Group measures (represented by safety, costs and earnings) exceeded the targets set at the beginning of the STI performance period. In assessing STI outcomes the Board had regard to the fatality at Telfer during the year, the outcome of the Australian Securities and Investment Commission ('ASIC') investigation of the Company in relation to contravention of the continuous disclosure rules under the Corporations Act announced on 2 July 2014, and the loss after tax of A\$2,221 million (which includes A\$2,353 million in post-tax asset impairment charges). The Board has accordingly exercised its discretion to make adjustments which it considers appropriate to the STI outcomes.

This is the second consecutive year that the Board has exercised its discretion in relation to STI awards with the agreement of the relevant Executives. In financial year 2013 it exercised its discretion and reduced STI vesting outcomes to between zero and eight percent for all Executives, reflecting the Company's performance in a challenging operating environment. In financial year ended 30 June 2013 the CEO's STI was zero. In each year, the Board has given careful and detailed consideration to the exercise of its discretion, and to the final adjustment to outcomes, bearing in mind the above circumstances. Details of STI performance outcomes against Group and personal measures for the year ended 30 June 2014 and the outcomes for each Executive Director and Executive Manager are set out in section 6.1.

The 2010 Long Term Incentive ('LTI') plan vested in November 2013. Based on performance against the applicable measures, the calculated vesting outcome would have been 53.6 percent for LTI participants (compared with vesting of 78.0 percent for the prior year). However, the Board took into account the Company's financial performance and broader circumstances in the 2013 financial year and agreed, in consultation with the Executives, that the vesting outcome would be reduced by 50 percent, reducing the actual percentage of LTI awarded to Executives down to 26.8 percent. Based on the share price at the time of vesting, this represented 7.6 percent of the value of the rights when issued. The 2011 LTI will vest in September 2014. Although the vesting outcome is not yet known, it is anticipated based on performance against applicable measures that the calculated vesting will be low, noting on present indications that the Return on Capital Employed (ROCE) measure will deliver a zero outcome and reserves growth measures are likely to deliver a low outcome.

Executives received no increase in fixed annual remuneration in the 2014 financial year.

### Newcrest Remuneration Review

Over the past 12 months the Board, with the assistance of the Human Resources & Remuneration Committee, and KPMG as its independent remuneration adviser, has undertaken a comprehensive review of Newcrest's Executive remuneration policy and framework, in consultation with major shareholders and stakeholders. We have reviewed the relationship between reward and corporate and personal performance, the design of the LTI and STI schemes, relevant performance measures and levels of fixed and 'at risk' pay. In broad terms, the Board has confirmed the Company's existing remuneration framework and policy, including the design of the LTI and STI schemes, but has made changes to these which, in its view, will deliver closer alignment of performance and reward and will strengthen the Company's focus on its strategic priorities.

Key outcomes of the review, which will be implemented in the 2015 financial year, are set out in section 3.4 and 3.5 and include the following:

- Adjusting existing LTI measures to ensure that alignment with key strategic growth objectives and long-term shareholder value creation is maintained and strengthened, including through

replacement of reserves and resource depletion supplemented by additional detailed and specific corporate strategic performance goals pertaining to organisational health, diversity and growth;

- Adding a one year 'holding lock' on selling or dealing in LTI shares post vesting, in addition to the current three year vesting period;
- Adjusting aspects of the STI performance measures to strengthen the current focus including optimising existing operations, maintaining growth opportunities and maximising free cash flow;
- Introducing a clawback policy for both the LTI and STI schemes, entitling the Company to recoup or reduce awards of equity or cash; and
- Formalising an overriding Board discretion to adjust STI and LTI reward results to avoid anomalous outcomes.

### CEO succession – Sandeep Biswas

Sandeep Biswas succeeded Greg Robinson as Newcrest's new CEO on 4 July 2014. Details of his remuneration were announced to the market on 23 April 2014 and are detailed in section 5.3.1. Sandeep's remuneration package was negotiated in the context of a highly competitive recruitment process and sits between the median remuneration and 75th percentile against CEO remuneration paid for Newcrest's chosen comparator group of companies – being the ASX 11-40 (including Industrials Energy and Materials) companies, and Global Gold companies.

### CEO transition – Greg Robinson

Greg Robinson was succeeded by Sandeep Biswas as Newcrest's CEO on 4 July 2014. Details of his remuneration arrangements upon leaving Newcrest were announced to the market on 23 April 2014 and are detailed in section 5.4.1. He received a payment in lieu of the unworked portion of his notice period and his statutory entitlements (unused annual and long service leave) in accordance with the terms of his Executive Service Agreement. He did not receive any other termination payment. Under the relevant LTI Plan Rules, he retains unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He will receive an STI payment of \$1.026 million for the year ended 30 June 2014 in the normal STI cycle, based on performance against applicable measures.

### Other Executive Leadership Team Changes

In addition to the CEO transition, a number of Executives left the Company during the year. These included Lawrie Conway, Executive General Manager Commercial and West Africa; Stephen Creese, Executive General Manager Corporate Affairs; Brett Fletcher, Executive General Manager Lihir Operations; Scott Langford, General Counsel and Company Secretary; and Peter Smith, Executive General Manager Australian and Indonesian Operations. Debra Stirling, Executive General Manager People and Communications, also left the Company on 4 July 2014. Details of their entitlements on leaving Newcrest are set out in section 5.2 of this report.

Two new appointments were made to the Executive Leadership Team during the year. David Woodall joined the Company as Executive General Manager International Operations on 20 February 2014 and Francesca Lee was appointed as General Counsel and Company Secretary on 31 March 2014. Details in relation to these appointments are set out in section 5.3.2 of this report. Post 30 June 2014, Jane Thomas was appointed as Executive General Manager Human Resources and Communications.

As a result of these changes, the Company's Executive Leadership Team is smaller, reflecting Newcrest's current priorities and its focus on operating discipline and cash generation.

In conclusion, Newcrest remains committed to ensuring that, consistent with the Board's strategy and policy, Newcrest's Executive remuneration framework and outcomes continue to attract and retain high calibre executives and employees, reward them with appropriate levels of remuneration, and drive strong individual and Group performance in the interests of both the Company and its shareholders.



Peter Hay  
Chairman



Richard Lee  
Chairman,  
HR and Remuneration Committee

18 August 2014

# Directors' Report

## REMUNERATION REPORT

### 1. REMUNERATION REPORT

This Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy and framework and the arrangements adopted by the Board for the year ended 30 June 2014. This report has been prepared in accordance with section 300A of the *Corporations Act 2001* and its regulations.

This Remuneration Report details the remuneration of the Company's Key Management Personnel, being the Company's Non-Executive Directors whose names appear in section 10.3, and the Executives whose names appear in section 5.2. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. In this Report, the term 'Executive' refers to the Managing Director, Finance Director and Chief Operating Officer and the other Key Management Personnel who are not Directors.

This report has been audited under section 308(3C) of the *Corporations Act 2001*.

This report is signed in accordance with a resolution of the Directors.

#### 1.1 Contents

1. Remuneration Report
2. Remuneration Governance
3. Executive Remuneration Strategy And Framework
4. Remuneration Components
5. Executive Service Agreements
6. Remuneration Outcomes
7. Statutory Remuneration Disclosures
8. Remuneration Outlook
9. Other Executive Disclosures
10. Non-Executive Director Remuneration
11. Remuneration Consultants

### 2. REMUNERATION GOVERNANCE

#### 2.1 Remuneration Committee

The role of the Human Resources and Remuneration Committee is to review, advise and formulate recommendations to the Board in relation to matters within its Charter, to refer these to the Board for determination, and to oversee implementation and administration of major components of the Company's Board-approved remuneration strategy.

Further details about the Human Resources and Remuneration Committee, its membership, functions and operation, are set out in the Corporate Governance section of the Annual Report. The Human Resources and Remuneration Committee Charter is available on the Company's website:

[www.newcrest.com.au/about-us/corporate-governance](http://www.newcrest.com.au/about-us/corporate-governance)

#### 2.2 Remuneration Consultants

The Company engages the services of independent and specialist remuneration consultants from time to time to provide recommendations on Executive remuneration. Remuneration consultants are engaged by the Non-Executive Directors and provide remuneration advice in accordance with the requirements of section 300A of the *Corporations Act 2001*. Remuneration recommendations are made free from any undue influence and a formal declaration to this effect is obtained from each relevant remuneration consultant. Details of remuneration consultants appointed and fees paid to them during the year ended 30 June 2014 are set out in section 11.

#### 2.3 Securities Dealing Policy

The Company's Executives participate in the equity-based Long Term Incentive Plan ('LTI') which forms part of their 'at risk' remuneration. Rights granted under the LTI (which is described in detail in section 4.3) do not vest until after a three year performance period.

The Company has a Securities Dealing Policy which prohibits the use by Executives and employees of derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Company's equity incentive schemes, whether or not they are vested. The policy also prohibits entry into transactions in associated products that operate to limit the economic risk of their security or interest holdings in the Company. The Directors and the Company Secretary are not permitted to enter into margin loans in relation to Newcrest securities at any time and other designated employees must seek approval from the Company Secretary if they intend to enter into such transactions. The Securities Dealing Policy forms part of each employee's terms of employment.

The Securities Dealing Policy is available on the Company's website: [www.newcrest.com.au/about-us/corporate-governance](http://www.newcrest.com.au/about-us/corporate-governance)

#### 2.4 Clawback Policy

The Company provides Executives with two elements of remuneration which are performance based: a Short Term Incentive ('STI') and the LTI. Both of these are determined in part by the Company's financial performance.

The Board has adopted a clawback policy, to be included in the 2015 financial year STI and LTI Plan Rules. This will entitle the Board to recoup or reduce awards of cash and equity should these subsequently be found to have been excessive or inappropriate due to circumstances including a participant's fraud or misconduct, a material misstatement or other event or error in the financial statements of Newcrest or the Newcrest Group, or other circumstances which the Board determines in good faith have resulted in an inappropriate benefit.

For the year ended 30 June 2014, STI and LTI Plan Rules included provisions pursuant to which, at the Board's discretion, participants may forfeit entitlements to receive cash or unvested equity remuneration including due to fraudulent conduct. During the year ended 30 June 2014 no performance-based remuneration was recouped pursuant to these provisions.

#### 2.5 Board Discretion

An overriding Board discretion will be introduced into the 2015 financial year STI and LTI Plan Rules. This will enable an adjustment to anomalous STI and LTI outcomes to properly reflect performance and to ensure alignment of awards of at-risk remuneration with group strategy and long-term shareholder value creation.

### 3. EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

#### 3.1 Remuneration Strategy

The Board's remuneration policy is to provide market-competitive levels of remuneration for Executives, having regard to both the size and complexity of the Company, and the level of work and the impact that those Executives can have on Company performance. Newcrest's policy is to offer a competitive total remuneration package for Executives, benchmarked against comparable companies in Australia and global mining companies.

The key elements of the remuneration strategy are:

- Appropriate levels of at-risk performance pay to encourage, recognise and reward high performance;
- Company performance measures which align performance incentives with the long-term interests of shareholders;
- Attraction and retention of talented, high performing executives; and
- A remuneration structure that provides the appropriate balance in risk and reward sharing between each participant and the Company.

The Board, in consultation with the Human Resources and Remuneration Committee, reviewed the Company's remuneration strategy during the year ended 30 June 2014, as part of the Board's broader remuneration review. The Board confirmed that the Company's remuneration strategy remained appropriate. The Board also believes that performance incentives remain aligned with the long-term interests of shareholders.

Further details of the outcomes of the Board's remuneration review, to be implemented during the 2015 financial year, are set out in section 8 of this report.

#### 3.2 Remuneration Framework and Mix

Executive remuneration comprises both fixed and variable components. Fixed remuneration is set with reference to fixed remuneration paid by a comparator group of companies for comparable roles, being the ASX 11-40, Global Gold and ASX Industrials, Energy and Materials 11-40. The policy also seeks to align the interests of Executives and shareholders by ensuring an appropriate level of at-risk performance pay across the Company, linking incentives and performance measures to both Company and individual performance. Performance linked compensation includes both short and long-term incentives, and is designed to reward Executives for increasing shareholder value by meeting or exceeding their Company and, where applicable, individual objectives.

#### 3.3 Relationship Between Policy and Corporate Performance

The Board takes the view that employee incentive schemes are important elements of remuneration that provide tangible incentives to Executives to improve the Company's performance in both the short term and the longer term.

To ensure the remuneration policy fully supports the Company's commitment to high performance and to continue to attract high calibre talent, remuneration levels must be competitive, but oriented towards variable, performance-based incentives. These involve meeting robust performance hurdles to increase shareholder value and deliver variable rewards depending on the achievement of those hurdles.

#### 3.4 Executive Remuneration Review

The Board reviewed the Company's Executive remuneration strategy, policy and practices during the year ended 30 June 2014. This review encompassed the structure of the STI and LTI schemes, STI and LTI performance hurdles, quantum and mix of remuneration, and the Company's remuneration governance framework, against its strategic corporate priorities. In undertaking the review, the Board consulted extensively with key shareholders and stakeholders and appointed KPMG as its independent remuneration advisor. The key outcomes of the review are being implemented with effect from commencement of the 2015 financial year as set out below.

#### Strategy and Policy

The Company's remuneration strategy and policy, as stated above, were confirmed by the Board, noting particular focus on performance measures aligned with long-term value drivers in the gold sector.

#### Remuneration Benchmarking

The Board determined that the comparative benchmarks most relevant to Newcrest for remuneration purposes were those for comparable roles in the ASX 11-40 (including ASX Energy, Industrials and Materials companies) and Global Gold companies.

#### Remuneration Targets

Executive remuneration packages will target fixed pay at the 50th percentile and total remuneration packages (fixed plus 'at risk') at the 75th percentile for equivalent/comparable roles, tailored to reflect the relative experience and particular skills of the individuals in those roles.

#### STI Plan

The Board reviewed the Company's STI Plan and concluded that it remains appropriate and effective in driving individual Executive and Company performance, consistent with the Company's remuneration strategy and policy.

The Board determined that it would retain three of the four current 'group' performance measures – Safety, Earnings and Costs. In relation to the Safety measure, a stronger focus on timely close-out of actions arising from Significant Potential Incidents ('SPIs'), being incidents that had the potential for fatality or serious injury, will be maintained with a view to driving future reduction and prevention of these incidents.

In relation to the fourth 'group' measure, the Board determined that this should continue to be selected at the beginning of each STI year, but with an emphasis on outcomes which drive key aspects of corporate strategy. For the 2015 financial year, the measure will be generation of free cash flow.

With respect to the four STI 'personal' measures, the Board again determined that these should be retained, but set each year with a focus on individual contributions to achievement of strategic corporate cost and efficiency outcomes with the former 'discretionary' personal measure to be set on the same principles.

The Board has increased the weighting of Company measures to 60 percent (previously 44 percent), see section 4.2.1, on the basis of the ability of Executives to influence Company outcomes through their personal actions.

#### LTI Plan

In relation to the current LTI performance measures – Comparative Costs, Return on Capital Employed (ROCE), and Reserves Growth – the Board confirmed that it would retain three equally weighted measures.

The Board considers that the Comparative Costs measure continues to be relevant and effective in driving performance.

The ROCE measure remains relevant and will continue as an LTI measure, subject to adjustment of its vesting scale to ensure that it remains achievable and effective as an incentive in the present operating environment.

With respect to Reserves Growth, the Board, noting the Company's substantial long-life reserves base, takes the view that further reserves growth of itself is less of a priority in the immediate future, and has chosen reserves and resources depletion replacement as an alternative measure, to be supplemented by achievement of additional clearly defined strategic corporate priorities.

Further details of changes to the LTI and STI schemes are set out in the tables at section 8 of this report.

#### 3.5 STI and LTI governance

##### 'Holding lock' on Vested LTI Shares

The LTI vesting period remains three years, but for participating Executives, an additional one year 'lock' on sale or dealing in vested LTI shares will be introduced in the 2015 financial year.

##### Clawback for STI and LTI

As detailed in section 2.4, the Board determined that a clawback policy will be introduced into both the STI and LTI schemes.

##### Overriding Board Discretion

As detailed in section 2.5, the Board determined that an overriding Board discretion will be introduced in the 2015 financial year STI and LTI Plan Rules, which will enable adjustment of STI and LTI results to avoid anomalous outcomes.



# Directors' Report

## REMUNERATION REPORT

### 4. REMUNERATION COMPONENTS

The Company's Executive reward structure consists of the following three elements:

- Fixed remuneration;
- At-risk cash remuneration; and
- At-risk equity-based remuneration.

#### 4.1 Fixed Annual Remuneration

The Board annually reviews and determines fixed remuneration for the Managing Director. The Managing Director does the same with respect to his direct reports, the Executive Management Group, subject to the Board's oversight. Fixed annual remuneration, inclusive of the required superannuation contribution amount, is reviewed annually following the end of the financial year. Any adjustment is effective October of that year. There was no adjustment in October 2013.

Fixed remuneration for Executives as at 30 June 2014 is set out in section 5.2.

#### 4.2 Variable Cash Remuneration – STI Plan

The STI Plan is designed to align reward to the Company's strategy and performance. The Plan includes both Company and personal measures.

The quantum of the entitlement is based on a percentage of each Executive's fixed remuneration. For the year ended 30 June 2014, the STI at target performance for Executives was set at 60 percent of fixed annual remuneration (80 percent for the Chief Operating Officer) with a maximum possible award of up to 120 percent of fixed annual remuneration (160 percent for the Chief Operating Officer).

##### 4.2.1 STI Performance Measures

Under the 30 June 2014 financial year STI, approximately 44 percent of the STI outcome depended on Company performance and approximately 56 percent on individual personal performance. In the 2015 financial year this allocation will shift to a 60 percent weighting on Company performance and a 40 percent weighting on personal measures.

#### Company Performance Measures

These relate to:

- Safety;
- Earnings;
- Costs; and
- One further Company performance measure determined annually.

Each measure has equal weighting in the overall Company performance outcome.

The 'Safety' measure is based 50 percent on Total Recordable Injury Frequency Rate (TRIFR) and 50 percent on actioning of the safety risk list. The measures quantify how much of the primary and secondary safety risk lists must be actioned to achieve the measures. The safety measure is seen as critical to the successful operation of the Company's business.

'Earnings' relates to targets for net profit after tax and minority interests before significant items. The earnings target is a direct financial measurement of the Company's performance. The results are adjusted for the effect of commodity prices, foreign exchange rates and other items determined by the Board.

'Costs' relates to All-in-Sustaining Costs ('AISC'). AISC is a metric calculated with reference to the World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013. The AISC cost measurement more fully defines the costs associated with producing gold from operations.

The other Company performance measure is a discretionary assessment by the Board of the overall performance of the Company in areas of key strategic performance. In the year ended 30 June 2014, the Board in assessing discretionary performance took into account the fact that the Company had met or exceeded the majority of its production, costs and financial targets.

#### Personal Performance Measures

Personal performance is measured against a set of Key Performance Indicators established by the Board for the Managing Director and by the Managing Director in consultation with the Board for the other Executives. The Key Performance Indicators aim to encourage exceptional performance in the areas that will help drive the Company's longer-term strategy. The discretionary component is based on achievement of personal goals and overall work performance.

The personal performance measures for the Executives for the year ended 30 June 2014 included role specific elements relating to matters such as delivery of key corporate objectives, delivery of capital projects, development of processes and building capacity, productivity, cost measures and positioning future growth opportunities.

Each performance measure (other than the discretionary measure) has an upper limit that caps the outcome of the performance measure and a minimum threshold below which the measured performance outcome is zero.

For the year ended 30 June 2014, personal performance measures for Greg Robinson, the former Managing Director, were set by the Board to align with the Company's strategic goals:

- Operations – achievement of production and costs outcomes against budget and guidance;
- Portfolio and balance sheet integrity;
- Group performance against budget and the contribution of the Executive team to achieving this based on defined deliverables around projects, operational performance and other key areas of responsibility in each case; and
- Corporate strategy, including operating discipline, costs reduction and cash generation.

Deliverables against which the performance of other Executives were measured included, as relevant, production delivery and performance for each operation, cost and capital outcomes for operations and projects, province planning, and broader corporate strategic planning and outcomes.

Details of the STI outcomes for the Managing Director and CEO and for each other Executive are set out in section 6.1 of this report.

#### 4.2.2 Summary of the key features of the STI Plan

|                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is the Short Term Incentive Plan?                                      | An incentive plan, under which Executives are, subject to satisfaction of specified performance measures, granted a cash amount based on a percentage range of each Executive's fixed remuneration. Performance is assessed against a combination of Company and individual measures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| What is the period over which the performance is assessed?                  | The assessment period is the financial year preceding the payment date of the STI (i.e. 1 July to 30 June).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| When is the STI grant paid to Executives?                                   | The STI amount will be paid to each Executive who satisfies applicable performance measures in October 2014, following assessment of performance during the year ended 30 June 2014 performance period against the pre-determined measures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Why does the Board consider the STI an appropriate incentive?               | An STI is a globally recognised form of reward for management, aimed at ensuring focus and alignment with Company goals and strategy. Based on both Company and individual measures, and in conjunction with other factors, the Board believes that it helps encourage and reward high performance.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| What are the performance conditions under the STI?                          | The performance conditions under the 2014 financial year STI comprise Company performance measures and personal performance measures.<br>Company performance measures relate to:<br>– safety;<br>– earnings;<br>– costs; and<br>– one further discretionary Company performance measure assessed by the Board.<br>Personal performance measures are specific to each Executive's role.                                                                                                                                                                                                                                                                                                                                                                            |
| What is the relationship between Company performance and allocation of STI? | Performance against Company objectives is measured in the range of 0 to 125 percent and a minimum performance threshold must be exceeded to achieve a positive outcome. Overall Company performance is measured as the simple average of achieved performance against the four Company objectives.<br>Performance against each personal performance objective is measured on a scale of 0 percent to 160 percent and the overall personal performance is measured as the simple average of the outcomes on the above four personal measures.<br>Overall performance is calculated as Company performance multiplied by personal performance. The actual award of STI is calculated by multiplying the overall performance rating by the participant's target STI. |
| In what circumstances are STI entitlements forfeited?                       | Where, prior to conclusion of the relevant performance period, a participant is dismissed for cause, or resigns from employment, prior to conclusion of the performance period, the STI amount will be forfeited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| What happens to STI entitlements if an Executive leaves the Company?        | Pro-rata treatment extends to all STI participants other than those who resign or are dismissed for cause. Payment of the STI is not accelerated on cessation of employment, but instead is paid in the normal STI cycle. This is to ensure that STI is only paid where performance over the period meets, or exceeds, the agreed performance measures.                                                                                                                                                                                                                                                                                                                                                                                                           |
| What happens to STI entitlements upon a change of control in the Company?   | Upon a change of control event (as described in the plan rules), the Board must determine the extent, if any, to which early vesting on a full or a pro-rated basis is the appropriate outcome in all the circumstances.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

#### 4.3 Variable Equity-Based Remuneration – LTI Plan

##### 4.3.1 LTI Grant

The LTI grant comprises an allocation of performance rights based on a percentage of each Executive's fixed annual remuneration. For the Executive Directors the award is based on performance rights with a face value equal to 100 percent of fixed annual remuneration and for the other Executives, performance rights with a face value equal to 60 percent. This grant constitutes the maximum award of performance shares at the conclusion of the performance period.

An LTI grant was made in September 2013 with a performance period ending on 30 June 2016. This grant will vest, subject to satisfaction of applicable performance conditions, on 23 September 2016.

# Directors' Report

## REMUNERATION REPORT

### 4. REMUNERATION COMPONENTS (continued)

#### 4.3 Variable Equity-Based Remuneration – LTI Plan (continued)

##### 4.3.2 LTI Performance Measures – year ended 30 June 2014

The Company performance measures, assessed over a three-year performance period, are three equally weighted performance measures:

- Comparative Cost Position;
- Reserves Growth; and
- Return on Capital Employed ('ROCE').

Each LTI measure was chosen by the Board as it is a key driver of Company performance. Reserves Growth and Comparative Cost Position are drivers of shareholder value in a gold mining company, and ROCE is a direct measure of capital efficiency. Performance against each measure accounts for one third of Performance Rights, which may vest in any grant of LTI entitlements. All outcomes of the three LTI performance measures are independently reviewed and verified.

| Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Performance Metric                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Comparative Cost Position</b> <p>The Company's measure for the Comparative Cost Position Performance Condition is the 'All-in Sustaining Costs' ('AISC') measure, as determined and reported in accordance with the World Gold Council Guidance Note on Non-GAAP Metrics: All-in Sustaining Costs and All-in Costs adopted by the Company in relation to costs reporting.</p> <p>The AISC is an extension of the existing 'Cash Cost' metric and incorporates costs related to sustaining production. GFMS data is used for performance measurement over the LTI's three-year vesting period. The comparison is made by ranking the Company's performance against all other producers included in the GFMS Precious Metals Cost Service in accordance with their AISC.</p>                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"><li>– At or above the 50th percentile leads to a zero award of these Performance Rights;</li><li>– Less than the 50th percentile but at or above the 25th percentile leads to a 50 percent award of these Performance Rights;</li><li>– Below the 25th percentile but at or above the 10th percentile leads to an 80 percent award of these Performance Rights;</li><li>– Below the 10th percentile leads to a 100 percent award of these Performance Rights.</li></ul> <p>Straight line vesting occurs between each of these thresholds.</p> |
| <b>Reserves Growth</b> <p>This is an absolute performance measure that refers to the growth in total in situ ore reserves at the end of each performance period, net of mining depletion. Reserves growth is an absolute and objective measure, based on the Company's reserves figures. Broadly, the increase in reserves will determine the number of rights granted.</p> <p>The performance measure for Reserves Growth applicable for the 2010 and subsequent LTI grants allows a proportion of the Reserves Growth to be contributed by growth in copper reserves after depletion (in gold equivalent ounces). The contribution from copper reserves growth is capped at 30 percent of the applicable total Reserves Growth performance target of 15 million ounces (or 4.5 million ounces). The performance measure is based on absolute growth in reserves (as opposed to a percentage increase).</p> <p>The opening balance of gold reserves for the 2010 LTI Plan Reserve Growth performance measure included reserves attributable to Lihir, which was acquired in August 2010.</p> | <ul style="list-style-type: none"><li>– Zero Reserves Growth after depletion leads to a zero award of these Rights;</li><li>– Reserves Growth after depletions at or above 15 million ounces leads to a 100 percent vesting of these Performance Rights.</li></ul> <p>Straight line vesting occurs between these thresholds.</p>                                                                                                                                                                                                                                                |
| <b>ROCE</b> <p>This is an absolute measure, defined as underlying earnings before interest and tax (EBIT), divided by average capital employed, being shareholders' equity plus net debt.</p> <p>ROCE for each of the three years of the performance period is averaged to determine the number of Performance Rights that may be exercised in relation to this performance measure.</p> <p>Average capital employed is calculated as a simple average of opening and closing balances. If material equity transactions (for example, significant equity issuances or asset impairments) occur such that the simple average is not representative of actual performance, the average capital employed is adjusted for the effect of these transactions. For the 2010 LTI Plan, which vested in the 2014 financial year, average capital employed was calculated on a pre June 2013 asset impairment basis, resulting in a lower level of vesting for this performance measure.</p>                                                                                                            | <ul style="list-style-type: none"><li>– ROCE below 7 percent leads to a zero award of these Performance Rights;</li><li>– ROCE from 7 percent and below 17 percent leads to an award of 10 percent of these Performance Rights per percentage point above 7 percent;</li><li>– ROCE at or above 17 percent leads to 100 percent of these Performance Rights vesting.</li></ul>                                                                                                                                                                                                  |

#### 4.3.3 Summary of the Key Features of the LTI Plan

|                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is the LTI?                                                                            | An incentive plan under which Executives are granted rights to receive ordinary fully paid shares in the Company (Performance Rights). Vesting and exercise of the Performance Rights is contingent on the Company achieving certain performance hurdles over a set performance period.                                                                                                                                                                                                                                                           |
| Who participates in the LTI?                                                                | The Executive Directors, the other Executives and management participate in the LTI.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Why does the Board consider the LTI an appropriate incentive?                               | The LTI is designed to reward participants for Company performance and to align Executives with the long-term interests of shareholders by linking a significant proportion of at-risk remuneration to the Company's future performance.                                                                                                                                                                                                                                                                                                          |
| What are the key features of the LTI?                                                       | <p>Performance Rights issued under the LTI are conditional rights for the holder to subscribe for fully paid ordinary shares in the Company.</p> <p>No amount is payable by a participant upon grant of the Performance Rights (unless the Board determines otherwise), or upon the exercise of the Performance Rights once vested.</p> <p>Each Performance Right entitles the holder to subscribe for one ordinary share.</p> <p>Performance Rights do not vest (and are not exercisable) if the minimum performance conditions are not met.</p> |
| In what circumstances are LTI entitlements forfeited?                                       | The LTI amount will be forfeited upon cessation of employment prior to conclusion of the performance period in circumstances where a participant is either dismissed for cause, resigns from employment, or is guilty of fraud.                                                                                                                                                                                                                                                                                                                   |
| What are the performance conditions under the LTI?                                          | <p>Performance Rights issued under the LTI Plan are subject to three performance measures based on:</p> <ul style="list-style-type: none"> <li>– Comparative Cost Position;</li> <li>– Reserves Growth; and</li> <li>– Return on Capital Employed (ROCE).</li> </ul> <p>Performance against each of these measures accounts for one third of any award made to participants.</p>                                                                                                                                                                  |
| Why did the Board choose the above performance hurdles?                                     | The Board considers that these performance measures are key factors which impact on the Company's share price and which drive the value of the Company over the long term.                                                                                                                                                                                                                                                                                                                                                                        |
| What is the maximum number of Performance Rights that may be granted to an LTI participant? | The maximum number of Performance Rights that may be granted is determined by the level of equity based remuneration applicable to each Executive.                                                                                                                                                                                                                                                                                                                                                                                                |
| What is the period over which Company performance is assessed?                              | The assessment period is the three financial years commencing on 1 July in the year the grant is issued.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| When do the Performance Rights vest?                                                        | Performance Rights vest and may be exercised three years after the date of grant, provided performance conditions are met.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| How are shares provided to participants under the LTI?                                      | Once Performance Rights have vested and are exercised, shares are generally transferred from the Company's share plan trust, having previously been bought on market by the trustee. The plan rules also enable for the shares to be issued by the Company to eligible LTI participants as new capital.                                                                                                                                                                                                                                           |
| Is the benefit of participation in the LTI affected by changes in the share price?          | Yes, Executives are issued rights to shares under the LTI and will therefore be affected in the same way as all other shareholders by changes in the Company's share price. The value Executives receive through participation in the LTI will be reduced if the share price falls during the performance period and will increase if the share price rises over the performance period.                                                                                                                                                          |
| Are the performance conditions re-tested?                                                   | No, the performance conditions are only tested once at the end of the three-year performance period.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| What happens to LTI entitlements upon a change of control in the Company?                   | Upon a change of control event (as described in the plan rules), the Board must determine the extent, if any, to which early vesting on a full or a pro-rated basis is the appropriate outcome in all the circumstances.                                                                                                                                                                                                                                                                                                                          |



# Directors' Report

## REMUNERATION REPORT

### 5. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other key terms of employment for the Executives are formalised in Executive Service Agreements.

Appointment under each Executive Service Agreement is for an indefinite duration and may be terminated by the relevant Executive giving three months written notice and the Company by giving 12 months written notice or payment in lieu of the notice period (or in lieu of that part not worked) to the Executive. Subject to compliance with other conditions as set out in the *Corporations Act 2001*, the maximum termination payment for Executives is calculated as being the average fixed annual remuneration over the previous three years. Statutory entitlements of accrued annual and long service leave and any superannuation benefits are payable upon termination of employment.

The terms of remuneration under each Executive Service Agreement during year ended 30 June 2014 comprised:

- Fixed annual remuneration – for each Executive's details see section 5.2 of this report;
- STI of 60 percent at target with a maximum of up to 120 percent of base salary, (other than for the Chief Operating Officer whose STI was 80 percent at target with a maximum of 160 percent), dependent upon meeting specified personal and Company performance targets, where the maximum is achievable only for 'outstanding' performance; and
- LTI in accordance with the Company's LTI plan, equal to 100 percent of base salary for the Executive Directors and 60 percent for each of the other Executives.

Section 5.2 lists each Executive who was party to an Executive Service Agreement during the year ended 30 June 2014 and each position held.

#### 5.1 Relative Proportion of Remuneration at Target which is Performance Based for the Year Ended 30 June 2014

| Position                                      | Not at risk        | At risk          |                 |
|-----------------------------------------------|--------------------|------------------|-----------------|
|                                               | Fixed remuneration | Short term (STI) | Long term (LTI) |
| Managing Director and Chief Executive Officer | 38%                | 24%              | 38%             |
| Finance Director and Chief Financial Officer  | 38%                | 24%              | 38%             |
| Chief Operating Officer                       | 36%                | 28%              | 36%             |
| Other Executives                              | 46%                | 27%              | 27%             |

The mix of fixed and performance-based variable remuneration shows the allocations available if target performance is achieved for both the short and long-term incentives. The actual percentages received will vary between years and Executives depending on performance outcomes. The outcomes for the year ended 30 June 2014 are provided in section 6.1.

#### 5.2 Executive Service Agreements in Place in the Year Ended 30 June 2014

This section lists each of the Executive Service Agreements in place or entered into during the year ended 30 June 2014 financial year. This section reflects the composition and structure of the Executive Committee (and former executives), including restructured operational and functional roles, as at 30 June 2014.

| Name                          | Positions held during the year                                 | Date Appointed to Position | Date Ceased Holding Position | Fixed Annual Remuneration at 30 June 2014 \$ |
|-------------------------------|----------------------------------------------------------------|----------------------------|------------------------------|----------------------------------------------|
| Greg Robinson <sup>(1)</sup>  | Managing Director and Chief Executive Officer                  | July 2011                  | 4 July 2014                  | 2,000,000                                    |
| Sandeep Biswas <sup>(2)</sup> | Chief Operating Officer                                        | 1 January 2014             | 4 July 2014                  | 1,500,000                                    |
| Gerard Bond                   | Finance Director and Chief Financial Officer                   | January 2012               | Not applicable               | 918,000                                      |
| Geoff Day <sup>(3)</sup>      | Executive General Manager Sustainability and External Affairs  | April 2013                 | Not applicable               | 728,280                                      |
| Craig Jones <sup>(4)</sup>    | Executive General Manager Australian Operations and Projects   | 20 February 2014           | Not applicable               | 770,000                                      |
|                               | Executive General Manager Australian and Indonesian Operations | 10 July 2013               | 20 February 2014             |                                              |
|                               | Executive General Manager Projects and Asset Management        | July 2012                  | 10 July 2013                 |                                              |
| Francesca Lee                 | General Counsel and Company Secretary                          | 31 March 2014              | Not applicable               | 700,000                                      |
| Colin Moorhead                | Executive General Manager Minerals                             | January 2008               | Not applicable               | 801,108                                      |
| Debra Stirling <sup>(5)</sup> | Executive General Manager People and Communications            | January 2008               | 4 July 2014                  | 780,300                                      |
| David Woodall                 | Executive General Manager International Operations             | 20 February 2014           | Not applicable               | 800,000                                      |

## 5.2 Executive Service Agreements in Place in the Year Ended 30 June 2014 (continued)

| Name                          | Positions held during the year                                 | Date Appointed to Position | Date Ceased Holding Position | Fixed Annual Remuneration (as at cessation date) \$ |
|-------------------------------|----------------------------------------------------------------|----------------------------|------------------------------|-----------------------------------------------------|
| Lawrie Conway <sup>(6)</sup>  | Executive General Manager Commercial and West Africa           | July 2011                  | 31 March 2014                | 728,280                                             |
| Stephen Creese <sup>(7)</sup> | Executive General Manager Corporate Affairs                    | November 2009              | 1 July 2013                  | 836,400                                             |
| Brett Fletcher <sup>(8)</sup> | Executive General Manager Lihir Operations                     | March 2011                 | 28 February 2014             | 811,512                                             |
| Scott Langford <sup>(9)</sup> | General Counsel and Company Secretary                          | July 2012                  | 22 November 2013             | 728,280                                             |
| Andrew Logan <sup>(10)</sup>  | Executive General Manager Technology                           | July 2011                  | 1 March 2014                 | 728,280                                             |
| Peter Smith <sup>(11)</sup>   | Executive General Manager Australian and Indonesian Operations | August 2010                | 2 August 2013                | 811,512                                             |

<sup>(1)</sup> On 4 July 2014 Greg Robinson was succeeded by Sandeep Biswas as Newcrest's Managing Director and Chief Executive Officer. He received a payment in lieu of the unworked portion of his notice period and his statutory entitlements in accordance with the terms of his Executive Service Agreement. He did not receive a termination payment. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures.

<sup>(2)</sup> On 4 July 2014 Sandeep Biswas was appointed Managing Director and Chief Executive Officer. Details of his remuneration package and new Executive Services Agreement from that date were announced to the market on 23 April 2014 and are set out in section 5.3.1.

<sup>(3)</sup> On 10 July 2014 the Company announced the resignation of Geoff Day to the market. He will leave the Company during the September 2014 quarter, on a date to be advised. He will be paid his statutory entitlements and will forfeit his unvested LTI performance rights. He will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures.

<sup>(4)</sup> In addition to his role as Executive General Manager Australian and Indonesian Operations, Craig Jones was also Acting Chief Operating Officer for the period 11 November 2013 to 31 December 2013.

<sup>(5)</sup> On 4 July 2014 Debra Stirling left the Company. She received payment in lieu of her notice period in accordance with the terms of her Executive Service Agreement and her statutory entitlements. Under the relevant LTI Plan Rules, she retained unvested LTI performance rights, pro-rated to her cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. She will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures.

<sup>(6)</sup> On 31 March 2014 Lawrie Conway left the Company as a result of redundancy. He received payment in lieu of his notice period in accordance with the terms of his Executive Service Agreement and his statutory entitlements. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures, pro-rated to his cessation date.

<sup>(7)</sup> On 1 July 2013 Stephen Creese retired from the Company. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He was not eligible to participate in the year ended 30 June 2014 STI, nor in the year ended 30 June 2014 LTI grant. Following his retirement, he was engaged as a consultant by the Company, in the ordinary course of its business and on arms-length terms.

<sup>(8)</sup> On 28 February 2014 Brett Fletcher left the Company as a result of redundancy. He received payment in lieu of his notice period in accordance with the terms of his Executive Service Agreement and his statutory entitlements. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures, pro-rated to his cessation date. Following his cessation, Brett was engaged as a consultant by the Company, in the ordinary course of its business and on arms-length terms.

<sup>(9)</sup> As announced to the market on 18 November 2013, on 22 November 2013 Scott Langford left the Company by agreement with the Company. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He will receive an STI payment for the year ended 30 June 2014 financial year in the normal STI cycle, based on performance against applicable measures, pro-rated to his cessation date. He was not eligible to participate in the 2013 LTI grant. He also received an ex-gratia payment from the Company.

<sup>(10)</sup> On 28 February 2014 Andrew Logan ceased as a member of the Executive Committee but remains employed by Newcrest. His remuneration as disclosed in tables 7.1 and 7.4 relates to the period during which he was an Executive Committee member.

<sup>(11)</sup> On 2 August 2013 Peter Smith left the Company as a result of redundancy. He received payment in lieu of his notice period in accordance with the terms of his Executive Service Agreement and his statutory entitlements. Under the relevant LTI Plan Rules, he retained unvested LTI performance rights, pro-rated to his cessation date. Any vesting will be subject to satisfaction of applicable LTI performance measures. He was not eligible to participate in the year ended 30 June 2014 STI, nor in the year ended 30 June 2014 LTI grant.

# Directors' Report

## REMUNERATION REPORT

### 5. EXECUTIVE SERVICE AGREEMENTS (continued)

#### 5.3 Executive Director and Executive Service Agreements Entered into in the Year Ended 30 June 2014

##### 5.3.1 Sandeep Biswas

Sandeep Biswas commenced employment with the Company as Chief Operating Officer and was appointed as an Executive Director, on 1 January 2014. He succeeded Greg Robinson as Managing Director and Chief Executive Officer on 4 July 2014.

##### Chief Operating Officer Executive Service Agreement (1 January 2014 – 3 July 2014)

The terms of Sandeep Biswas' Executive Service Agreement are as described earlier in section 5. The Agreement sets out his duties and responsibilities.

The terms of remuneration payable to Sandeep Biswas as Chief Operating Officer included:

- Base salary of \$1,500,000;
- STI of 80 percent of base salary at target and up to 160 percent of base salary dependent on meeting specified personal and Group performance targets, where 160 percent is achievable only for 'outstanding' performance;
- LTI in accordance with the Company's LTI plan, based on performance rights with a face value equal to 100 percent of base salary;
- Two equity grants of \$500,000 (at market value) in Newcrest ordinary shares offered as 'sign-on' incentives in a highly competitive engagement process. These grants are to be made in October 2014 and October 2015 and will be settled in either equity or cash, at the Company's discretion. Both grants are subject to Sandeep Biswas' ongoing satisfactory performance and continuing employment at the relevant grant dates; and
- Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

##### Managing Director and Chief Executive Officer Executive Service Agreement (4 July 2014 onwards)

The Agreement sets out Sandeep Biswas' duties and responsibilities.

The terms of remuneration payable to Sandeep Biswas as Managing Director and Chief Executive Officer include:

- Base salary of \$2,300,000;
- STI of 100 percent of base salary at target and up to 200 percent of base salary dependent on meeting specified personal and Group performance targets, where 200 percent is achievable only for 'outstanding' performance;
- LTI in accordance with the Company's LTI plan, based on performance rights with a face value equal to 150 percent of base salary;
- The two equity grants of \$500,000 (at market value) in Newcrest ordinary shares offered as 'sign-on' incentives in a highly competitive recruitment process which are carried over and retained from the Chief Operating Officer Executive Service Agreement; and
- Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

##### 5.3.2 Other Appointments

The appointments of David Woodall and Francesca Lee were made in accordance with the Executive Service Agreement terms described earlier in section 5. They each participated in the STI plan pro-rated for the period worked during the year ended 30 June 2014. They did not receive a grant under the LTI plan for the year ended 30 June 2014, and will be eligible to participate in the 2015 financial year LTI plan.

#### 5.4 Existing Executive Director Service Agreements

##### 5.4.1 Greg Robinson

Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Director Finance on 23 November 2006. Effective 1 July 2011, Greg Robinson was appointed Managing Director and Chief Executive Officer.

The terms of remuneration payable to Greg Robinson as Managing Director included:

- Base salary of \$2,000,000;
- STI of 60 percent of base salary at target and up to 120 percent of base salary dependent on meeting specified personal and Group performance targets, where 120 percent is achievable only for 'outstanding' performance;
- LTI in accordance with the Company's LTI plan, equal to 100 percent of base salary;
- Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

On 4 July 2014 Greg Robinson left the Company and retired from the Board. He received a payment in lieu of the unworked portion of his notice period and his statutory entitlements in accordance with the terms of his Executive Service Agreement. He did not receive any other termination payment.

There are no ongoing payments or arrangements entered into with Greg Robinson.

##### 5.4.2 Gerard Bond

Gerard Bond commenced employment with the Company as Finance Director and Chief Financial Officer on 1 January 2012 and was appointed to the Board on 8 February 2012.

The terms of remuneration payable to Gerard Bond as Finance Director included:

- Base salary of \$918,000;
- STI of 60 percent of base salary at target and up to 120 percent of base salary dependent on meeting specified personal and Group performance targets, where 120 percent is achievable only for 'outstanding' performance;
- LTI in accordance with the Company's LTI plan, based on performance rights with a face value equal to 100 percent of base salary;
- Two equity grants of \$750,000 (at market value) in Newcrest ordinary shares, to be provided as compensation for equity foregone upon Gerard Bond resigning from his previous employment to take up his role with Newcrest. The first of these grants was made in October 2012, and were satisfied in equity. The second grant was made in October 2013 and was satisfied in cash to the value of those shares. Both grants were subject to Gerard Bond's ongoing satisfactory performance and continuing employment at the relevant grant dates;
- Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, payable upon termination of employment.

## 6. REMUNERATION OUTCOMES

### 6.1 STI Awards for the Year Ended 30 June 2014

The table below summarises the STI Company performance measures achieved for the year ended 30 June 2014.

| Performance Objective                                                                                                           | Target             | Outcome        | Percentage of target achieved | Relative weighing |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------|-------------------------------|-------------------|
| <b>Safety</b>                                                                                                                   |                    |                |                               |                   |
| Total Recordable Injuries and Frequency Rate (TRIFR) for Newcrest as a whole (Total recordable injuries per million work hours) | <3.3               | 3.09           | 110%                          | 12.5%             |
| <b>Safety</b>                                                                                                                   | 90% Risk Reduction |                |                               |                   |
| Safety Risk List (% Action) <sup>(1)</sup>                                                                                      | Actions On Time    | 100%           | 125%                          | 12.5%             |
| <b>Earnings</b>                                                                                                                 |                    |                |                               |                   |
| (Adjusted Net Profit/(loss) after Tax and before Significant Items) <sup>(2)</sup>                                              | A\$283 million     | A\$464 million | 125%                          | 25%               |
| <b>Costs</b>                                                                                                                    |                    |                |                               |                   |
| (All-In Sustaining Costs) <sup>(3)</sup>                                                                                        | A\$1,126/oz        | A\$976/oz      | 125%                          | 25%               |
| <b>Discretionary Component</b> <sup>(4)</sup>                                                                                   |                    |                | 100%                          | 25%               |
| <b>Overall Company Performance</b><br>(including discretionary component)                                                       |                    |                | 117%                          |                   |

<sup>(1)</sup> The Safety Risk List comprises risk reduction actions that have been developed as part of the risk assessment process conducted on the major safety hazards across the Company.

<sup>(2)</sup> Earnings are reconciled to Statutory loss as per the table below.

|                                                                                           | 2014<br>\$M |
|-------------------------------------------------------------------------------------------|-------------|
| Statutory loss after tax                                                                  | (2,221)     |
| Add back: Significant items after tax                                                     | 2,653       |
| Underlying profit                                                                         | 432         |
| Add back: Board agreed adjustments for commodity prices, foreign exchange and other items | 32          |
| <b>Earnings</b>                                                                           | <b>464</b>  |

<sup>(3)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013. The AISC cost measurement more fully defines the costs associated with producing gold from current operations. Refer to the Operating and Financial Review, section 7.3.

<sup>(4)</sup> The discretionary component is a discretionary assessment by the Board of the overall performance of the Company in areas other than safety, earnings and costs. The Board determined to award a 100 percent discretionary component having regard to the outstanding operational performance for the year with gold production for the year ended 30 June 2014 exceeding the gold production for the year ended 30 June 2013 by 14 percent. Copper production also increased by 7 percent.

The STI personal performance measure vesting percentages for Executives for the year ended 30 June 2014 range from 97.5 percent to 115.0 percent. The final STI result for each executive is the result of a multiplication of the group and the personal results.

In assessing STI outcomes the Board had regard to the fatality at Telfer during the year, the outcome of the Australian Securities and Investment Commission ('ASIC') investigation of the Company in relation to contravention of the continuous disclosure rules under the Corporations Act announced on 2 July 2014, and the loss after tax of A\$2,221 million (which includes A\$2,353 in post-tax asset impairment charges). The Board has accordingly exercised its discretion to make adjustments which it considers appropriate to the STI outcomes.

The maximum STI that an Executive could earn for the year ended 30 June 2014 financial year was 120 percent of fixed remuneration (160 percent for the Chief Operating Officer). To be awarded a maximum STI an Executive has to have met outstanding personal performance and Company performance must be at or above the maximum level pre-determined by the Board. Personal performance and Company performance both at target will result in an award of 50 percent of the maximum STI. The percentage of the maximum STI which was awarded in the year ended 30 June 2014 is set out in the following table.

|                               | Percentage Awarded | Percentage Forfeited |
|-------------------------------|--------------------|----------------------|
| <b>Executives</b>             |                    |                      |
| Greg Robinson                 | 42.8%              | 57.2%                |
| Sandeep Biswas <sup>(1)</sup> | 67.2%              | 32.8%                |
| Gerard Bond                   | 48.2%              | 51.8%                |
| Geoff Day                     | 58.5%              | 41.5%                |
| Craig Jones                   | 57.0%              | 43.0%                |
| Francesca Lee <sup>(1)</sup>  | 65.8%              | 34.2%                |
| Colin Moorhead                | 62.9%              | 37.1%                |
| Debra Stirling                | 62.9%              | 37.1%                |
| David Woodall <sup>(1)</sup>  | 61.4%              | 38.6%                |
| <b>Former Executives</b>      |                    |                      |
| Lawrie Conway <sup>(1)</sup>  | 61.7%              | 38.3%                |
| Stephen Creese <sup>(2)</sup> | N/A                | N/A                  |
| Brett Fletcher <sup>(1)</sup> | 58.5%              | 41.5%                |
| Scott Langford <sup>(1)</sup> | 58.5%              | 41.5%                |
| Andrew Logan <sup>(3)</sup>   | 64.3%              | 35.7%                |
| Peter Smith <sup>(2)</sup>    | N/A                | N/A                  |

<sup>(1)</sup> The maximum STI has been pro-rated for time served during the year ended 30 June 2014.

<sup>(2)</sup> Both Stephen Creese and Peter Smith did not qualify for a STI during the year ended 30 June 2014 as they did not meet the minimum employment time period.

<sup>(3)</sup> Andrew Logan's percentages in the above table are applicable for the time that he was a member of the Executive Committee. Andrew Logan has received an STI in respect of the time that he was not a member of the Executive Committee and this amount has not been included in the above table.

The amounts awarded to Executives as STIs for the year ended 30 June 2014 are shown in section 7.1.



# Directors' Report

## REMUNERATION REPORT

### 6. REMUNERATION OUTCOMES (continued)

#### 6.2 LTI Outcomes

Following the completion of the performance period from 1 July 2010 to 30 June 2013, the 2010 LTI plan vested on 10 November 2013 at 53.6 percent of target, based on assessment of performance against the applicable measures. This reduction in vesting from the prior two years (78.0 percent in 2013 and 93.5 percent in 2012) largely reflects the lower financial and operating performances against target. The Board resolved to exercise its discretion and reduce this vesting for Executives by half (to 26.8 percent) to reflect corporate performance and shareholder experience over the third year of the performance period.

#### 6.3 LTI Rights Vested from 2012 to 2014

| Grant Date <sup>(1)</sup> | Vesting Date <sup>(2)</sup> | Performance Achieved |          |       | Percentage Vested <sup>(3)</sup> |
|---------------------------|-----------------------------|----------------------|----------|-------|----------------------------------|
|                           |                             | Cost                 | Reserves | ROCE  |                                  |
| 11 Nov 2008               | 11 Nov 2011                 | 85.0%                | 100.0%   | 96.0% | 93.5%                            |
| 10 Nov 2009               | 10 Nov 2012                 | 73.6%                | 100.0%   | 60.4% | 78.0%                            |
| 10 Nov 2010               | 10 Nov 2013                 | 56.7%                | 91.0%    | 12.9% | 26.8% <sup>(4)</sup>             |

<sup>(1)</sup> The strike price for all plans for all years is nil.

<sup>(2)</sup> The expiry date on all rights vested is two years post vesting date.

<sup>(3)</sup> The percentage vested is the same for all Executives.

<sup>(4)</sup> Under the LTI Rules the 2010 LTI vested at 53.6 percent of target. The Board exercised its discretion to reduce this vesting by half.

#### 6.4 Relationship Between Remuneration Outcomes and Newcrest's Financial Performance

Newcrest's operating and financial performance for the year ended 30 June 2014 reflects the Company's stated focus during the current year on improving productivity, reducing costs and capital expenditure and maximising free cash flow while maintaining growth opportunities.

Increased gold and copper production and free cash flow generation follow major investments made at Cadia Valley and Lihir, improved operating performance across all operations and a reduction in expenditure through a consistent focus on operational improvement and discipline.

Newcrest's 2014 financial year gold production of 2.4 million ounces exceeded the guidance of 2.0 to 2.3 million ounces. Full year copper production of 86 thousand tonnes also exceeded the guidance of 75 to 85 thousand tonnes. Total capital expenditure of A\$843 million, All-In Sustaining Cost of A\$2.33 billion and exploration expenditure of A\$62 million were also below their guidance of A\$895 to A\$1,025 million, A\$2.45 to A\$2.73 billion and A\$80 to A\$90 million, respectively.

Section 6.5 shows the financial and operating performance of the Company for the current and prior four years.

For the year ended 30 June 2014 the Executives' STI outcomes (based on safety, earnings, costs and a discretionary measure) reflect the positive operating results achieved in a lower gold price environment. This has resulted in an improved Company performance outcome of 117 percent compared with 15.6 percent in the 2013 financial year, and 71.5 percent in the 2012 financial year. Section 6.1 shows the performance of the Company against all individual measures. The outcome for each Executive Director and Executive Manager has been determined by the overall personal performance multiplied by the Company's overall performance, which is provided in section 6.1.

The 2010 LTI vesting outcome in November 2013 was 26.8 percent against the applicable performance measures, compared with vesting of 78.0 percent in the financial year ended 30 June 2013. This measured performance against the applicable performance measures from 1 July 2010 to 30 June 2013. For the 2010 vesting, the Board agreed, in consultation with the Executives, to apply a 50 percent reduction to the calculated vesting percentage. This reduced the actual vesting percentage to 26.8 percent.

#### 6.5 Newcrest's Financial Performance

| Year Ended 30 June                                        | Measure         | 2014    | 2013 <sup>(1)</sup> | 2012    | 2011  | 2010  |
|-----------------------------------------------------------|-----------------|---------|---------------------|---------|-------|-------|
| Statutory profit/(loss)                                   | \$ million      | (2,221) | (5,783)             | 1,117   | 908   | 557   |
| Underlying profit <sup>(2)</sup>                          | \$ million      | 432     | 446                 | 1,084   | 1,058 | 776   |
| Cash flows from operating activities                      | \$ million      | 1,037   | 1,147               | 1,726   | 1,729 | 1,303 |
| Free cash flow <sup>(3)</sup>                             | \$ million      | 133     | (1,417)             | (1,029) | (565) | 417   |
| All-In-Sustaining Cost ('AISC') <sup>(4)</sup>            | A\$/oz sold     | 976     | 1,283               | N/A     | N/A   | N/A   |
| Cash costs                                                | A\$/oz produced | N/A     | 750                 | 603     | 493   | 347   |
| EBITDA Margin                                             | %               | 37.5    | 39.0                | 48.7    | 50.2  | 51.7  |
| EBIT Margin                                               | %               | 20.3    | 19.7                | 36.0    | 37.6  | 40.6  |
| Share price at 30 June                                    | \$              | 10.52   | 9.87                | 22.61   | 37.71 | 35.10 |
| Share price movement – increase/(decrease) <sup>(5)</sup> | \$              | 0.65    | (12.74)             | (15.10) | 2.61  | 4.59  |
| Earnings/(loss) per share <sup>(6)</sup>                  |                 |         |                     |         |       |       |
| – Basic                                                   | EPS cents       | (289.8) | (755.1)             | 146.0   | 126.4 | 115.2 |
| – Underlying                                              | EPS cents       | 56.4    | 58.2                | 141.7   | 147.3 | 160.5 |
| Dividends <sup>(7)</sup>                                  | Cents/share     | –       | 12.0                | 35.0    | 50.0  | 25.0  |
| Gold produced                                             | 000's ounces    | 2,396   | 2,110               | 2,286   | 2,527 | 1,762 |
| Average realised gold price                               | A\$/oz          | 1,408   | 1,550               | 1,609   | 1,378 | 1,252 |

This table includes non-IFRS financial information. Refer to section 7 of the Operating and Financial Review for an explanation and reconciliation of non-IFRS terms.

<sup>(1)</sup> Newcrest has adopted Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013. In accordance with the transitional provisions of Interpretation 20, comparative figures for the 2013 year have been restated.

<sup>(2)</sup> Underlying profit is profit after tax before significant items attributable to owners of the parent.

<sup>(3)</sup> Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities.

<sup>(4)</sup> All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP Metrics, released 27 June 2013. Newcrest All-In Sustaining Cost will vary from period to period as a result of various factors including production performance, timing of sales, the level of sustaining capital and the relative contribution of each asset. Newcrest commenced reporting AISC from the financial year ended 30 June 2013.

<sup>(5)</sup> Share price movement during the financial year.

<sup>(6)</sup> Basic EPS is calculated as net profit after tax and non-controlling interests (Statutory profit/(loss)) divided by the weighted average number of ordinary shares. Underlying earnings per share is calculated as net profit after tax and non-controlling interests and before significant items (Underlying profit) divided by the weighted average number of ordinary shares.

<sup>(7)</sup> Dividends include special dividends of \$0.20 in the 2011 financial year.

## 7. STATUTORY REMUNERATION DISCLOSURES

The tables in section 7.1 detail the statutory remuneration disclosures as calculated with reference to the *Corporations Act 2001* and relevant accounting standards. Remuneration data for all Executives is pro-rated for the time periods in the year ended 30 June 2014 and year ended 30 June 2013 that they were a member of the Executive Committee. An explanation of the relevant remuneration items included in the tables is provided in the associated footnotes. The figures provided in respect of share-based payments (column H) are calculated in accordance with accounting standards and represent the amortised fair value of equity instruments that have been granted to the Executives.

### 7.1 Executive Remuneration

|                          | Short Term        |                                |                           |                                |                           | Long Term                 | Post-Employment            | Share-Based Payments (H) | Total  | Equity Compensation value (I) % | Performance related (J) % |
|--------------------------|-------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|---------------------------|----------------------------|--------------------------|--------|---------------------------------|---------------------------|
|                          | Salary (A) \$'000 | Separation Payments (B) \$'000 | Salary at Risk (C) \$'000 | Other Cash Benefits (D) \$'000 | Other Benefits (E) \$'000 | Other Benefits (F) \$'000 | Super-annuation (G) \$'000 |                          |        |                                 |                           |
| <b>30 June 2014</b>      |                   |                                |                           |                                |                           |                           |                            |                          |        |                                 |                           |
| <b>Executives</b>        |                   |                                |                           |                                |                           |                           |                            |                          |        |                                 |                           |
| Greg Robinson            | 1,982             | 1,600                          | 1,026                     | –                              | 9                         | 125                       | 18                         | (303)                    | 4,457  | N/A                             | 23.0                      |
| Sandeep Biswas           | 741               | –                              | 800                       | 9                              | 4                         | 69                        | 9                          | 521                      | 2,153  | 24.2                            | 37.2                      |
| Gerard Bond              | 900               | –                              | 531                       | –                              | 12                        | 15                        | 18                         | 183                      | 1,659  | 11.0                            | 32.0                      |
| Geoff Day                | 711               | –                              | 511                       | 22                             | 2                         | 21                        | 18                         | 27                       | 1,312  | 2.1                             | 38.9                      |
| Craig Jones              | 751               | –                              | 527                       | 239                            | 6                         | 28                        | 18                         | 24                       | 1,593  | 1.5                             | 33.1                      |
| Francesca Lee            | 172               | –                              | 139                       | –                              | 2                         | 16                        | 4                          | –                        | 333    | N/A                             | 41.7                      |
| Colin Moorhead           | 783               | –                              | 604                       | –                              | 9                         | 13                        | 18                         | (70)                     | 1,357  | N/A                             | 44.5                      |
| Debra Stirling           | 763               | 773                            | 589                       | –                              | 9                         | 28                        | 18                         | (186)                    | 1,994  | N/A                             | 29.5                      |
| David Woodall            | 283               | –                              | 212                       | 23                             | 2                         | 7                         | 9                          | –                        | 536    | N/A                             | 39.6                      |
| <b>Former Executives</b> |                   |                                |                           |                                |                           |                           |                            |                          |        |                                 |                           |
| Lawrie Conway            | 528               | 642                            | 405                       | –                              | 11                        | 6                         | 18                         | (34)                     | 1,576  | N/A                             | 25.7                      |
| Stephen Creese           | 2                 | –                              | –                         | –                              | –                         | –                         | –                          | (404)                    | (402)  | N/A                             | N/A                       |
| Brett Fletcher           | 482               | 783                            | 259                       | –                              | 7                         | –                         | 12                         | (138)                    | 1,405  | N/A                             | 18.4                      |
| Scott Langford           | 278               | 500                            | 203                       | –                              | 5                         | 22                        | 9                          | (5)                      | 1,012  | N/A                             | 20.1                      |
| Andrew Logan             | 467               | –                              | 374                       | –                              | 9                         | 8                         | 12                         | 3                        | 873    | 0.3                             | 42.8                      |
| Peter Smith              | 57                | 758                            | –                         | –                              | –                         | 6                         | 18                         | (197)                    | 642    | N/A                             | N/A                       |
|                          | 8,900             | 5,056                          | 6,180                     | 293                            | 87                        | 364                       | 199                        | (579)                    | 20,500 |                                 |                           |

|                          | Short Term        |                           |                                |                                     | Post-Employment            |     | Share-Based Payments (H) | Total  | Equity Compensation value (I) % | Performance related (J) % |
|--------------------------|-------------------|---------------------------|--------------------------------|-------------------------------------|----------------------------|-----|--------------------------|--------|---------------------------------|---------------------------|
|                          | Salary (A) \$'000 | Salary at Risk (C) \$'000 | Other Cash Benefits (D) \$'000 | Other Benefits /Services (E) \$'000 | Super-annuation (G) \$'000 |     |                          |        |                                 |                           |
| <b>30 June 2013</b>      |                   |                           |                                |                                     |                            |     |                          |        |                                 |                           |
| <b>Executives</b>        |                   |                           |                                |                                     |                            |     |                          |        |                                 |                           |
| Greg Robinson            |                   | 1,984                     | –                              | –                                   | 10                         | 16  | 721                      | 2,731  | 26.4                            | 26.4                      |
| Gerard Bond              |                   | 897                       | 78                             | –                                   | 11                         | 16  | 729                      | 1,731  | 42.1                            | 14.1                      |
| Lawrie Conway            |                   | 708                       | 46                             | –                                   | 8                          | 16  | 113                      | 891    | 12.7                            | 17.8                      |
| Stephen Creese           |                   | 816                       | 78                             | 125                                 | 9                          | 16  | 209                      | 1,253  | 16.7                            | 22.9                      |
| Geoff Day                |                   | 162                       | –                              | –                                   | 2                          | 4   | –                        | 168    | –                               | –                         |
| Brett Fletcher           |                   | 791                       | 33                             | –                                   | 10                         | 16  | 170                      | 1,020  | 16.7                            | 19.9                      |
| Craig Jones              |                   | 695                       | 48                             | –                                   | 9                          | 16  | 79                       | 847    | 9.3                             | 15.0                      |
| Scott Langford           |                   | 708                       | 51                             | –                                   | 6                          | 16  | 45                       | 826    | 5.4                             | 11.6                      |
| Andrew Logan             |                   | 708                       | 43                             | –                                   | 10                         | 16  | 125                      | 902    | 13.9                            | 18.6                      |
| Colin Moorhead           |                   | 781                       | 52                             | 125                                 | 10                         | 16  | 205                      | 1,189  | 17.2                            | 21.6                      |
| Peter Smith              |                   | 791                       | 56                             | –                                   | 13                         | 16  | 168                      | 1,044  | 16.1                            | 21.5                      |
| Debra Stirling           |                   | 760                       | 59                             | 125                                 | 5                          | 16  | 198                      | 1,163  | 17.0                            | 22.1                      |
| <b>Former Executives</b> |                   |                           |                                |                                     |                            |     |                          |        |                                 |                           |
| Ron Douglas              |                   | 372                       | –                              | –                                   | 3                          | 5   | (428)                    | (48)   | N/A                             | N/A                       |
| Greg Jackson             |                   | 677                       | –                              | –                                   | 10                         | 12  | 180                      | 879    | 20.5                            | 20.5                      |
|                          |                   | 10,850                    | 544                            | 375                                 | 116                        | 197 | 2,514                    | 14,596 |                                 |                           |

# Directors' Report

## REMUNERATION REPORT

### 7. STATUTORY REMUNERATION DISCLOSURES (continued)

#### 7.2 Notes to Executive Remuneration

- (A) Salaries comprise cash salary and available salary package options grossed up by related fringe benefits tax, where applicable, net of superannuation commitments, paid during the financial year. For former Executives, this balance is pro-rated for time served. For Andrew Logan, the amount represents the salary earned whilst he was a member of the Executive Committee up to 28 February 2014. Post 28 February 2014, he was no longer a member of the Executive Committee and was not considered Key Management Personnel.
- (B) Separation payments include the amounts paid in accordance with the requirements in section 5 for Greg Robinson, Debra Stirling, Lawrie Conway, Brett Fletcher and Peter Smith. Scott Langford received an ex-gratia payment provided upon separation.
- (C) Salary at risk refers to amounts earned under the STI Plan. These amounts are payable in the following financial year. For Executives who departed Newcrest during the year, the STI treatment applies in accordance with the plan rules, and a pro-rata portion of the STI is payable based on the length of employment and performance of the Executive up to their separation date. For Andrew Logan, the STI represents the STI applicable whilst he was a member of the Executive Committee.
- (D) Other cash benefits comprises:  
 Year ended 30 June 2014:  
 – For Craig Jones, this includes \$239 thousand in relocation costs incurred in his relocation from Brisbane to Melbourne;  
 – For all other Executives this relates to travel costs paid in lieu of relocation entitlements.  
 Year ended 30 June 2013:  
 – Amounts payable to Executive Managers as retention payments.
- (E) Represents non-monetary benefits such as parking, insurance and applicable fringe benefits tax payable on benefits.
- (F) Represents annual leave and long service leave entitlements, measured on an accrual basis, and reflects the movement in the entitlements over the 12 month period.
- (G) Represents Company contributions to superannuation under the Superannuation Guarantee legislation (SGC).
- (H) Share based payments represents:  
 – The fair value of rights, comprising rights over unissued shares, granted under the LTI plan has been valued using a Black-Scholes option pricing model. The factors and assumptions used in determining the fair value of rights on grant date are detailed in section 7.3.  
 – Equity grants for Sandeep Biswas and Gerard Bond as outlined in section 5.3.1 and 5.4.2 respectively. The equity grant which vested to Gerard Bond in October 2013 was settled in cash.
- The calculation of Share Based Payments is based on the apportioned expense associated with rights granted, adjusted for the reassessment of estimated vesting outcomes of those rights.
- (I) Represents the value of rights included in remuneration as a percentage of total remuneration.
- (J) Represents performance-related remuneration as percentage of total remuneration.

#### 7.3 Fair Value of LTI Rights

|                               | LTI<br>Dec 2013 | LTI<br>Sep 2012 | LTI<br>Sep 2011 | LTI<br>Nov 2010 | LTI<br>Nov 2009 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fair value <sup>(1)</sup>     | \$7.16          | \$27.85         | \$31.83         | \$41.66         | \$34.63         |
| Exercise price                | –               | –               | –               | –               | –               |
| Estimated volatility          | 40.0%           | 35%             | 30%             | 30%             | 40%             |
| Risk-free interest rate       | 3.08%           | 2.81%           | 3.16%           | 5.09%           | 5.04%           |
| Dividend yield                | 0.0%            | 1.50%           | 1.50%           | 0.50%           | 0.50%           |
| Expected life of award/option | 3 years         | 3 years         | 3 years         | 3 years         | 3 years         |

<sup>(1)</sup> Fair Value has been calculated by an independent third party.

#### 7.4 Non-Statutory Executive Remuneration

The table below details the actual remuneration received by each Executive in the year ended 30 June 2014. The figures provided in respect of share-based payments (column D) reflect the market value of the shares that have vested during the year. An explanation of the relevant remuneration items included in the tables is provided in the associated footnotes. Unless otherwise noted, the remuneration component is calculated on the same basis as section 7.1. This table is non-IFRS financial information and provides additional information to users to assess remuneration in the current year.

| 30 June 2014             | Salary<br>\$'000 | Separation<br>Payments<br>(A)<br>\$'000 | Salary at<br>Risk<br>(B)<br>\$'000 | Other Cash<br>Benefits<br>(C)<br>\$'000 | Super-<br>annuation<br>\$'000 | Rights<br>Vested<br>(D)<br>\$'000 | Total<br>\$'000 |
|--------------------------|------------------|-----------------------------------------|------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------|-----------------|
| <b>Executives</b>        |                  |                                         |                                    |                                         |                               |                                   |                 |
| Greg Robinson            | 1,982            | –                                       | –                                  | –                                       | 18                            | 89                                | 2,089           |
| Sandeep Biswas           | 741              | –                                       | –                                  | 9                                       | 9                             | –                                 | 759             |
| Gerard Bond              | 900              | –                                       | 78                                 | –                                       | 18                            | 750                               | 1,746           |
| Geoff Day                | 711              | –                                       | –                                  | 22                                      | 18                            | –                                 | 751             |
| Craig Jones              | 751              | –                                       | 48                                 | 298                                     | 18                            | 7                                 | 1,122           |
| Francesca Lee            | 172              | –                                       | –                                  | –                                       | 4                             | –                                 | 176             |
| Colin Moorhead           | 783              | –                                       | 52                                 | 125                                     | 18                            | 29                                | 1,007           |
| Debra Stirling           | 763              | –                                       | 59                                 | 125                                     | 18                            | 28                                | 993             |
| David Woodall            | 283              | –                                       | –                                  | 23                                      | 9                             | –                                 | 315             |
| <b>Former Executives</b> |                  |                                         |                                    |                                         |                               |                                   |                 |
| Lawrie Conway            | 528              | 642                                     | 46                                 | 240                                     | 13                            | 7                                 | 1,476           |
| Stephen Creese           | 2                | –                                       | 78                                 | 143                                     | 18                            | –                                 | 241             |
| Brett Fletcher           | 482              | 783                                     | 33                                 | –                                       | 12                            | 26                                | 1,336           |
| Scott Langford           | 278              | 500                                     | 51                                 | 33                                      | 9                             | –                                 | 871             |
| Andrew Logan             | 467              | –                                       | 43                                 | –                                       | 12                            | 10                                | 532             |
| Peter Smith              | 57               | 758                                     | 56                                 | 121                                     | 18                            | –                                 | 1,010           |
|                          | 8,900            | 2,683                                   | 544                                | 1,139                                   | 212                           | 946                               | 14,424          |

#### 7.5 Notes to Executive Non-Statutory Remuneration

- (A) Separation payments include the amounts paid in accordance with the requirements in section 5 for Lawrie Conway, Brett Fletcher and Peter Smith. Scott Langford represents an ex-gratia payment upon separation. The payments for Greg Robinson and Debra Stirling have been excluded as they have not been paid during the year ended 30 June 2014.
- (B) Salary at risk refers to amounts earned under the STI plan which were paid during the year ended 30 June 2014. This payment represents the STI awarded in respect of year ended 30 June 2013.
- (C) Other cash benefits paid in 2014 comprises:
- For Lawrie Conway, Stephen Creese, Scott Langford and Peter Smith this represents payment of outstanding unused annual and long service leave at separation date.
  - For Sandeep Biswas, Geoff Day and David Woodall, this includes travel costs paid in lieu of relocation entitlements.
  - For Craig Jones, this includes \$239 thousand in relocation costs paid, as well as cash payment of outstanding unused annual leave, made in accordance with Newcrest policies.
  - For Colin Moorhead, Debra Stirling and Stephen Creese, this component also includes \$125 thousand in retention amounts paid in 2014 relating to 2013.
- (D) The rights vested represent the 2010 LTI plan that vested during the year ended 30 June 2014, measured at market value on vesting date. For Stephen Creese and Peter Smith, nil shares vested during the period that they were designated as Key Management Personnel. For Gerard Bond this represents the shares that vested in October 2013, and were settled in cash.



# Directors' Report

## REMUNERATION REPORT

### 8. REMUNERATION OUTLOOK

#### 8.1 STI

The STI for the year ended 30 June 2014 will be payable in October 2014 to Executives who satisfy the applicable performance measures. The minimum possible value is zero and the maximum possible value is 120 percent of fixed annual remuneration for Executives other than the Chief Operating Officer for whom the maximum is 160 percent.

Following the appointment of Sandeep Biswas to the Chief Executive Officer role on 4 July 2014, the relative portions of each remuneration component for all Executives for the 2015 financial year if the target levels of performance are achieved are:

| Position                                      | Not at risk        | At risk          |                 |
|-----------------------------------------------|--------------------|------------------|-----------------|
|                                               | Fixed remuneration | Short term (STI) | Long term (LTI) |
| Managing Director and Chief Executive Officer | 29%                | 29%              | 42%             |
| Finance Director and Chief Financial Officer  | 38%                | 24%              | 38%             |
| Other Executives                              | 46%                | 27%              | 27%             |

#### 8.1.1 STI Performance Measures and Calculations for the 2015 financial year

The STI will continue as a cash-based plan with no deferred component. The Board has amended the LTI to include an additional deferred element, through the introduction of a one year 'holding lock' post vesting for Executives, to align with market practice and feedback from shareholders and stakeholders.

The formula for calculating STI outcomes will be simplified in the 2015 financial year, changing from a multiplicative to an additive methodology as follows:

$(\text{Weighted Company \%} + \text{Weighted Personal \%}) \times \text{STI Target \%} \times \text{TEC} = \text{STI award}$

In addition, the current weighting of Company to personal STI measures for Executives will change from 54 percent for personal measures and 46 percent for Company measures to 60 percent for Company measures and 40 percent for personal measures on the basis that Executives should be capable of influencing Company outcomes through their personal actions.

The following table describes the STI measures to be adopted in the 2015 financial year and identifies where these differ from those currently in place.

| 30 June 2014 Measures                                                                                                                                                                                                                                                                                                                   | 30 June 2015 Measures                                                                                                                                                                                                                                                                                                                                                    | Rationale                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Safety:</b><br>Based 50 percent on TRIFR and 50 percent on performance against actioning a target percentage of the safety risk list.                                                                                                                                                                                                | <b>Safety:</b><br>TRIFR 12 month average and percentage completion on time of actions arising from Significant Potential Incidents.                                                                                                                                                                                                                                      | Maintains focus on safety performance as measured by TRIFR and, looking forward, to drive action to prevent future potential fatalities and/or serious injuries. |
| <b>Earnings:</b><br>Based on target performance against net profit after tax and minority interests before significant items. Results adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as determined by the Board.                                                                | <b>Earnings:</b><br>No change to current Earnings measure.                                                                                                                                                                                                                                                                                                               | Highly relevant short-term measure, consistent with Newcrest strategy.                                                                                           |
| <b>Costs:</b><br>Absolute cost (AISC), A\$ per ounce.                                                                                                                                                                                                                                                                                   | <b>Costs:</b><br>No change to current Costs measure.                                                                                                                                                                                                                                                                                                                     | Highly relevant short-term measure, consistent with Newcrest strategy.                                                                                           |
| <b>'Discretionary' measure:</b><br>One further Company performance measure determined annually at the commencement of the relevant STI performance year.                                                                                                                                                                                | <b>'Discretionary' measure:</b><br>Replace the 'discretionary' measure with a defined Company measure to be set at the commencement of each STI performance year based on clearly defined objectives contributing to earnings, corporate strategy and growth opportunities. For 2014-15, free cash flow will form the basis for this measure.                            | Increases clarity of this measure and focus on Newcrest strategic goals.                                                                                         |
| <b>Personal Measures</b><br><b>Four measures equally weighted:</b><br>Three in key areas of each Executive's broader responsibilities and a fourth discretionary but defined objective. Set each year by the Board in relation to the Managing Director and by the Managing Director in consultation with the Board for each Executive. | <b>Personal Measures</b><br><b>Four measures equally weighted:</b><br>Four measures equally weighted. Set each year by the Board in relation to the Managing Director and by the Managing Director in consultation with the Board for each Executive. Replace fourth 'discretionary' objective with a measure based on strategic corporate cost and efficiency outcomes. | Greater clarity and strategic alignment.                                                                                                                         |

## 8.2 LTI

### 8.2.1 Estimated Vesting of LTI Rights in 2014–15 (2011 LTI Plan)

The 2011 LTI will vest in September 2014. Although the vesting outcome is not yet known, it is anticipated based on performance against applicable measures, that the calculated vesting will be low, noting on present indications that the Return on Capital Employed (ROCE) measure will deliver a zero outcome and reserves growth measures are likely to deliver a low outcome.

### 8.2.2 Estimates of the LTI Maximum Remuneration Amounts which could be Expensed under the 2014 Financial Year Performance Rights Grants in Future Years

Newcrest's 2013 LTI Plan granted performance rights to Executives in the 2014 financial year. This grant will vest in September 2016 subject to the satisfaction of the applicable performance measures. Accounting standards require the estimated valuation of the rights measured at the grant date to be recognised over the performance period. The minimum value of the grant is nil if the performance conditions are not met. The maximum value is based on the valuation performed at grant date and amortised in accordance with applicable accounting standard requirements as detailed in the table below.

|                               | 2014–15<br>\$'000 | 2015–16<br>\$'000 | Maximum Total<br>\$'000 |
|-------------------------------|-------------------|-------------------|-------------------------|
| <b>Executives</b>             |                   |                   |                         |
| Greg Robinson <sup>(1)</sup>  | –                 | –                 | –                       |
| Sandeep Biswas                | 422               | 422               | 844                     |
| Gerard Bond                   | 286               | 286               | 572                     |
| Geoff Day <sup>(1)</sup>      | –                 | –                 | –                       |
| Craig Jones                   | 144               | 144               | 288                     |
| Francesca Lee <sup>(2)</sup>  | –                 | –                 | –                       |
| Colin Moorhead                | 150               | 150               | 300                     |
| Debra Stirling <sup>(1)</sup> | –                 | –                 | –                       |
| David Woodall <sup>(2)</sup>  | –                 | –                 | –                       |
| <b>Former Executives</b>      |                   |                   |                         |
| Lawrie Conway <sup>(1)</sup>  | –                 | –                 | –                       |
| Stephen Creese <sup>(2)</sup> | –                 | –                 | –                       |
| Brett Fletcher <sup>(1)</sup> | –                 | –                 | –                       |
| Scott Langford <sup>(2)</sup> | –                 | –                 | –                       |
| Andrew Logan                  | 136               | 136               | 272                     |
| Peter Smith <sup>(2)</sup>    | –                 | –                 | –                       |

<sup>(1)</sup> The maximum remuneration amounts have been adjusted for all rights granted in respect of the 2014 financial year awards. To the extent that the Executives retain a pro-rata entitlement to these rights (refer section 9.1.1), the associated value has been fully expensed in the 2014 financial year.

<sup>(2)</sup> These Executives were not eligible for a LTI grant in respect of the 2014 financial year.

# Directors' Report

## REMUNERATION REPORT

### 8. REMUNERATION OUTLOOK (continued)

#### 8.2.3 LTI Performance Measures and Calculations for the 2015 Financial Year

The following table describes the LTI measures to be adopted in the 2015 financial year LTI scheme and identifies where these differ from those currently in place.

| 30 June 2014 Measures                                                                                                                                                                                                                                                                                                                                                                                                                                           | 30 June 2015 Measures                                                                                                                                                                                                                                                                                                                                                                                                                     | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Three measures weighted equally.                                                                                                                                                                                                                                                                                                                                                                                                                                | Three measures weighted equally. Two of three measures (Comparative Costs Position and ROCE) relate to financial performance.                                                                                                                                                                                                                                                                                                             | Two thirds of LTI measures financially driven. Aggregation of reserves/resource depletion with other 'strategic' measures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Comparative cost position:</b><br>Relative US\$ unit cash costs post credits per ounce against the GFMS comparator group (or similar independent, credible source if GFMS not available).                                                                                                                                                                                                                                                                    | <b>Comparative cost position:</b><br>No changes to measure. The comparative cost position for future LTI grants will be calculated based on the relative US\$ All-In-Sustaining Cost position per ounce against the GFMS comparator group.                                                                                                                                                                                                | Consistent with Newcrest shift to AISC costs reporting, but otherwise remains the same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>ROCE:</b><br>Underlying EBIT/average capital employed, where: <ul style="list-style-type: none"> <li>– ROCE below seven percent leads to a zero award of these Performance Rights.</li> <li>– ROCE from seven percent and below 17 percent leads to an award of 10 percent of these Performance Rights per percentage point above seven percent.</li> <li>– ROCE at or above 17 percent leads to 100 percent of these Performance Rights vesting.</li> </ul> | <b>ROCE:</b><br>This measure remains. Calculation based on underlying EBIT/average capital employed. Vesting scale changes as follows: <ul style="list-style-type: none"> <li>– zero percent vests if ROCE is less than seven percent.</li> <li>– 20 percent vests if seven percent ROCE.</li> <li>– 50 percent vests if nine percent ROCE.</li> <li>– 6.25 percent vests for each one percent increase in ROCE to 17 percent.</li> </ul> | Incentivise acceleration of lift in ROCE by making thresholds achievable. Recent ROCE performance by Newcrest and comparable industry peers has generally been lower than the current seven percent threshold driven by rising costs and, in Newcrest's case, intensive capital investment in major projects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Reserves growth:</b><br>Growth of in situ reserves net of depletion, where: <ul style="list-style-type: none"> <li>– zero percent vesting if no growth after depletion</li> <li>– 100 percent vesting if growth after depletion is 15 million ounces.</li> </ul>                                                                                                                                                                                             | <b>Strategic performance:</b><br>Introduce a new 'strategic performance' measure which includes: <ul style="list-style-type: none"> <li>– Reserves and Resource depletion replacement (one third weighting) (as opposed to growth).</li> <li>– Combined with other corporate strategic performance measures clearly defined at the start of the relevant LTI performance period (two thirds weighting).</li> </ul>                        | Newcrest has a substantial long-life reserves base. Combination of the reserves measure with strategic growth measures means focus on broader key strategic goals should drive reward.<br>Proposed measures under consideration for the 2015 financial year LTI are: <ul style="list-style-type: none"> <li>– Replacement of Reserve and Resource depletion in the period.</li> <li>– Improvement in Organisational Health as measured by the improvement in surveyed outcomes in the three year period.</li> <li>– Diversity – achievement of the December 2016 targets approved by the Board.</li> <li>– Growth – progress in advancing and/or realising organic and new growth opportunities, improving the growth profile of the business and improving the quality of the asset portfolio.</li> </ul> |

## 9. OTHER EXECUTIVE DISCLOSURES

### 9.1 Rights Held by Executives

All conditional entitlements refer to Performance Rights over fully paid ordinary shares of the Company, which are exercisable on a one-for-one basis. No payment is required by a participant on the grant or exercise of any such conditional entitlement.

The movements in the reporting period in the number of Rights in the Company held by each Executive as part of their remuneration are in section 9.1.1.

#### 9.1.1 Movement in LTI Rights for Executives for the year ended 30 June 2014

| Current Executives <sup>(1)</sup>   |                           | Movements During the Year |                |                  |                              | As at 30 June 2014      |                                       |                           |
|-------------------------------------|---------------------------|---------------------------|----------------|------------------|------------------------------|-------------------------|---------------------------------------|---------------------------|
| Grant Date                          | Share Price at Grant Date | Balance at 1 July 2013    | Rights Granted | Rights Exercised | Rights Lapsed <sup>(2)</sup> | Balance at 30 June 2014 | Vested and Exercisable <sup>(3)</sup> | Non-Vested <sup>(4)</sup> |
| <b>Greg Robinson</b>                |                           |                           |                |                  |                              |                         |                                       |                           |
| 11-Nov-08                           | \$22.13                   | 46,772                    | –              | (46,772)         | –                            | –                       | –                                     | –                         |
| 10-Nov-09                           | \$35.15                   | 24,951                    | –              | (24,951)         | –                            | –                       | –                                     | –                         |
| 10-Nov-10                           | \$42.29                   | 33,793                    | –              | (9,057)          | (24,736)                     | –                       | –                                     | –                         |
| 23-Sep-11                           | \$33.18                   | 58,406                    | –              | –                | (4,263)                      | 54,143                  | –                                     | 54,143                    |
| 23-Sep-12                           | \$29.12                   | 79,506                    | –              | –                | (31,875)                     | 47,631                  | –                                     | 47,631                    |
| 4-Dec-13                            | \$7.16                    | –                         | 261,192        | –                | (191,604)                    | 69,588                  | –                                     | 69,588                    |
|                                     |                           | <b>243,428</b>            | <b>261,192</b> | <b>(80,780)</b>  | <b>(252,478)</b>             | <b>171,362</b>          | <b>–</b>                              | <b>171,362</b>            |
| <b>Sandeep Biswas<sup>(5)</sup></b> |                           |                           |                |                  |                              |                         |                                       |                           |
| 4-Dec-13                            | \$7.16                    | –                         | 176,769        | –                | –                            | 176,769                 | –                                     | 176,769                   |
|                                     |                           | <b>–</b>                  | <b>176,769</b> | <b>–</b>         | <b>–</b>                     | <b>176,769</b>          | <b>–</b>                              | <b>176,769</b>            |
| <b>Gerard Bond</b>                  |                           |                           |                |                  |                              |                         |                                       |                           |
| 23-Sep-11                           | \$33.18                   | 23,884                    | –              | –                | –                            | 23,884                  | –                                     | 23,884                    |
| 23-Sep-12                           | \$29.12                   | 36,493                    | –              | –                | –                            | 36,493                  | –                                     | 36,493                    |
| 4-Dec-13                            | \$7.16                    | –                         | 119,887        | –                | –                            | 119,887                 | –                                     | 119,887                   |
|                                     |                           | <b>60,377</b>             | <b>119,887</b> | <b>–</b>         | <b>–</b>                     | <b>180,264</b>          | <b>–</b>                              | <b>180,264</b>            |
| <b>Geoff Day</b>                    |                           |                           |                |                  |                              |                         |                                       |                           |
| 4-Dec-13                            | \$7.16                    | –                         | 57,066         | –                | –                            | 57,066                  | –                                     | 57,066                    |
|                                     |                           | <b>–</b>                  | <b>57,066</b>  | <b>–</b>         | <b>–</b>                     | <b>57,066</b>           | <b>–</b>                              | <b>57,066</b>             |
| <b>Craig Jones</b>                  |                           |                           |                |                  |                              |                         |                                       |                           |
| 10-Nov-10                           | \$42.29                   | 2,647                     | –              | –                | (1,938)                      | 709                     | 709                                   | –                         |
| 23-Sep-11                           | \$33.18                   | 3,667                     | –              | –                | –                            | 3,667                   | –                                     | 3,667                     |
| 23-Sep-12                           | \$29.12                   | 17,371                    | –              | –                | –                            | 17,371                  | –                                     | 17,371                    |
| 4-Dec-13                            | \$7.16                    | –                         | 60,335         | –                | –                            | 60,335                  | –                                     | 60,335                    |
|                                     |                           | <b>23,685</b>             | <b>60,335</b>  | <b>–</b>         | <b>(1,938)</b>               | <b>82,082</b>           | <b>709</b>                            | <b>81,373</b>             |
| <b>Colin Moorhead</b>               |                           |                           |                |                  |                              |                         |                                       |                           |
| 11-Nov-08                           | \$22.13                   | 17,348                    | –              | (17,348)         | –                            | –                       | –                                     | –                         |
| 10-Nov-09                           | \$35.15                   | 9,254                     | –              | –                | –                            | 9,254                   | 9,254                                 | –                         |
| 10-Nov-10                           | \$42.29                   | 10,814                    | –              | –                | (7,916)                      | 2,898                   | 2,898                                 | –                         |
| 23-Sep-11                           | \$33.18                   | 13,762                    | –              | –                | –                            | 13,762                  | –                                     | 13,762                    |
| 23-Sep-12                           | \$29.12                   | 19,108                    | –              | –                | –                            | 19,108                  | –                                     | 19,108                    |
| 4-Dec-13                            | \$7.16                    | –                         | 62,773         | –                | –                            | 62,773                  | –                                     | 62,773                    |
|                                     |                           | <b>70,286</b>             | <b>62,773</b>  | <b>(17,348)</b>  | <b>(7,916)</b>               | <b>107,795</b>          | <b>12,152</b>                         | <b>95,643</b>             |
| <b>Debra Stirling</b>               |                           |                           |                |                  |                              |                         |                                       |                           |
| 11-Nov-08                           | \$22.13                   | 16,073                    | –              | (16,073)         | –                            | –                       | –                                     | –                         |
| 10-Nov-09                           | \$35.15                   | 8,574                     | –              | (8,574)          | –                            | –                       | –                                     | –                         |
| 10-Nov-10                           | \$42.29                   | 10,513                    | –              | –                | (7,696)                      | 2,817                   | 2,817                                 | –                         |
| 23-Sep-11                           | \$33.18                   | 13,404                    | –              | –                | (978)                        | 12,426                  | –                                     | 12,426                    |
| 23-Sep-12                           | \$29.12                   | 18,612                    | –              | –                | (7,462)                      | 11,150                  | –                                     | 11,150                    |
| 4-Dec-13                            | \$7.16                    | –                         | 61,142         | –                | (44,852)                     | 16,290                  | –                                     | 16,290                    |
|                                     |                           | <b>67,176</b>             | <b>61,142</b>  | <b>(24,647)</b>  | <b>(60,988)</b>              | <b>42,683</b>           | <b>2,817</b>                          | <b>39,866</b>             |



# Directors' Report

## REMUNERATION REPORT

### 9. OTHER EXECUTIVE DISCLOSURES (continued)

#### 9.1 Rights Held by Executives (continued)

##### 9.1.1 Movement in LTI Rights for Executives for the year ended 30 June 2014 (continued)

| Former Executives     |                           |                        | Movements During the Year |                  |                              | As at Cessation Date <sup>(5)</sup>      |                                       |                           |
|-----------------------|---------------------------|------------------------|---------------------------|------------------|------------------------------|------------------------------------------|---------------------------------------|---------------------------|
| Grant Date            | Share Price at Grant Date | Balance at 1 July 2013 | Rights Granted            | Rights Exercised | Rights Lapsed <sup>(2)</sup> | Balance at Cessation Date <sup>(6)</sup> | Vested and Exercisable <sup>(3)</sup> | Non-Vested <sup>(4)</sup> |
| <b>Lawrie Conway</b>  |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 10–Nov–10             | \$42.29                   | 2,662                  | –                         | (713)            | (1,949)                      | –                                        | –                                     | –                         |
| 23–Sep–11             | \$33.18                   | 12,510                 | –                         | –                | (1,988)                      | 10,522                                   | –                                     | 10,522                    |
| 23–Sep–12             | \$29.12                   | 17,371                 | –                         | –                | (8,471)                      | 8,900                                    | –                                     | 8,900                     |
| 4–Dec–13              | \$7.16                    | –                      | 57,066                    | –                | (46,809)                     | 10,257                                   | –                                     | 10,257                    |
|                       |                           | <b>32,543</b>          | <b>57,066</b>             | <b>(713)</b>     | <b>(59,217)</b>              | <b>29,679</b>                            | <b>–</b>                              | <b>29,679</b>             |
| <b>Stephen Creese</b> |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 10–Nov–09             | \$35.15                   | 9,254                  | –                         | –                | –                            | 9,254                                    | 9,254                                 | –                         |
| 10–Nov–10             | \$42.29                   | 10,814                 | –                         | –                | (1,284)                      | 9,530                                    | –                                     | 9,530                     |
| 23–Sep–11             | \$33.18                   | 14,368                 | –                         | –                | (5,866)                      | 8,502                                    | –                                     | 8,502                     |
| 23–Sep–12             | \$29.12                   | 19,950                 | –                         | –                | (14,703)                     | 5,247                                    | –                                     | 5,247                     |
|                       |                           | <b>54,386</b>          | <b>–</b>                  | <b>–</b>         | <b>(21,853)</b>              | <b>32,533</b>                            | <b>9,254</b>                          | <b>23,279</b>             |
| <b>Brett Fletcher</b> |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 10–Nov–10             | \$42.29                   | 9,845                  | –                         | –                | (7,207)                      | 2,638                                    | 2,638                                 | –                         |
| 23–Sep–11             | \$33.18                   | 13,940                 | –                         | –                | (3,590)                      | 10,350                                   | –                                     | 10,350                    |
| 23–Sep–12             | \$29.12                   | 19,356                 | –                         | –                | (11,348)                     | 8,008                                    | –                                     | 8,008                     |
| 4–Dec–13              | \$7.16                    | –                      | 63,588                    | –                | (58,424)                     | 5,164                                    | –                                     | 5,164                     |
|                       |                           | <b>43,141</b>          | <b>63,588</b>             | <b>–</b>         | <b>(80,569)</b>              | <b>26,160</b>                            | <b>2,638</b>                          | <b>23,522</b>             |
| <b>Scott Langford</b> |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 23–Sep–12             | \$29.12                   | 17,371                 | –                         | –                | (10,518)                     | 6,853                                    | –                                     | 6,853                     |
|                       |                           | <b>17,371</b>          | <b>–</b>                  | <b>–</b>         | <b>(10,518)</b>              | <b>6,853</b>                             | <b>–</b>                              | <b>6,853</b>              |
| <b>Andrew Logan</b>   |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 11–Nov–08             | \$22.13                   | 5,732                  | –                         | (5,732)          | –                            | –                                        | –                                     | –                         |
| 10–Nov–09             | \$35.15                   | 3,058                  | –                         | –                | –                            | 3,058                                    | 3,058                                 | –                         |
| 10–Nov–10             | \$42.29                   | 3,642                  | –                         | –                | (2,666)                      | 976                                      | 976                                   | –                         |
| 23–Sep–11             | \$33.18                   | 12,510                 | –                         | –                | –                            | 12,510                                   | –                                     | 12,510                    |
| 23–Sep–12             | \$29.12                   | 17,371                 | –                         | –                | –                            | 17,371                                   | –                                     | 17,371                    |
| 4–Dec–13              | \$7.16                    | –                      | 57,066                    | –                | –                            | 57,066                                   | –                                     | 57,066                    |
|                       |                           | <b>42,313</b>          | <b>57,066</b>             | <b>(5,732)</b>   | <b>(2,666)</b>               | <b>90,981</b>                            | <b>4,034</b>                          | <b>86,947</b>             |
| <b>Peter Smith</b>    |                           |                        |                           |                  |                              |                                          |                                       |                           |
| 10–Nov–10             | \$42.29                   | 10,964                 | –                         | –                | (982)                        | 9,982                                    | –                                     | 9,982                     |
| 23–Sep–11             | \$33.18                   | 13,940                 | –                         | –                | (5,283)                      | 8,657                                    | –                                     | 8,657                     |
| 23–Sep–12             | \$29.12                   | 19,356                 | –                         | –                | (13,699)                     | 5,657                                    | –                                     | 5,657                     |
|                       |                           | <b>44,260</b>          | <b>–</b>                  | <b>–</b>         | <b>(19,964)</b>              | <b>24,296</b>                            | <b>–</b>                              | <b>24,296</b>             |

<sup>(1)</sup> Francesca Lee and David Woodall commenced with the Company after the grant date and were not entitled to participate in the 2014 financial year LTI plan.

<sup>(2)</sup> Includes lapses incurred as a result of the November 2010 plan vesting, along with all lapses in line with separation agreements entered into in the year ended 30 June 2014.

<sup>(3)</sup> During the year, the November 2010 LTI plan vested at 26.8 percent. Refer to section 6.3 for details.

<sup>(4)</sup> All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Company or individual employees, as applicable.

<sup>(5)</sup> In addition Sandeep Biswas' is entitled under his Executive Service Agreement to two tranches of ordinary shares in the Company, each of 54,990 shares (or cash equivalent) to be transferred in November 2014 and 2015 respectively, subject to Sandeep Biswas' continuing employment and satisfactory performance.

<sup>(6)</sup> For all former executives, this represents their holdings at the cessation date.

## 9.2. Total Value of Rights Granted, Exercised and Lapsed in the year ended 30 June 2014

|                          | Value of rights<br>granted<br>during the year<br>(A)<br>\$'000 | Value of rights<br>exercised<br>during the year<br>(B)<br>\$'000 | Value of rights<br>lapsed<br>during the year<br>(C)<br>\$'000 |
|--------------------------|----------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Executives</b>        |                                                                |                                                                  |                                                               |
| Greg Robinson            | 1,870                                                          | 871                                                              | 2,693                                                         |
| Sandeep Biswas           | 1,266                                                          | –                                                                | –                                                             |
| Gerard Bond              | 858                                                            | 750                                                              | –                                                             |
| Geoff Day                | 409                                                            | –                                                                | –                                                             |
| Craig Jones              | 432                                                            | –                                                                | 19                                                            |
| Francesca Lee            | –                                                              | –                                                                | –                                                             |
| Colin Moorhead           | 449                                                            | 173                                                              | 78                                                            |
| Debra Stirling           | 438                                                            | 251                                                              | 597                                                           |
| David Woodall            | –                                                              | –                                                                | –                                                             |
| <b>Former Executives</b> |                                                                |                                                                  |                                                               |
| Lawrie Conway            | 409                                                            | 9                                                                | 586                                                           |
| Stephen Creese           | –                                                              | –                                                                | 219                                                           |
| Brett Fletcher           | 455                                                            | –                                                                | 903                                                           |
| Scott Langford           | –                                                              | –                                                                | 89                                                            |
| Andrew Logan             | 409                                                            | 63                                                               | 26                                                            |
| Peter Smith              | –                                                              | –                                                                | 240                                                           |
|                          | <b>6,995</b>                                                   | <b>2,117</b>                                                     | <b>5,450</b>                                                  |

The following assumptions have been applied to section 9.2:

- (A) The value of rights at grant date reflects the fair value of a right at 4 December 2013 (\$7.16) multiplied by the number of rights granted during the year. The fair value has been determined using a Black-Scholes option pricing model prepared by an independent third party. The number of rights awarded at grant date was based on the Volume Weighted Average Price (VWAP) of Newcrest's share price over the period from 27 November 2013 to 3 December 2013 inclusive (\$7.657).
- (B) The value at exercise date has been determined by the Company's share price at the close of business on the exercise date multiplied by the number of rights exercised during the year ended (nil exercise price). For Gerard Bond the amount represents the equity rights as outlined in section 5.4.2, which vested in October 2013 and were settled in cash.
- (C) The value at lapse date has been determined by the share price at the close of business on the date the right lapsed multiplied by the number of rights that lapsed during the year (nil exercise price). The value at lapse date includes the rights that lapsed on vesting of the November 2010 plan, along with all rights lapsed as a result of separation agreements.

## 9.3. Shareholdings of Executives and Non-Executive Directors

|                                | Balance at<br>1 July 2013, or<br>at date appointed | Shares<br>acquired on<br>exercise of rights | Net other<br>movements | Closing Balance at<br>30 June 2014, or<br>at Separation date |
|--------------------------------|----------------------------------------------------|---------------------------------------------|------------------------|--------------------------------------------------------------|
| <b>Executives</b>              |                                                    |                                             |                        |                                                              |
| Greg Robinson                  | 60,490                                             | 80,780                                      | –                      | 141,270                                                      |
| Sandeep Biswas                 | –                                                  | –                                           | 2,512                  | 2,512                                                        |
| Gerard Bond                    | 28,488                                             | –                                           | –                      | 28,488                                                       |
| Geoff Day                      | –                                                  | –                                           | –                      | –                                                            |
| Craig Jones                    | –                                                  | –                                           | –                      | –                                                            |
| Francesca Lee                  | –                                                  | –                                           | –                      | –                                                            |
| Colin Moorhead                 | 17,317                                             | 17,348                                      | –                      | 34,665                                                       |
| Debra Stirling                 | 14,060                                             | 24,647                                      | 30,000                 | 68,707                                                       |
| David Woodall                  | –                                                  | –                                           | –                      | –                                                            |
| <b>Former Executives</b>       |                                                    |                                             |                        |                                                              |
| Lawrie Conway                  | 30,937                                             | 713                                         | –                      | 31,650                                                       |
| Stephen Creese                 | –                                                  | –                                           | –                      | –                                                            |
| Brett Fletcher                 | –                                                  | –                                           | –                      | –                                                            |
| Scott Langford                 | 4,828                                              | –                                           | –                      | 4,828                                                        |
| Andrew Logan <sup>(1)</sup>    | 6,614                                              | 5,732                                       | (5,732)                | 6,614                                                        |
| Peter Smith                    | 20,964                                             | –                                           | –                      | 20,964                                                       |
| <b>Non-Executive Directors</b> |                                                    |                                             |                        |                                                              |
| Peter Hay                      | –                                                  | –                                           | 5,000                  | 5,000                                                        |
| Don Mercer                     | 25,000                                             | –                                           | –                      | 25,000                                                       |
| Philip Aiken AM                | 7,769                                              | –                                           | –                      | 7,769                                                        |
| Vince Gauci                    | 18,400                                             | –                                           | –                      | 18,400                                                       |
| Winifred Kamit                 | 326                                                | –                                           | –                      | 326                                                          |
| Richard Knight                 | 40,000                                             | –                                           | –                      | 40,000                                                       |
| Rick Lee                       | 28,447                                             | –                                           | –                      | 28,447                                                       |
| Tim Poole                      | 4,235                                              | –                                           | –                      | 4,235                                                        |
| John Spark                     | 18,105                                             | –                                           | 14,000                 | 32,105                                                       |
|                                | <b>325,980</b>                                     | <b>129,220</b>                              | <b>45,780</b>          | <b>500,980</b>                                               |

<sup>(1)</sup> Represents Andrew Logan's holding at 28 February 2014, when he ceased to be a member of the Executive Committee.

# Directors' Report

## REMUNERATION REPORT

### 10. NON-EXECUTIVE DIRECTOR REMUNERATION

#### 10.1 Remuneration Policy

The Non-Executive Directors' fees and other terms are set by the Board and detailed in a letter of appointment which outlines their duties and responsibilities as directors. Non-Executive Directors are paid by way of a fixed directors' fee and committee fees commensurate with their respective time commitments and responsibilities. The level and structure of fees is based upon:

- The need for the Company to attract and retain Non-Executive Directors of suitable calibre;
- The demands of the role; and
- Prevailing market conditions.

In order to maintain impartiality and independence, Non-Executive Directors do not receive any performance-related remuneration and are not entitled to participate in the Company's employee cash and equity remuneration schemes. Non-Executive Directors are not provided with any retirement benefits, other than statutory superannuation.

All Directors are required to hold shares in the Company. The number of shares to be held and the timeframe in which they are to be acquired are determined by the Board.

#### 10.2 Remuneration Framework

Non-Executive Directors, including the Chairman, are paid fixed fees for their services to the Company. Those fees are inclusive of any contribution to superannuation that a Non-Executive Director elects to make or which the Company is required by law to make on behalf of a Non-Executive Director.

The Company's practice is to review Non-Executive Director remuneration every two years. A review of Newcrest Non-Executive Director fees will be undertaken in the 2015 financial year.

##### 10.2.1 Fixed Fees Paid to Non-Executive Directors

|                   |                                                   | Per annum<br>\$ |
|-------------------|---------------------------------------------------|-----------------|
| <b>Board</b>      | Chairman                                          | 600,000         |
|                   | Members                                           | 200,000         |
| <b>Committees</b> | <b>Audit and Risk Committee</b>                   |                 |
|                   | Chairman                                          | 50,000          |
|                   | Members                                           | 25,000          |
|                   | <b>Safety and Sustainability Committee</b>        |                 |
|                   | Chairman                                          | 40,000          |
|                   | Members                                           | 20,000          |
|                   | <b>Human Resources and Remuneration Committee</b> |                 |
|                   | Chairman                                          | 40,000          |
|                   | Members                                           | 20,000          |

Under the Company's Constitution, Non-Executive Directors may be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties.

The aggregate amount of fees paid is within the overall amount approved by shareholders in the Annual General Meeting. The last determination made was at the Annual General Meeting held on 28 October 2010, at which shareholders approved an aggregate amount of \$2,700,000 per annum. In June 2014, the Board resolved that the aggregate amount of Non-Executive Directors' fees should remain at the level approved by shareholders in December 2010.

### 10.3 Non-Executive Directors Remuneration

|                           | Short Term           |                          | Post-Employment           | Total |
|---------------------------|----------------------|--------------------------|---------------------------|-------|
|                           | Board Fees<br>\$'000 | Committee Fees<br>\$'000 | Super-annuation<br>\$'000 |       |
| Non-Executive Directors   |                      |                          |                           |       |
| 30 June 2014              |                      |                          |                           |       |
| Peter Hay <sup>(1)</sup>  | 366                  | –                        | 18                        | 384   |
| Don Mercer <sup>(2)</sup> | 291                  | –                        | 9                         | 300   |
| Philip Aiken AM           | 182                  | 40                       | 18                        | 240   |
| Vince Gauci               | 182                  | 40                       | 18                        | 240   |
| Winifred Kamit            | 182                  | 40                       | 18                        | 240   |
| Richard Knight            | 182                  | 65                       | 18                        | 265   |
| Rick Lee                  | 182                  | 65                       | 18                        | 265   |
| Tim Poole                 | 182                  | 45                       | 18                        | 245   |
| John Spark                | 182                  | 60                       | 18                        | 260   |
|                           | 1,931                | 355                      | 153                       | 2,439 |
| 30 June 2013              |                      |                          |                           |       |
| Don Mercer                | 600                  | –                        | –                         | 600   |
| Philip Aiken AM           | 52                   | –                        | 4                         | 56    |
| Vince Gauci               | 200                  | 40                       | –                         | 240   |
| Winifred Kamit            | 184                  | 40                       | 16                        | 240   |
| Richard Knight            | 200                  | 65                       | –                         | 265   |
| Rick Lee                  | 184                  | 65                       | 16                        | 265   |
| Tim Poole                 | 184                  | 45                       | 16                        | 245   |
| John Spark                | 184                  | 70                       | 16                        | 270   |
|                           | 1,788                | 325                      | 68                        | 2,181 |

<sup>(1)</sup> Peter Hay was appointed as a Non-Executive Director on 8 August 2013 and as Chairman of the Board on 1 January 2014.

<sup>(2)</sup> Don Mercer retired as Chairman and as Non-Executive Director on 31 December 2013.

No fees for additional services were paid to Non-Executive Directors in the year ended 30 June 2014.

### 11. REMUNERATION CONSULTANTS

The Company engages the services of independent and specialist remuneration consultants from time to time to provide recommendations on remuneration for Executives. Remuneration consultants are engaged by the Non-Executive Directors and report any remuneration recommendations directly to the Remuneration Committee.

The Remuneration Committee has engaged KPMG during the year ended 30 June 2014, to provide remuneration advice on the structure and terms of the 2015 financial year STI and LTI incentive plans. The fees paid to KPMG in respect of this work are detailed in section 11.1.

For each of the remuneration recommendations provided, the Board is satisfied that the recommendations were made free from any undue influence. In addition to the Board approved protocols that have been adhered to, in each case KPMG provided a formal declaration confirming that the recommendation was made free from 'undue influence' by the members of the Key Management Personnel to whom the recommendation related.

The Board has also retained the appointment of PricewaterhouseCoopers (PwC) as additional remuneration consultants for the year ended 30 June 2014. Neither the Board nor the Human Resources and Remuneration Committee has sought or received remuneration recommendations from PwC during the year ended 30 June 2014. No fee has been paid to PwC.

#### 11.1 Fees Received by KPMG as Remuneration Consultants

|                                         | 2014<br>\$'000 |
|-----------------------------------------|----------------|
| <b>Amounts received by KPMG for:</b>    |                |
| Remuneration recommendations and advice | 81             |
| Taxation advice                         | 282            |
| Internal audit services                 | 121            |
| Other                                   | 37             |
| <b>Total</b>                            | <b>521</b>     |

# Directors' Report

This report is signed in accordance with a resolution of the Directors.



**Peter Hay**  
Chairman



**Sandeep Biswas**  
Managing Director and  
Chief Executive Officer

18 August 2014  
Melbourne



# Auditor's Independence Declaration



Ernst & Young  
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## Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

In relation to our audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2014, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Tim Wallace  
Partner  
18 August 2014

Michael Collins  
Partner

# Consolidated Income Statement

For the year ended 30 June 2014

|                                             | Note | 2014<br>\$M    | 2013*<br>\$M   |
|---------------------------------------------|------|----------------|----------------|
| Operating sales revenue                     | 5(a) | 4,040          | 3,775          |
| Cost of sales                               | 5(b) | (3,094)        | (2,941)        |
| <b>Gross profit</b>                         |      | <b>946</b>     | <b>834</b>     |
| Exploration expenses                        | 17   | (36)           | (64)           |
| Corporate administration expenses           | 5(c) | (134)          | (132)          |
| Other income/(expenses)                     | 5(d) | (12)           | (82)           |
| Share of profit/(loss) of associate         | 21   | 22             | (110)          |
| Restructure costs                           | 6(a) | (46)           | (72)           |
| Write-down of non-current assets            | 6(b) | (174)          | (166)          |
| Impairment losses                           | 6(c) | (3,128)        | (6,147)        |
| Impairment reversal/(charge) in associate   | 6(d) | 11             | (151)          |
| <b>Loss before interest and income tax</b>  |      | <b>(2,551)</b> | <b>(6,090)</b> |
| Finance income                              |      | 1              | 1              |
| Finance costs                               | 5(e) | (175)          | (110)          |
| <b>Loss before income tax</b>               |      | <b>(2,725)</b> | <b>(6,199)</b> |
| Income tax benefit                          | 8(a) | 510            | 419            |
| <b>Loss after income tax</b>                |      | <b>(2,215)</b> | <b>(5,780)</b> |
| <b>Loss after tax attributable to:</b>      |      |                |                |
| Non-controlling interests                   |      | 6              | 3              |
| Owners of the parent                        |      | (2,221)        | (5,783)        |
|                                             |      | (2,215)        | (5,780)        |
| <b>Earnings per share (cents per share)</b> |      |                |                |
| Basic loss per share                        | 10   | (289.8)        | (755.1)        |
| Diluted loss per share                      | 10   | (289.8)        | (755.1)        |

The above Statement should be read in conjunction with the accompanying notes.

\* Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

|                                                                                     | 2014<br>\$M    | 2013*<br>\$M   |
|-------------------------------------------------------------------------------------|----------------|----------------|
| <b>Loss after income tax</b>                                                        | <b>(2,215)</b> | <b>(5,780)</b> |
| <b>Other comprehensive income/(loss)</b>                                            |                |                |
| <i>Items that may be reclassified subsequently to the Income Statement</i>          |                |                |
| <b>Cash flow hedges</b>                                                             |                |                |
| Cash flow hedges deferred in equity                                                 | 5              | (2)            |
| Income tax expense/(benefit)                                                        | (1)            | –              |
|                                                                                     | <b>4</b>       | <b>(2)</b>     |
| <b>Investments</b>                                                                  |                |                |
| Net loss on available-for-sale financial assets transferred to the Income Statement | 1              | 1              |
| Share of other comprehensive income/(loss) of associate                             | 2              | (2)            |
|                                                                                     | <b>3</b>       | <b>(1)</b>     |
| <b>Foreign currency translation</b>                                                 |                |                |
| Foreign currency translation (loss)/gain                                            | (81)           | 894            |
|                                                                                     | <b>(81)</b>    | <b>894</b>     |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>                   | <b>(74)</b>    | <b>891</b>     |
| <b>Total comprehensive loss for the year</b>                                        | <b>(2,289)</b> | <b>(4,889)</b> |
| <b>Total comprehensive loss attributable to:</b>                                    |                |                |
| Non-controlling interests                                                           | 3              | 18             |
| Owners of the parent                                                                | (2,292)        | (4,907)        |
|                                                                                     | <b>(2,289)</b> | <b>(4,889)</b> |

The above Statement should be read in conjunction with the accompanying notes.

\* Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.

# Consolidated Statement of Financial Position

As at 30 June 2014

|                                                    | Note  | 2014<br>\$M   | 2013*<br>\$M  | 2012*<br>\$M  |
|----------------------------------------------------|-------|---------------|---------------|---------------|
| <b>Current assets</b>                              |       |               |               |               |
| Cash and cash equivalents                          | 11(a) | 141           | 69            | 242           |
| Trade and other receivables                        | 12    | 169           | 178           | 251           |
| Inventories                                        | 13    | 800           | 946           | 748           |
| Other financial assets                             | 14    | 14            | 18            | 11            |
| Current tax asset                                  |       | 65            | 58            | –             |
| Other assets                                       | 15    | 78            | 120           | 128           |
| <b>Total current assets</b>                        |       | <b>1,267</b>  | <b>1,389</b>  | <b>1,380</b>  |
| <b>Non-current assets</b>                          |       |               |               |               |
| Inventories                                        | 13    | 1,158         | 1,248         | 1,095         |
| Other financial assets                             | 14    | 10            | 10            | 8             |
| Property, plant and equipment                      | 16    | 4,683         | 5,544         | 4,364         |
| Exploration, evaluation and development            | 17    | 5,879         | 7,863         | 9,033         |
| Other intangible assets                            | 18    | 88            | 114           | 93            |
| Goodwill                                           | 19    | –             | 436           | 3,759         |
| Deferred tax assets                                | 8     | 286           | 326           | 259           |
| Investment in associate                            | 21    | 162           | 132           | 395           |
| Other assets                                       | 15    | 54            | 11            | 24            |
| <b>Total non-current assets</b>                    |       | <b>12,320</b> | <b>15,684</b> | <b>19,030</b> |
| <b>Total assets</b>                                |       | <b>13,587</b> | <b>17,073</b> | <b>20,410</b> |
| <b>Current liabilities</b>                         |       |               |               |               |
| Trade and other payables                           | 22    | 319           | 620           | 482           |
| Borrowings                                         | 23    | 112           | 1             | 1,200         |
| Provisions                                         | 24    | 215           | 241           | 200           |
| Current tax liability                              |       | –             | –             | 92            |
| Other financial liabilities                        | 25    | 10            | 71            | 18            |
| <b>Total current liabilities</b>                   |       | <b>656</b>    | <b>933</b>    | <b>1,992</b>  |
| <b>Non-current liabilities</b>                     |       |               |               |               |
| Borrowings                                         | 23    | 3,964         | 4,210         | 1,208         |
| Provisions                                         | 24    | 359           | 353           | 308           |
| Deferred tax liabilities                           | 8     | 901           | 1,575         | 1,885         |
| <b>Total non-current liabilities</b>               |       | <b>5,224</b>  | <b>6,138</b>  | <b>3,401</b>  |
| <b>Total liabilities</b>                           |       | <b>5,880</b>  | <b>7,071</b>  | <b>5,393</b>  |
| <b>Net assets</b>                                  |       | <b>7,707</b>  | <b>10,002</b> | <b>15,017</b> |
| <b>Equity</b>                                      |       |               |               |               |
| Issued capital                                     | 26    | 13,593        | 13,592        | 13,561        |
| Retained earnings/(accumulated losses)             | 27    | (5,365)       | (3,144)       | 2,815         |
| Reserves                                           | 28    | (647)         | (585)         | (1,476)       |
| <b>Equity attributable to owners of the parent</b> |       | <b>7,581</b>  | <b>9,863</b>  | <b>14,900</b> |
| Non-controlling interests                          |       | 126           | 139           | 117           |
| <b>Total equity</b>                                |       | <b>7,707</b>  | <b>10,002</b> | <b>15,017</b> |

The above Statement should be read in conjunction with the accompanying notes.

\* Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.



# Consolidated Statement of Cash Flows

For the year ended 30 June 2014

|                                                                                                         | Note  | 2014<br>\$M  | 2013*<br>\$M   |
|---------------------------------------------------------------------------------------------------------|-------|--------------|----------------|
| <b>Cash flows from operating activities</b>                                                             |       |              |                |
| Receipts from customers                                                                                 |       | 3,967        | 3,815          |
| Payments to suppliers and employees                                                                     |       | (2,636)      | (2,409)        |
| Interest received                                                                                       |       | 1            | 1              |
| Interest paid                                                                                           |       | (162)        | (98)           |
| Income taxes paid                                                                                       |       | (138)        | (162)          |
| Dividends received                                                                                      |       | 5            | –              |
| <b>Net cash provided by operating activities</b>                                                        | 11(b) | <b>1,037</b> | <b>1,147</b>   |
| <b>Cash flows from investing activities</b>                                                             |       |              |                |
| Payments for property, plant and equipment                                                              |       | (205)        | (466)          |
| Mine under construction, development and feasibility expenditure                                        |       | (439)        | (1,440)        |
| Exploration and evaluation expenditure                                                                  |       | (62)         | (152)          |
| Production stripping expenditure                                                                        |       | (191)        | (440)          |
| Information systems development                                                                         |       | (8)          | (40)           |
| Interest capitalised to development projects                                                            |       | (7)          | (35)           |
| Proceeds from sale of plant and equipment                                                               |       | 8            | –              |
| Proceeds from sale of investments                                                                       |       | –            | 9              |
| <b>Net cash used in investing activities</b>                                                            |       | <b>(904)</b> | <b>(2,564)</b> |
| <b>Cash flows from financing activities</b>                                                             |       |              |                |
| Proceeds from borrowings:                                                                               |       |              |                |
| – US dollar bilateral bank debt                                                                         |       | 2,038        | 2,054          |
| – US dollar corporate bonds                                                                             |       | –            | 948            |
| Repayment of borrowings:                                                                                |       |              |                |
| – US dollar bilateral bank debt                                                                         |       | (2,076)      | (1,623)        |
| Net repayment of finance lease principal                                                                |       | (1)          | (3)            |
| Payment for treasury shares                                                                             |       | (6)          | (1)            |
| Proceeds from partial sale of shares in subsidiary to non-controlling interests, net of withholding tax | 40    | –            | 117            |
| Dividends paid:                                                                                         |       |              |                |
| – Members of the parent entity                                                                          |       | –            | (230)          |
| – Non-controlling interests                                                                             |       | (16)         | (26)           |
| <b>Net cash provided by financing activities</b>                                                        |       | <b>(61)</b>  | <b>1,236</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                             |       | <b>72</b>    | <b>(181)</b>   |
| Cash and cash equivalents at the beginning of the year                                                  |       | 69           | 242            |
| Effects of exchange rate changes on cash held                                                           |       | –            | 8              |
| <b>Cash and cash equivalents at the end of the year</b>                                                 | 11(a) | <b>141</b>   | <b>69</b>      |

The above Statement should be read in conjunction with the accompanying notes.

\* Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

| 2014                                                        | Attributable to Owners of the Parent |                                           |                                  |                                               |                                       |                       |                | Non-controlling Interests \$M | Total \$M      |
|-------------------------------------------------------------|--------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------------|---------------------------------------|-----------------------|----------------|-------------------------------|----------------|
|                                                             | Issued Capital \$M                   | FX Translation Reserve <sup>(1)</sup> \$M | Hedge Reserve <sup>(1)</sup> \$M | Equity Settlements Reserve <sup>(1)</sup> \$M | Fair Value Reserve <sup>(1)</sup> \$M | Retained Earnings \$M | Total \$M      |                               |                |
| <b>Balance at 1 July 2013<sup>(2)</sup></b>                 | <b>13,592</b>                        | <b>(657)</b>                              | <b>13</b>                        | <b>62</b>                                     | <b>(3)</b>                            | <b>(3,144)</b>        | <b>9,863</b>   | <b>139</b>                    | <b>10,002</b>  |
| Loss for the year                                           | –                                    | –                                         | –                                | –                                             | –                                     | (2,221)               | (2,221)        | 6                             | (2,215)        |
| Other comprehensive loss for the year                       | –                                    | (78)                                      | 4                                | –                                             | 3                                     | –                     | (71)           | (3)                           | (74)           |
| <b>Total comprehensive loss for the year</b>                | <b>–</b>                             | <b>(78)</b>                               | <b>4</b>                         | <b>–</b>                                      | <b>3</b>                              | <b>(2,221)</b>        | <b>(2,292)</b> | <b>3</b>                      | <b>(2,289)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                                      |                                           |                                  |                                               |                                       |                       |                |                               |                |
| Share-based payments                                        | –                                    | –                                         | –                                | 9                                             | –                                     | –                     | 9              | –                             | 9              |
| Treasury shares                                             | 1                                    | –                                         | –                                | –                                             | –                                     | –                     | 1              | –                             | 1              |
| Dividends paid                                              | –                                    | –                                         | –                                | –                                             | –                                     | –                     | –              | (16)                          | (16)           |
| <b>Balance at 30 June 2014</b>                              | <b>13,593</b>                        | <b>(735)</b>                              | <b>17</b>                        | <b>71</b>                                     | <b>–</b>                              | <b>(5,365)</b>        | <b>7,581</b>   | <b>126</b>                    | <b>7,707</b>   |

The above Statement should be read in conjunction with the accompanying notes.

<sup>(1)</sup> Refer Note 28 for description of reserves.

<sup>(2)</sup> Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.

| 2013                                                                                                   | Attributable to Owners of the Parent |                                           |                                  |                                               |                                       |                       |                | Non-controlling Interests \$M | Total \$M      |
|--------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------------|---------------------------------------|-----------------------|----------------|-------------------------------|----------------|
|                                                                                                        | Issued Capital \$M                   | FX Translation Reserve <sup>(1)</sup> \$M | Hedge Reserve <sup>(1)</sup> \$M | Equity Settlements Reserve <sup>(1)</sup> \$M | Fair Value Reserve <sup>(1)</sup> \$M | Retained Earnings \$M | Total \$M      |                               |                |
| <b>Balance at 1 July 2012</b>                                                                          | <b>13,561</b>                        | <b>(1,543)</b>                            | <b>15</b>                        | <b>54</b>                                     | <b>(2)</b>                            | <b>2,890</b>          | <b>14,975</b>  | <b>119</b>                    | <b>15,094</b>  |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 (after tax) | –                                    | –                                         | –                                | –                                             | –                                     | (75)                  | (75)           | (2)                           | (77)           |
| <b>Restated opening balance 1 July 2012<sup>(2)</sup></b>                                              | <b>13,561</b>                        | <b>(1,543)</b>                            | <b>15</b>                        | <b>54</b>                                     | <b>(2)</b>                            | <b>2,815</b>          | <b>14,900</b>  | <b>117</b>                    | <b>15,017</b>  |
| Profit/(loss) for the year <sup>(2)</sup>                                                              | –                                    | –                                         | –                                | –                                             | –                                     | (5,783)               | (5,783)        | 3                             | (5,780)        |
| Other comprehensive income for the year <sup>(2)</sup>                                                 | –                                    | 879                                       | (2)                              | –                                             | (1)                                   | –                     | 876            | 15                            | 891            |
| <b>Total comprehensive income for the year</b>                                                         | <b>–</b>                             | <b>879</b>                                | <b>(2)</b>                       | <b>–</b>                                      | <b>(1)</b>                            | <b>(5,783)</b>        | <b>(4,907)</b> | <b>18</b>                     | <b>(4,889)</b> |
| <b>Transactions with owners in their capacity as owners</b>                                            |                                      |                                           |                                  |                                               |                                       |                       |                |                               |                |
| Share-based payments                                                                                   | –                                    | –                                         | –                                | 8                                             | –                                     | –                     | 8              | –                             | 8              |
| Shares issued – Dividend reinvestment plan                                                             | 38                                   | –                                         | –                                | –                                             | –                                     | –                     | 38             | –                             | 38             |
| Treasury shares                                                                                        | (7)                                  | –                                         | –                                | –                                             | –                                     | –                     | (7)            | –                             | (7)            |
| Changes in equity interests held by the parent (Note 36)                                               | –                                    | 7                                         | –                                | –                                             | –                                     | 92                    | 99             | 30                            | 129            |
| Dividends paid                                                                                         | –                                    | –                                         | –                                | –                                             | –                                     | (268)                 | (268)          | (26)                          | (294)          |
| <b>Balance at 30 June 2013</b>                                                                         | <b>13,592</b>                        | <b>(657)</b>                              | <b>13</b>                        | <b>62</b>                                     | <b>(3)</b>                            | <b>(3,144)</b>        | <b>9,863</b>   | <b>139</b>                    | <b>10,002</b>  |

The above Statement should be read in conjunction with the accompanying notes.

<sup>(1)</sup> Refer Note 28 for description of reserves.

<sup>(2)</sup> Comparative information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*. Refer to Note 4 for details.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 1. CORPORATE INFORMATION

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and the Port Moresby Stock Exchange (PoMSOX). The registered office of Newcrest Mining Limited is Level 9, 600 St Kilda Road, Melbourne, Victoria, 3004, Australia.

The nature of operations and principal activities of Newcrest Mining Limited and its controlled entities are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

The financial report of Newcrest Mining Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 18 August 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are:

### (a) Basis of Preparation and Statement of Compliance

The financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets, which have been measured at fair value.

The financial report also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board.

The financial report has been presented in Australian dollars and all values are rounded to the nearest \$1,000,000 unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year, except as disclosed in Note 2 (dd) and Note 4.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities is presented in Note 35.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interest in the results and equity of the entities that are controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

### (c) Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation, its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Details of the Group's interests in joint operations are shown in Note 38.

### (d) Investment in Associates

An associate is an entity that is neither a subsidiary nor joint arrangement, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Significant influence is presumed to exist where the Group has a holding of 20 per cent or more of the voting power in the investee, unless it can be clearly demonstrated that this is not the case. Conversely a holding of less than 20 per cent is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The Income Statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is included in the Income Statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, or if a previously recognised impairment should be reversed. If this is the case, the Group calculates the amount of impairment (or reversal) as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Income Statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **(e) Foreign Currency**

##### **Functional and Presentation Currency**

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Group's foreign operations is US dollars (US\$).

##### **Transactions and Balances**

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement with the exception of differences on certain US dollar denominated borrowings where the foreign currency components are designated as either cash flow hedges of future US dollar denominated sales or hedges of a net investment in a foreign operation. These are taken directly to the hedge reserve in equity until the forecast sales used to repay the debt occur (for cash flow hedges) or the foreign operation is disposed (for net investment hedges), at which time they are recognised in the Income Statement.

##### **Translation of Foreign Operations**

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest Mining Limited (Australian dollars) at the rates of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve (refer Note 2(v)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

#### **(f) Cash and Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **(g) Trade and Other Receivables**

Trade receivables comprising Metal in Concentrate receivables and Bullion Awaiting Settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for impairment.

#### **(h) Inventories**

Gold in solution form, ore and work in progress is physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Ore stockpiles which are not scheduled to be processed in the 12 months after the reporting date are classified as non-current inventory. The Group believes the processing of these stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

#### **(i) Production Stripping Expenditure**

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory in the period or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to the ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'production stripping asset', if the following criteria are met;

- Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
- The component of the ore body for which access has been improved can be accurately identified; and
- The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected waste to contained gold ounce ratio ('life of component') ratio.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Production Stripping Expenditure (continued)

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. An identified component of the ore body is typically a subset of the total ore body of the mine. It is considered that each mine may have several components, which are identified based on the mine plan. The mine plans and therefore the identification of specific components will vary between mines as a result of both the geological characteristics and location of the ore body. The financial considerations of the mining operations may also impact the identification and designation of a component.

The identification of components is necessary for both the measurement of costs at the initial recognition of the production stripping asset, and the subsequent depreciation of the production stripping asset.

The life of component ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of component ratio are accounted for prospectively from the date of change.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

The production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body. The production stripping asset is then carried at cost less depreciation and any impairment losses.

The production stripping asset is included in 'Exploration, Evaluation and Development'. These costs form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy (refer Note 2p).

### (j) Property, Plant and Equipment

#### Cost

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. Freehold land is held for extractive industry operations and its value is wholly dependent upon those operations. These assets form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy (refer Note 2p).

#### Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives.

The Group uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets the straight-line method is used, resulting in estimated useful lives between three to 20 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed annually for all major items of plant and equipment.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. Assets are depreciated or amortised from the date they are installed and are ready for use, or in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

#### Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Payments made under operating leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

### (k) Exploration, Evaluation and Feasibility Expenditure

#### Exploration and Evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

- Rights to tenure of the area of interest are current; and
- (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
- (b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Group, together with an appropriate portion of directly related overhead expenditure.

#### Deferred Feasibility

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest and capitalised as incurred.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis.

When an area of interest is abandoned or the Directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

## **(l) Mine Construction and Development**

### **Mines Under Construction**

Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Once a development decision has been taken, all aggregated costs of construction are transferred to non-current assets as either mine development or buildings, plant and equipment as appropriate.

### **Mine Development**

Mine development represents expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the Group, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

### **Depreciation and Amortisation**

Amortisation of costs is provided using the unit-of-production method.

These assets form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy (refer Note 2p).

## **(m) Mineral Rights**

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within Exploration, Evaluation and Development.

Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit-of-production basis over the estimated economic reserve of the mine to which the rights relate. These assets form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy (refer Note 2p).

## **(n) Goodwill**

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units ('CGU'), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs), to which the goodwill relates. The recoverable amount is the higher of the CGUs:

- Fair value less costs of disposal; and
- Value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The Group performs impairment testing on goodwill half-yearly to determine whether there is an indication of impairment.

When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (group of CGUs) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment losses recognised for goodwill are not subsequently reversed.

## **(o) Other Intangible Assets**

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Costs capitalised include external costs of materials and services and the cost of employee benefits. Amortisation is calculated on a straight line basis over the useful life, ranging from three to seven years.

## **(p) Impairment of Non-Financial Assets**

The carrying amounts of all non-financial assets (including goodwill) are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the Income Statement. Individual assets are grouped for impairment purposes at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGUs). Generally, this results in the Group evaluating its mine properties on a geographical basis.

Non-current assets other than goodwill that have recognised impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have been reversed.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (q) Non-Current Assets and Disposal Groups held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

### (r) Trade and Other Payables

Liabilities for trade and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group, and then subsequently at amortised cost.

### (s) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value and subsequently at amortised cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year used to develop the qualifying asset.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

### (t) Employee Benefits

#### Short-Term Benefits

Liabilities arising in respect of wages and salaries, salary at risk, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in 'Trade and Other Payables' (for amounts other than annual leave and salary at risk) and 'Current Provisions' (for annual leave and salary at risk) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

#### Long-Term Benefits

The liability for long service leave and other long-term benefits is measured at the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date.

Long-term benefits not expected to be settled within 12 months are discounted using the rates attaching to national government securities at the reporting date, which most closely match the terms of maturity of the related liability. In determining the liability for these long-term employee benefits, consideration has been given to expected future increases in wage and salary rates, the Group's experience with staff departures and periods of service. Related on-costs are also included in the liability.

#### Defined Contribution Superannuation Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

### (u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Provision for Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to rehabilitate operating locations in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the Income Statement. The carrying amount capitalised as a part of mining assets is depreciated/amortised over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations but do not have a future economic benefit are expensed as incurred.

### (v) Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments to manage its risk to commodity prices. The instruments used by the Group include forward sale contracts, diesel forward contracts and foreign currency forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the Income Statement depends on the nature of the hedge relationship.

The fair value of forward sale contracts, diesel forward contracts and foreign currency forward contracts are calculated by reference to current forward commodity prices.

At the inception of the transaction, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- Cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or
- Hedges of a net investment in a foreign operation.

### Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other Comprehensive Income through the Hedge Reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are transferred to the Income Statement in the periods when the hedged item affects the Income Statement, for instance when the forecast sale that is hedged takes place.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

### (w) Earnings Per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (x) Issued Capital

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

### Treasury Shares

The Group's own equity instruments, which are reacquired on market for later use in employee share-based payment arrangements (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### (y) Revenue Recognition

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for the majority of the Group's commodity sales is upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

### Gold and Silver Bullion Sales

Revenue from gold and silver bullion sales, is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

### Gold, Copper and Silver in Concentrate Sales

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and six months.

The provisionally priced sales of metal in concentrate contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement each period until final settlement, and presented as 'Other Income/Expense'. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Contract terms for the Group's sale of gold, copper and silver in concentrate allow for an adjustment based on final assay results of the metal in concentrate by the customer to determine content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal price in concentrate with a subsequent adjustment made upon final determination and presented as part of revenue.

### Interest Revenue

Interest revenue is recognised as it accrues using the effective interest method.

### (z) Government Royalties

Royalties under existing royalty regimes are payable on sales and are therefore recognised as the sale occurs.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (aa) Income Taxes

#### Current Income Tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

#### Deferred Income Tax

Deferred income tax is provided on all temporary differences (except as noted below) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

- Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

### (bb) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (cc) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

- Assets transferred by the Group;
- Liabilities incurred by the acquirer to former owners of the acquiree;
- Equity issued by the Group;

and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured.

## **(dd) New Accounting Standards and Interpretations**

### **Adoption of New Standards and Interpretations**

The Group has adopted the following new and revised accounting standards, amendments and interpretations as of 1 July 2013:

- AASB 10 – Consolidated Financial Statements
- AASB 11 – Joint Arrangements
- AASB 12 – Disclosure of Interests in Other Entities
- AASB 13 – Fair Value Measurement
- AASB 119 – Employee Benefits
- AASB 124 – Related Party Disclosures
- Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine.

With the exception of Interpretation 20, the adoption of these new and revised standards did not have a material impact on the Group's financial statements. The impact on the Group's financial statements from the adoption of Interpretation 20 is described in Note 4.

### **New Accounting Standards and Interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report.

| Reference & Title                                                                                                | Details of New Standard / Amendment / Interpretation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Impact on Group | Application date for the Group |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------|
| AASB 132<br>Financial Instruments:<br>Presentation                                                               | This revised standard adds application guidance to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (i)             | 1 July 2014                    |
| AASB 136<br>Impairment of Assets                                                                                 | The changes to this standard are in the disclosure only. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | (iii)           | 1 July 2014                    |
| Interpretation 21<br>Leases                                                                                      | This interpretation clarifies when to recognise a liability to pay a levy. A levy is an outflow of resources embodying economic benefits that is imposed by governments in entities in accordance with applicable legislation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (i)             | 1 July 2014                    |
| IFRS 15<br>Revenue from contracts with customers                                                                 | IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (ii)            | 1 July 2017                    |
| AASB 9/IFRS 9<br>Financial Instruments<br>AASB 2010-7 and AASB 2012-6<br>Amendments to AAS's arising from AASB 9 | <p>The revised IFRS 9 will eventually replace AASB 139 and all previous versions of IFRS 9. The revised standard includes changes to the:</p> <ul style="list-style-type: none"><li>– classification and measurement of financial assets and financial liabilities</li><li>– expected credit loss impairment model</li><li>– hedge accounting.</li></ul> <p>Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.</p> <p>Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements.</p> | (ii)            | 1 July 2018                    |

(i) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.

(ii) The Group has not yet determined the extent of the impact, if any.

(iii) This new standard will result in additional/revised disclosures in the financial statements.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered, however their impact is considered insignificant to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Mine Rehabilitation Provision

The Group assesses its mine rehabilitation provision annually in accordance with the accounting policy Note 2(u). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

### (b) Unit-of-Production Method of Depreciation/Amortisation

The Group uses the unit-of-production basis when depreciating/amortising specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

### (c) Impairment of Assets

The Group assesses each Cash-Generating Unit (CGU), including CGUs with Goodwill as listed in Note 19, half-yearly to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to dispose and value in use calculated in accordance with accounting policy Note 2(p). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows). Refer Note 20.

### (d) Production Stripping

The Group defers mining costs incurred during the production stage of its operations which are calculated in accordance with accounting policy Note 2(i). Changes in an individual mine's design will generally result in changes to the life of component waste to contained gold ounce (life of component) ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to deferred mining resulting from a change in life of component ratios are accounted for prospectively.

### (e) Capitalisation of Exploration and Evaluation Costs

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 2(k). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

### (f) Recovery of Deferred Tax Assets

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

### (g) Ore Reserve Estimates

The Group estimates its ore reserves and mineral resources annually in December each year, and reports in the following February, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, mine development, production stripping assets, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement.

### (h) Investment in Associates

Included in the carrying value of the investment in Evolution Mining Limited (Evolution) is the Group's share of profit of the associate for the year ended 30 June 2014. At the date of this report, Evolution has not released its full financial statements for the year ended 30 June 2014. The Group's share of the profit of the associate has been estimated based on publicly available information, including the associate's half-year accounts for the period ended 31 December 2013, and quarterly production reports to 30 June 2014. This estimate may change when full financial statements become available and this may impact the carrying value of the investment.

Judgement is required in assessing whether there is objective evidence that the investment in Evolution is impaired or that a prior period impairment should be reversed. Refer Note 21.

### (i) Share-Based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed in Note 29.

#### 4. IMPACT OF ADOPTING INTERPRETATION 20

The Group has adopted Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine* as of 1 July 2013.

In open pit mining operations, it is necessary to remove overburden and other waste materials in order to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. The Group capitalises pre-production stripping costs incurred during the development of a mine (or pit) as part of the investment in construction of the mine. These costs are subsequently amortised over the life of the mine (or pit) on a units of production basis. This accounting treatment is unchanged by the implementation of Interpretation 20 which specifies the accounting for production stripping only.

The Group's accounting policy for production stripping costs for the financial year ended 30 June 2013 and previous financial reporting periods, was to defer costs where this was the most appropriate basis for matching the costs against the related economic benefits and where the effect was material. The amount of stripping costs deferred was based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for the life of mine (or pit/stage). Production stripping costs incurred in the period were deferred to the extent that the current period actual waste to contained gold ounce ratio exceeded the average life of mine (or pit/stage) expected ratio. Such deferred costs were then charged to profit or loss to the extent that, in subsequent periods, the current period actual ratio fell below the average life of mine (or pit/stage) expected ratio until those deferred costs were fully depleted. No production stripping liabilities were recognised. The life of mine (or pit/stage) ratio was based on economically recoverable reserves of the mine.

Interpretation 20 now provides specific guidance on how to account for production stripping costs. It requires such costs to be capitalised as an asset (referred to as the 'production stripping asset') when the recognition criteria set out in Interpretation 20 are met. Interpretation 20 differs from the life of mine average waste tonnes mined to contained gold ounce ratio approach in a number of ways – these include:

- The level at which production stripping costs are to be assessed, which includes the recognition of an asset at a component level rather than a life of mine level; and
- The way in which the production stripping asset is to be depreciated.

##### Identification of Components

Interpretation 20 requires the identification of different components of the ore body. Interpretation 20 defines a component as a specific volume of the ore body that is made more accessible by the stripping activity. An identified component of the ore body is generally a subset of the total ore body of the mine. It is considered that each mine may have several components, which are to be identified based on the mine plan. The mine plans and therefore the identification of specific components will vary between mines as a result of both the geological characteristics and location of the ore body. The financial considerations of the mining operations may also impact the identification and designation of a component.

The identification of components is necessary for both the measurement of costs at the initial recognition of the asset, and the subsequent depreciation of the asset.

##### Depreciation Methodology

Interpretation 20 also changes the manner in which the production stripping asset is depreciated. Under the previous method, the production stripping asset was released to the profit or loss when the actual ratio fell below the average expected ratio. Under Interpretation 20, the production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis.

##### Transition

Interpretation 20 is not applied retrospectively; instead it is applied prospectively from the beginning of the earliest comparative period presented. Therefore, the impact of adoption for the Group is calculated as of 1 July 2012, being the beginning of the earliest comparative period presented in these financial statements.

On implementation of Interpretation 20, production stripping costs which had been capitalised up to 30 June 2012 using the Group's previous policy, could only be carried forward if there remained an identifiable component of the ore body to which the opening carried forward balance could be associated. Given the way in which production stripping costs have been previously accumulated and capitalised, and the way in which the components of the mine have been identified under Interpretation 20, it was determined that \$99 million (pre-tax and non-controlling interests) of the opening production stripping asset of \$337 million was to be written off via opening retained earnings. This adjustment reduced opening retained earnings at 1 July 2012 by \$75 million after tax and non-controlling interests.

Prior to the adoption of Interpretation 20, the Group disclosed the production stripping assets as part of 'Other Assets'. On adoption, these assets were reclassified as 'Exploration, Evaluation and Development'.

##### Accounting Policy

The Group's accounting policy under Interpretation 20 has been revised and is included in note 2(i).

##### Financial Impacts

In accordance with the transitional provisions of Interpretation 20, this new policy has been applied prospectively from the start of the comparative period, being 1 July 2012. The impact of these changes in accounting requirements on the:

- Income Statement for the year ended 30 June 2013;
  - Statement of Financial Position as at 30 June 2013;
  - Statement of Financial Position as at 1 July 2012; and
  - Statement of Cash Flows for the year ended 30 June 2013;
- is set out as follows.

The Group has determined that it is not practicable to quantify the impact for the year ended 30 June 2014 under the pre-Interpretation 20 approach.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 4. IMPACT OF ADOPTING INTERPRETATION 20 (continued)

### (a) Group Income Statement – 12 months ended 30 June 2013

|                                             | As reported<br>12 months to<br>30-Jun-13<br>\$M | Interpretation 20<br>Restatement<br>\$M | As restated<br>12 months to<br>30-Jun-13<br>\$M |
|---------------------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------------|
| Operating sales revenue                     | 3,775                                           | –                                       | 3,775                                           |
| Cost of sales                               | (2,930)                                         | (11)                                    | (2,941)                                         |
| <b>Gross profit</b>                         | <b>845</b>                                      | <b>(11)</b>                             | <b>834</b>                                      |
| Exploration expenses                        | (64)                                            | –                                       | (64)                                            |
| Corporate administration expenses           | (132)                                           | –                                       | (132)                                           |
| Other income/(expenses)                     | (82)                                            | –                                       | (82)                                            |
| Share of loss of associate                  | (110)                                           | –                                       | (110)                                           |
| Restructure costs                           | (72)                                            | –                                       | (72)                                            |
| Write-down of non-current assets            | (166)                                           | –                                       | (166)                                           |
| Impairment losses                           | (6,147)                                         | –                                       | (6,147)                                         |
| Impairment of associate                     | (151)                                           | –                                       | (151)                                           |
| <b>Loss before interest and income tax</b>  | <b>(6,079)</b>                                  | <b>(11)</b>                             | <b>(6,090)</b>                                  |
| Finance income                              | 1                                               | –                                       | 1                                               |
| Finance costs                               | (110)                                           | –                                       | (110)                                           |
| <b>Loss before income tax</b>               | <b>(6,188)</b>                                  | <b>(11)</b>                             | <b>(6,199)</b>                                  |
| Income tax benefit                          | 412                                             | 7                                       | 419                                             |
| <b>Loss after income tax</b>                | <b>(5,776)</b>                                  | <b>(4)</b>                              | <b>(5,780)</b>                                  |
| <b>Loss after tax attributable to:</b>      |                                                 |                                         |                                                 |
| – Non-controlling interests                 | 2                                               | 1                                       | 3                                               |
| – Owners of the parent                      | (5,778)                                         | (5)                                     | (5,783)                                         |
|                                             | <b>(5,776)</b>                                  | <b>(4)</b>                              | <b>(5,780)</b>                                  |
| <b>Earnings per share (cents per share)</b> |                                                 |                                         |                                                 |
| Basic (loss)/earnings per share             | (754.5)                                         | (0.6)                                   | (755.1)                                         |
| – Diluted (loss)/earnings per share         | (754.5)                                         | (0.6)                                   | (755.1)                                         |

The Interpretation 20 restatement impact to loss after income tax reflects the net impact of the change in production stripping costs capitalised for the year, and the depreciation charged in the year.

**(b) Group Statement of Financial Position – at 30 June 2013**

|                                                    | As reported<br>at 30-Jun-13<br>\$M | Interpretation<br>20 Restatement<br>\$M | As restated<br>at 30-Jun-13<br>\$M |
|----------------------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
| <b>Current assets</b>                              |                                    |                                         |                                    |
| Cash and cash equivalents                          | 69                                 | –                                       | 69                                 |
| Trade and other receivables                        | 178                                | –                                       | 178                                |
| Inventories                                        | 946                                | –                                       | 946                                |
| Other financial assets                             | 18                                 | –                                       | 18                                 |
| Current tax asset                                  | 58                                 | –                                       | 58                                 |
| Other assets                                       | 156                                | (36)                                    | 120                                |
| <b>Total current assets</b>                        | <b>1,425</b>                       | <b>(36)</b>                             | <b>1,389</b>                       |
| <b>Non-current assets</b>                          |                                    |                                         |                                    |
| Inventories                                        | 1,248                              | –                                       | 1,248                              |
| Other financial assets                             | 10                                 | –                                       | 10                                 |
| Property, plant and equipment                      | 5,544                              | –                                       | 5,544                              |
| Exploration, evaluation and development            | 7,566                              | 297                                     | 7,863                              |
| Goodwill                                           | 436                                | –                                       | 436                                |
| Other intangible assets                            | 114                                | –                                       | 114                                |
| Deferred tax assets                                | 326                                | –                                       | 326                                |
| Investment in associate                            | 132                                | –                                       | 132                                |
| Other assets                                       | 384                                | (373)                                   | 11                                 |
| <b>Total non-current assets</b>                    | <b>15,760</b>                      | <b>(76)</b>                             | <b>15,684</b>                      |
| <b>Total assets</b>                                | <b>17,185</b>                      | <b>(112)</b>                            | <b>17,073</b>                      |
| <b>Current liabilities</b>                         |                                    |                                         |                                    |
| Trade and other payables                           | 620                                | –                                       | 620                                |
| Borrowings                                         | 1                                  | –                                       | 1                                  |
| Provisions                                         | 241                                | –                                       | 241                                |
| Other financial liabilities                        | 71                                 | –                                       | 71                                 |
| <b>Total current liabilities</b>                   | <b>933</b>                         | <b>–</b>                                | <b>933</b>                         |
| <b>Non-current liabilities</b>                     |                                    |                                         |                                    |
| Borrowings                                         | 4,210                              | –                                       | 4,210                              |
| Provisions                                         | 353                                | –                                       | 353                                |
| Deferred tax liabilities                           | 1,604                              | (29)                                    | 1,575                              |
| <b>Total non-current liabilities</b>               | <b>6,167</b>                       | <b>(29)</b>                             | <b>6,138</b>                       |
| <b>Total liabilities</b>                           | <b>7,100</b>                       | <b>(29)</b>                             | <b>7,071</b>                       |
| <b>Net assets</b>                                  | <b>10,085</b>                      | <b>(83)</b>                             | <b>10,002</b>                      |
| <b>Equity</b>                                      |                                    |                                         |                                    |
| Issued capital                                     | 13,592                             | –                                       | 13,592                             |
| Retained earnings/(accumulated losses)             | (3,064)                            | (80)                                    | (3,144)                            |
| Reserves                                           | (583)                              | (2)                                     | (585)                              |
| <b>Equity attributable to owners of the parent</b> | <b>9,945</b>                       | <b>(82)</b>                             | <b>9,863</b>                       |
| <b>Non-controlling interests</b>                   | <b>140</b>                         | <b>(1)</b>                              | <b>139</b>                         |
| <b>Total equity</b>                                | <b>10,085</b>                      | <b>(83)</b>                             | <b>10,002</b>                      |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 4. IMPACT OF ADOPTING INTERPRETATION 20 (continued)

### (c) Group Statement of Financial Position – at 1 July 2012

|                                                    | As reported<br>at 1-Jul-12<br>\$M | Interpretation 20<br>Restatement<br>\$M | As restated<br>at 1-Jul-12<br>\$M |
|----------------------------------------------------|-----------------------------------|-----------------------------------------|-----------------------------------|
| <b>Current assets</b>                              |                                   |                                         |                                   |
| Cash and cash equivalents                          | 242                               | –                                       | 242                               |
| Trade and other receivables                        | 251                               | –                                       | 251                               |
| Inventories                                        | 748                               | –                                       | 748                               |
| Other financial assets                             | 11                                | –                                       | 11                                |
| Other assets                                       | 212                               | (84)                                    | 128                               |
| <b>Total current assets</b>                        | <b>1,464</b>                      | <b>(84)</b>                             | <b>1,380</b>                      |
| <b>Non-current assets</b>                          |                                   |                                         |                                   |
| Inventories                                        | 1,095                             | –                                       | 1,095                             |
| Other financial assets                             | 8                                 | –                                       | 8                                 |
| Property, plant and equipment                      | 4,364                             | –                                       | 4,364                             |
| Exploration, evaluation and development            | 8,795                             | 238                                     | 9,033                             |
| Goodwill                                           | 3,759                             | –                                       | 3,759                             |
| Other intangible assets                            | 93                                | –                                       | 93                                |
| Deferred tax assets                                | 259                               | –                                       | 259                               |
| Investment in associate                            | 395                               | –                                       | 395                               |
| Other assets                                       | 277                               | (253)                                   | 24                                |
| <b>Total non-current assets</b>                    | <b>19,045</b>                     | <b>(15)</b>                             | <b>19,030</b>                     |
| <b>Total assets</b>                                | <b>20,509</b>                     | <b>(99)</b>                             | <b>20,410</b>                     |
| <b>Current liabilities</b>                         |                                   |                                         |                                   |
| Trade and other payables                           | 482                               | –                                       | 482                               |
| Borrowings                                         | 1,200                             | –                                       | 1,200                             |
| Provisions                                         | 200                               | –                                       | 200                               |
| Current tax liability                              | 92                                | –                                       | 92                                |
| Other financial liabilities                        | 18                                | –                                       | 18                                |
| <b>Total current liabilities</b>                   | <b>1,992</b>                      | <b>–</b>                                | <b>1,992</b>                      |
| <b>Non-current liabilities</b>                     |                                   |                                         |                                   |
| Borrowings                                         | 1,208                             | –                                       | 1,208                             |
| Provisions                                         | 308                               | –                                       | 308                               |
| Deferred tax liabilities                           | 1,907                             | (22)                                    | 1,885                             |
| <b>Total non-current liabilities</b>               | <b>3,423</b>                      | <b>(22)</b>                             | <b>3,401</b>                      |
| <b>Total liabilities</b>                           | <b>5,415</b>                      | <b>(22)</b>                             | <b>5,393</b>                      |
| <b>Net assets</b>                                  | <b>15,094</b>                     | <b>(77)</b>                             | <b>15,017</b>                     |
| <b>Equity</b>                                      |                                   |                                         |                                   |
| Issued capital                                     | 13,561                            | –                                       | 13,561                            |
| Retained earnings                                  | 2,890                             | (75)                                    | 2,815                             |
| Reserves                                           | (1,476)                           | –                                       | (1,476)                           |
| <b>Equity attributable to owners of the parent</b> | <b>14,975</b>                     | <b>(75)</b>                             | <b>14,900</b>                     |
| <b>Non-controlling interests</b>                   | <b>119</b>                        | <b>(2)</b>                              | <b>117</b>                        |
| <b>Total equity</b>                                | <b>15,094</b>                     | <b>(77)</b>                             | <b>15,017</b>                     |

### (d) Group Statement of Cash flows – for the 12 months ended 30 June 2013

|                                                  | As reported<br>12 months<br>to 30-Jun-13<br>\$M | Interpretation 20<br>Restatement<br>\$M | As restated<br>12 months to<br>30-Jun-13<br>\$M |
|--------------------------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------------|
| Net cash provided by operating activities        | 707                                             | 440                                     | 1,147                                           |
| Net cash used in investing activities            | (2,124)                                         | (440)                                   | (2,564)                                         |
| Net cash provided by financing activities        | 1,236                                           | –                                       | 1,236                                           |
| <b>Net decrease in cash and cash equivalents</b> | <b>(181)</b>                                    | <b>–</b>                                | <b>(181)</b>                                    |

Prior to the adoption of Interpretation 20, all cash outflows associated with production stripping were disclosed as operating activities. On adoption of Interpretation 20, the cash outflows that were initially recognised as part of the stripping activity assets were reclassified to investing activities while the cash flows that were initially recognised as part of the cost of inventory produced in that period remained classified as operating cash flows.

## 5. REVENUE AND EXPENSES

|                                                                                                                                                      | 2014<br>\$M  | 2013<br>Restated<br>\$M |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------|
| <b>Specific items</b>                                                                                                                                |              |                         |
| Loss before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group: |              |                         |
| <b>(a) Operating Sales Revenue</b>                                                                                                                   |              |                         |
| Gold                                                                                                                                                 | 3,359        | 3,149                   |
| Copper                                                                                                                                               | 629          | 573                     |
| Silver                                                                                                                                               | 52           | 53                      |
| <b>Total operating sales revenue</b>                                                                                                                 | <b>4,040</b> | <b>3,775</b>            |
| <b>Total revenue</b>                                                                                                                                 | <b>4,040</b> | <b>3,775</b>            |
| <b>(b) Cost of Sales</b>                                                                                                                             |              |                         |
| Site production costs                                                                                                                                | 1,972        | 1,976                   |
| Royalty                                                                                                                                              | 113          | 106                     |
| Concentrate treatment and realisation                                                                                                                | 173          | 141                     |
| Inventory movements                                                                                                                                  | 137          | (165)                   |
|                                                                                                                                                      | <b>2,395</b> | <b>2,058</b>            |
| Write-down of inventory                                                                                                                              | 35           | 177                     |
| Depreciation                                                                                                                                         | 664          | 706                     |
| <b>Total cost of sales</b>                                                                                                                           | <b>3,094</b> | <b>2,941</b>            |
| <b>(c) Corporate Administration Expenses</b>                                                                                                         |              |                         |
| Corporate costs                                                                                                                                      | 96           | 102                     |
| Corporate depreciation                                                                                                                               | 29           | 22                      |
| Equity settled share-based payments                                                                                                                  | 9            | 8                       |
| <b>Total corporate administration expenses</b>                                                                                                       | <b>134</b>   | <b>132</b>              |
| <b>(d) Other Income/(Expenses)</b>                                                                                                                   |              |                         |
| Net fair value gain/(loss) on gold and copper derivatives                                                                                            | 10           | (45)                    |
| Net foreign exchange gain/(loss)                                                                                                                     | (11)         | 9                       |
| Legacy community contractual settlements and negotiation costs                                                                                       | (10)         | (37)                    |
| Other                                                                                                                                                | (1)          | (9)                     |
| <b>Total other income/(expenses)</b>                                                                                                                 | <b>(12)</b>  | <b>(82)</b>             |
| <b>(e) Finance Costs</b>                                                                                                                             |              |                         |
| Interest Costs:                                                                                                                                      |              |                         |
| – Interest on loans                                                                                                                                  | 154          | 120                     |
| Other:                                                                                                                                               |              |                         |
| – Facility fees and other costs                                                                                                                      | 18           | 15                      |
| – Discount unwind on provisions                                                                                                                      | 10           | 10                      |
|                                                                                                                                                      | <b>182</b>   | <b>145</b>              |
| Less: Capitalised borrowing costs                                                                                                                    | (7)          | (35)                    |
| <b>Total finance costs</b>                                                                                                                           | <b>175</b>   | <b>110</b>              |
| <b>(f) Depreciation and Amortisation</b>                                                                                                             |              |                         |
| Property, plant and equipment                                                                                                                        | 388          | 344                     |
| Mine development and production stripping                                                                                                            | 339          | 462                     |
| Intangible assets                                                                                                                                    | 24           | 19                      |
|                                                                                                                                                      | <b>751</b>   | <b>825</b>              |
| Less: Capitalised to inventory on hand or assets under construction                                                                                  | (58)         | (97)                    |
| <b>Total depreciation and amortisation expense</b>                                                                                                   | <b>693</b>   | <b>728</b>              |
| Included in:                                                                                                                                         |              |                         |
| Cost of sales depreciation                                                                                                                           | 664          | 706                     |
| Corporate depreciation                                                                                                                               | 29           | 22                      |
| <b>Total depreciation and amortisation expense</b>                                                                                                   | <b>693</b>   | <b>728</b>              |
| <b>(g) Employee Benefits Expense</b>                                                                                                                 |              |                         |
| Defined contribution plan expense                                                                                                                    | 45           | 41                      |
| Equity settled share-based payments                                                                                                                  | 9            | 8                       |
| Redundancy expense                                                                                                                                   | 26           | 50                      |
| Salaries, wages and other employment benefits                                                                                                        | 531          | 511                     |
| <b>Total employee benefits expense</b>                                                                                                               | <b>611</b>   | <b>610</b>              |
| <b>(h) Other Items</b>                                                                                                                               |              |                         |
| Operating lease rentals                                                                                                                              | 4            | 6                       |



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 6. IMPAIRMENT AND RESTRUCTURE COSTS

| Items by Nature                                        | Gross<br>\$M | Tax<br>\$M   | Net<br>\$M   |
|--------------------------------------------------------|--------------|--------------|--------------|
| <b>(a) Restructure costs</b>                           |              |              |              |
| <b>2014<sup>(1)</sup></b>                              |              |              |              |
| Redundancy costs                                       | 26           | (8)          | 18           |
| Office closure and other costs                         | 20           | (4)          | 16           |
| <b>Total Restructure costs</b>                         | <b>46</b>    | <b>(12)</b>  | <b>34</b>    |
| <b>2013<sup>(8)</sup></b>                              |              |              |              |
| Redundancy costs                                       | 50           | (15)         | 35           |
| Office closure and other costs                         | 22           | (6)          | 16           |
| <b>Total Restructure costs</b>                         | <b>72</b>    | <b>(21)</b>  | <b>51</b>    |
| <b>(b) Write-down of non-current assets</b>            |              |              |              |
| <b>2014<sup>(2)</sup></b>                              |              |              |              |
| Property, plant and equipment                          | 73           | (22)         | 51           |
| Exploration, evaluation and mine development           | 101          | (30)         | 71           |
| Research and development claims <sup>(7)</sup>         | –            | 120          | 120          |
| <b>Total write-down of non-current assets</b>          | <b>174</b>   | <b>68</b>    | <b>242</b>   |
| <b>2013<sup>(9)</sup></b>                              |              |              |              |
| Property, plant and equipment                          | 87           | (26)         | 61           |
| Exploration, evaluation and mine development           | 79           | (24)         | 55           |
| Derecognition of deferred tax assets                   | –            | 105          | 105          |
| <b>Total write-down of non-current assets</b>          | <b>166</b>   | <b>55</b>    | <b>221</b>   |
| <b>(c) Impairment losses</b>                           |              |              |              |
| <b>2014<sup>(3)</sup></b>                              |              |              |              |
| Property, plant and equipment                          | 884          | (232)        | 652          |
| Exploration, evaluation and mine development           | 1,815        | (515)        | 1,300        |
| Goodwill <sup>(4)</sup>                                | 429          | –            | 429          |
| <b>Total impairment losses</b>                         | <b>3,128</b> | <b>(747)</b> | <b>2,381</b> |
| <b>2013<sup>(10)</sup></b>                             |              |              |              |
| Property, plant and equipment                          | 979          | (236)        | 743          |
| Exploration, evaluation and mine development           | 1,418        | (311)        | 1,107        |
| Goodwill <sup>(11)</sup>                               | 3,695        | –            | 3,695        |
| Other non-current assets                               | 55           | (17)         | 38           |
| <b>Total impairment losses</b>                         | <b>6,147</b> | <b>(564)</b> | <b>5,583</b> |
| <b>(d) Impairment charge/(reversal) of associate</b>   |              |              |              |
| <b>2014<sup>(5)</sup></b>                              |              |              |              |
| Investment in associate                                | (11)         | –            | (11)         |
| <b>Total impairment charge/(reversal) of associate</b> | <b>(11)</b>  | <b>–</b>     | <b>(11)</b>  |
| <b>2013<sup>(12)</sup></b>                             |              |              |              |
| Investment in associate                                | 151          | –            | 151          |
| <b>Total impairment charge/(reversal) of associate</b> | <b>151</b>   | <b>–</b>     | <b>151</b>   |

|                                                | Impairment<br>loss/(reversal)<br>\$M | Write-down<br>of non-current<br>assets<br>\$M | Subtotal –<br>Impairment and<br>Write-downs<br>\$M | Restructure<br>costs<br>\$M | Total<br>\$M |
|------------------------------------------------|--------------------------------------|-----------------------------------------------|----------------------------------------------------|-----------------------------|--------------|
| <b>(e) Items by Segment</b>                    |                                      |                                               |                                                    |                             |              |
| <b>2014</b>                                    |                                      |                                               |                                                    |                             |              |
| Cadia Valley                                   | –                                    | 20                                            | 20                                                 | 8                           | 28           |
| Telfer                                         | 204                                  | –                                             | 204                                                | 1                           | 205          |
| Gosowong                                       | –                                    | –                                             | –                                                  | 1                           | 1            |
| Lihir                                          | 2,647                                | 154                                           | 2,801                                              | 17                          | 2,818        |
| Hidden Valley                                  | 79                                   | –                                             | 79                                                 | –                           | 79           |
| West Africa <sup>(6)</sup>                     | 198                                  | –                                             | 198                                                | –                           | 198          |
| Corporate <sup>(1)(5)</sup>                    | (11)                                 | –                                             | (11)                                               | 19                          | 8            |
| <b>Total items by segment</b>                  | <b>3,117</b>                         | <b>174</b>                                    | <b>3,291</b>                                       | <b>46</b>                   | <b>3,337</b> |
| Tax                                            | (747)                                | (52)                                          | (799)                                              | (12)                        | (811)        |
| Research and development claims <sup>(7)</sup> | –                                    | 120                                           | 120                                                | –                           | 120          |
| <b>Total items by segment (after tax)</b>      | <b>2,370</b>                         | <b>242</b>                                    | <b>2,612</b>                                       | <b>34</b>                   | <b>2,646</b> |
| <b>Attributable to:</b>                        |                                      |                                               |                                                    |                             |              |
| Non-controlling interest <sup>(6)</sup>        |                                      |                                               |                                                    |                             | 17           |
| Owners of the parent                           |                                      |                                               |                                                    |                             | 2,629        |
|                                                |                                      |                                               |                                                    |                             | <b>2,646</b> |
| <b>2013</b>                                    |                                      |                                               |                                                    |                             |              |
| Telfer                                         | 1,674                                | 19                                            | 1,693                                              | 17                          | 1,710        |
| Lihir                                          | 3,492                                | 146                                           | 3,638                                              | 5                           | 3,643        |
| Hidden Valley                                  | 406                                  | –                                             | 406                                                | –                           | 406          |
| West Africa <sup>(13)</sup>                    | 575                                  | 1                                             | 576                                                | 1                           | 577          |
| Corporate <sup>(8)(12)</sup>                   | 151                                  | –                                             | 151                                                | 49                          | 200          |
| <b>Total items by segment</b>                  | <b>6,298</b>                         | <b>166</b>                                    | <b>6,464</b>                                       | <b>72</b>                   | <b>6,536</b> |
| Tax                                            | (564)                                | (50)                                          | (614)                                              | (21)                        | (635)        |
| Derecognition of deferred tax assets           | –                                    | 105                                           | 105                                                | –                           | 105          |
| <b>Total items by segment (after tax)</b>      | <b>5,734</b>                         | <b>221</b>                                    | <b>5,955</b>                                       | <b>51</b>                   | <b>6,006</b> |
| <b>Attributable to:</b>                        |                                      |                                               |                                                    |                             |              |
| Non-controlling interest <sup>(13)</sup>       |                                      |                                               |                                                    |                             | 29           |
| Owners of the parent                           |                                      |                                               |                                                    |                             | 5,977        |
|                                                |                                      |                                               |                                                    |                             | <b>6,006</b> |

#### Year Ended 30 June 2014

<sup>(1)</sup> This represents the further rationalisation of corporate and support functions and additional costs following the Brisbane office closure in June 2013 and other restructuring costs.

<sup>(2)</sup> As a result of the continued review and refinement of the operational plans, the Group recognised a write-down in assets that are surplus to the Group's requirements.

The write-down of these non-current assets is in addition to a write-down of inventory, \$35 million pre-tax, \$24 million post-tax, which has been recognised in Cost of Sales as disclosed in Note 5(b).

<sup>(3)</sup> The Group has recognised impairments of goodwill and other assets as a result of its annual impairment testing. These impairments have resulted from operating in a lower gold price environment and after taking into account recent operating cost performances. The Group has also recognised an impairment in respect to exploration assets in West Africa. Refer to Note 20 for further details.

<sup>(4)</sup> Goodwill impairment of \$429 million in respect of Lihir. Refer to Note 20 for further details.

<sup>(5)</sup> As a result of the Group's impairment review as at 30 June 2014, \$11 million of the previously recognised impairment charge was reversed.

<sup>(6)</sup> A total of \$17 million is attributable to non-controlling interests.

<sup>(7)</sup> As a result of a review of the Group's material Australian research and development claims, the Group voluntarily amended its research and development claims in respect to the 2009 to 2011 financial years. As a result of this voluntary amendment, there is an increase to income tax expense of \$120 million in the year.

#### Year Ended 30 June 2013

<sup>(8)</sup> This represented the rationalisation of corporate and support functions and the closure of the Brisbane office.

<sup>(9)</sup> As a result of the completion of a review of its business plan and 2014 financial year budget, the Group confirmed its focus to maximise free cash flow, including a reduction in open pit material movement, an increase in the utilisation of existing stockpiles and the removal of high cost gold ounces from the production profile. This approach contributed to write-downs across various asset categories.

The write-down of these non-current assets is in addition to a write-down of inventory, \$177 million pre-tax, \$130 million post-tax, which has been recognised in Cost of Sales as disclosed in Note 5(b).

<sup>(10)</sup> The Group recognised impairments of goodwill and other assets as a result of its annual impairment testing. These impairments have been recognised as a result of lower gold prices, the compression of earnings multiples in the gold industry and other market factors. Refer to Note 20 for further details.

<sup>(11)</sup> Goodwill impairment of \$3,695 million was recognised in respect of Lihir and West Africa. Refer to Note 20 for further details.

<sup>(12)</sup> As a result of the Group's impairment review as at 30 June 2013, the investment in Evolution Mining Limited was impaired. This impairment was in addition to an impairment of \$122 million included in the share of loss of associate. Refer to Note 21 for further details.

<sup>(13)</sup> A total of \$29 million is attributable to non-controlling interests.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 7. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee (the chief operating decision-makers) in assessing performance. The operating segments represent the Group's operating mines and projects which are organised and managed according to their location.

The Group's reportable operating segments are:

- Cadia Valley, Australia
- Telfer, Australia
- Gosowong, Indonesia
- Lihir, Papua New Guinea
- Hidden Valley JV (50 percent interest), Papua New Guinea
- West Africa (includes Bonikro operations and exploration and evaluation activities in Côte d'Ivoire)
- Exploration and Other

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes, Wafi-Golpu and Morobe Exploration in PNG, Marsden and O'Callaghans in Australia and Namosi in Fiji.

### (a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on their Revenues, Costs, EBITDA and EBIT (Segment Result).

Segment Revenues represent gold, copper and silver sales at unhedged prices.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to loss before tax is shown in Note 7(b).

Segment assets exclude tax losses and intercompany receivables. Segment liabilities exclude intercompany payables.

|                                                              | Cadia Valley<br>\$M | Telfer<br>\$M | Gosowong<br>\$M | Lihir<br>\$M | Hidden Valley<br>\$M | West Africa<br>\$M | Total Operations<br>\$M | Exploration & Other<br>\$M | Corporate <sup>(1)</sup><br>\$M | Total Group<br>\$M |
|--------------------------------------------------------------|---------------------|---------------|-----------------|--------------|----------------------|--------------------|-------------------------|----------------------------|---------------------------------|--------------------|
| <b>2014</b>                                                  |                     |               |                 |              |                      |                    |                         |                            |                                 |                    |
| External sales revenue                                       | 1,233               | 950           | 484             | 1,055        | 171                  | 147                | 4,040                   | –                          | –                               | 4,040              |
| EBITDA                                                       | 665                 | 303           | 259             | 353          | 28                   | 37                 | 1,645                   | (36)                       | (95)                            | 1,514              |
| Depreciation and amortisation                                | (174)               | (75)          | (110)           | (221)        | (39)                 | (45)               | (664)                   | –                          | (29)                            | (693)              |
| <b>EBIT (Segment result)<sup>(2)</sup></b>                   | <b>491</b>          | <b>228</b>    | <b>149</b>      | <b>132</b>   | <b>(11)</b>          | <b>(8)</b>         | <b>981</b>              | <b>(36)</b>                | <b>(124)</b>                    | <b>821</b>         |
| <b>2013<sup>(3)</sup></b>                                    |                     |               |                 |              |                      |                    |                         |                            |                                 |                    |
| External sales revenue                                       | 1,058               | 983           | 483             | 961          | 155                  | 135                | 3,775                   | –                          | –                               | 3,775              |
| EBITDA                                                       | 492                 | 287           | 309             | 564          | 3                    | 62                 | 1,717                   | (64)                       | (180)                           | 1,473              |
| Depreciation and amortisation                                | (134)               | (250)         | (100)           | (149)        | (47)                 | (26)               | (706)                   | –                          | (22)                            | (728)              |
| <b>EBIT (Segment result)<sup>(2)</sup></b>                   | <b>358</b>          | <b>37</b>     | <b>209</b>      | <b>415</b>   | <b>(44)</b>          | <b>36</b>          | <b>1,011</b>            | <b>(64)</b>                | <b>(202)</b>                    | <b>745</b>         |
| <b>Capital Expenditure<sup>(4)</sup> for the year ended:</b> |                     |               |                 |              |                      |                    |                         |                            |                                 |                    |
| 30 June 2014                                                 | 371                 | 76            | 57              | 254          | 34                   | 21                 | 813                     | 89                         | 20                              | 922                |
| 30 June 2013 <sup>(3)</sup>                                  | 668                 | 410           | 119             | 870          | 89                   | 119                | 2,275                   | 224                        | 114                             | 2,613              |

<sup>(1)</sup> Includes investment in associates and eliminations.

<sup>(2)</sup> Refer to Note 7(b) for the reconciliation of segment result to profit before tax.

<sup>(3)</sup> Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 4 for details.

<sup>(4)</sup> Represents additions to property, plant and equipment, exploration, evaluation and development and other intangible assets.

|                               | Cadia Valley<br>\$M | Telfer<br>\$M | Gosowong<br>\$M | Lihir<br>\$M | Hidden Valley<br>\$M | West Africa<br>\$M | Total Operations<br>\$M | Exploration & Other<br>\$M | Corporate <sup>(1)</sup><br>\$M | Total Group<br>\$M |
|-------------------------------|---------------------|---------------|-----------------|--------------|----------------------|--------------------|-------------------------|----------------------------|---------------------------------|--------------------|
| <b>2014</b>                   |                     |               |                 |              |                      |                    |                         |                            |                                 |                    |
| Segment assets <sup>(2)</sup> | 4,484               | 743           | 594             | 6,319        | 325                  | 298                | 12,763                  | 526                        | 298                             | 13,587             |
| Segment liabilities           | 687                 | 200           | 135             | 928          | 65                   | 36                 | 2,051                   | 11                         | 3,818                           | 5,880              |
| <b>Carrying value</b>         | <b>3,797</b>        | <b>543</b>    | <b>459</b>      | <b>5,391</b> | <b>260</b>           | <b>262</b>         | <b>10,712</b>           | <b>515</b>                 | <b>(3,520)</b>                  | <b>7,707</b>       |
| <b>2013<sup>(3)</sup></b>     |                     |               |                 |              |                      |                    |                         |                            |                                 |                    |
| Segment assets <sup>(2)</sup> | 4,298               | 971           | 598             | 9,371        | 391                  | 539                | 16,168                  | 463                        | 442                             | 17,073             |
| Segment liabilities           | 618                 | 275           | 156             | 1,788        | 83                   | 80                 | 3,000                   | 29                         | 4,042                           | 7,071              |
| <b>Carrying value</b>         | <b>3,680</b>        | <b>696</b>    | <b>442</b>      | <b>7,583</b> | <b>308</b>           | <b>459</b>         | <b>13,168</b>           | <b>434</b>                 | <b>(3,600)</b>                  | <b>10,002</b>      |

<sup>(1)</sup> Includes investment in associates and eliminations.

<sup>(2)</sup> Segment assets are net of write-downs and impairments.

<sup>(3)</sup> Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 4 for details.

|                                                                       | Note | 2014<br>\$M    | 2013<br>Restated<br>\$M |
|-----------------------------------------------------------------------|------|----------------|-------------------------|
| <b>(b) Reconciliation of EBIT (Segment Result) to Loss Before Tax</b> |      |                |                         |
| <b>Segment Result</b>                                                 | 7(a) | 821            | 745                     |
| <i>Finance costs:</i>                                                 |      |                |                         |
| Finance income                                                        |      | 1              | 1                       |
| Finance costs                                                         |      | (175)          | (110)                   |
|                                                                       |      | (174)          | (109)                   |
| <i>Significant items:</i>                                             |      |                |                         |
| Restructure costs                                                     | 6(a) | (46)           | (72)                    |
| Write-down of non-current assets                                      | 6(b) | (174)          | (166)                   |
| Impairment losses                                                     | 6(c) | (3,128)        | (6,147)                 |
| Impairment reversal/(charge) in associate                             | 6(d) | 11             | (151)                   |
| Share of associate's impairment                                       | 21   | –              | (122)                   |
| Write-down of inventory                                               | 5(b) | (35)           | (177)                   |
|                                                                       |      | (3,372)        | (6,835)                 |
| <b>Loss before tax</b>                                                |      | <b>(2,725)</b> | <b>(6,199)</b>          |

### (c) Geographical Segments

#### Sales Revenue from External Customers<sup>(1)</sup>

##### Bullion

|           |       |       |
|-----------|-------|-------|
| Australia | 2,238 | 2,062 |
|-----------|-------|-------|

##### Concentrate

|                             |     |     |
|-----------------------------|-----|-----|
| Japan                       | 893 | 996 |
| Korea                       | 244 | 166 |
| China (including Hong Kong) | 116 | 85  |
| Philippines                 | 194 | –   |
| Europe <sup>(2)</sup>       | 302 | 418 |
| USA <sup>(2)</sup>          | 53  | 48  |

|                            |              |              |
|----------------------------|--------------|--------------|
| <b>Total sales revenue</b> | <b>4,040</b> | <b>3,775</b> |
|----------------------------|--------------|--------------|

<sup>(1)</sup> Revenue is attributable to geographic location based on the location of customers.

<sup>(2)</sup> The majority of concentrate sales to customers in Europe and the USA are shipped to smelters in Japan, Korea and China.

#### Non-Current Assets<sup>(3)</sup>

|                  |       |       |
|------------------|-------|-------|
| Australia        | 4,905 | 4,953 |
| Indonesia        | 351   | 369   |
| Papua New Guinea | 6,254 | 9,500 |
| West Africa      | 213   | 445   |
| Other            | 311   | 91    |

|                                 |               |               |
|---------------------------------|---------------|---------------|
| <b>Total non-current assets</b> | <b>12,034</b> | <b>15,358</b> |
|---------------------------------|---------------|---------------|

<sup>(3)</sup> Non-Current Assets for this purpose excludes deferred tax assets.

### (d) Major Customer Information

Major customers to whom the Group provides goods that are more than 10 percent of external revenue are as follows:

|                           | Revenue     |             | % of external revenue |           |
|---------------------------|-------------|-------------|-----------------------|-----------|
|                           | 2014<br>\$M | 2013<br>\$M | 2014<br>%             | 2013<br>% |
| Customer A <sup>(1)</sup> | 2,044       | 1,956       | 51                    | 52        |
| Customer B                | 623         | 765         | 15                    | 20        |

<sup>(1)</sup> Represents sales of bullion.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 8. INCOME TAX

|                                                                                                            | 2014<br>\$M                            | 2013 Restated<br>\$M                       |                                            |                    |                                         |
|------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------|--------------------|-----------------------------------------|
| <b>(a) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement</b> |                                        |                                            |                                            |                    |                                         |
| Accounting loss before tax                                                                                 | (2,725)                                | (6,199)                                    |                                            |                    |                                         |
| Income tax benefit calculated at 30 percent (2013: 30 percent)                                             | (818)                                  | (1,860)                                    |                                            |                    |                                         |
| Research, development and other allowances                                                                 | –                                      | (28)                                       |                                            |                    |                                         |
| Under/(over) provided in prior years                                                                       | 3                                      | (3)                                        |                                            |                    |                                         |
| Other                                                                                                      | (4)                                    | (1)                                        |                                            |                    |                                         |
|                                                                                                            | (1)                                    | (32)                                       |                                            |                    |                                         |
| Adjustments on Significant items:                                                                          |                                        |                                            |                                            |                    |                                         |
| Impairment – Goodwill                                                                                      | 128                                    | 1,108                                      |                                            |                    |                                         |
| Impairment/(reversal of previous impairment) – Associate                                                   | (3)                                    | 82                                         |                                            |                    |                                         |
| Write-down and impairments – Other assets                                                                  | 64                                     | 178                                        |                                            |                    |                                         |
| De-recognition of deferred tax assets                                                                      | –                                      | 105                                        |                                            |                    |                                         |
| Research and development allowance voluntary amendment                                                     | 120                                    | –                                          |                                            |                    |                                         |
|                                                                                                            | 309                                    | 1,473                                      |                                            |                    |                                         |
| Income tax expense/(benefit) per the Income Statement                                                      | (510)                                  | (419)                                      |                                            |                    |                                         |
| <b>(b) Income Tax Expense Comprises:</b>                                                                   |                                        |                                            |                                            |                    |                                         |
| Current income tax                                                                                         |                                        |                                            |                                            |                    |                                         |
| Current income tax expense                                                                                 | 19                                     | (8)                                        |                                            |                    |                                         |
| Under/(over) provision in respect of prior years                                                           | 120                                    | (27)                                       |                                            |                    |                                         |
|                                                                                                            | 139                                    | (35)                                       |                                            |                    |                                         |
| Deferred tax                                                                                               |                                        |                                            |                                            |                    |                                         |
| Relating to origination and reversal of temporary differences                                              | (652)                                  | (394)                                      |                                            |                    |                                         |
| Under provision in respect of prior years                                                                  | 3                                      | 10                                         |                                            |                    |                                         |
|                                                                                                            | (649)                                  | (384)                                      |                                            |                    |                                         |
| Income tax expense/(benefit) per the Income Statement                                                      | (510)                                  | (419)                                      |                                            |                    |                                         |
| <b>(c) Movement in Deferred Taxes</b>                                                                      |                                        |                                            |                                            |                    |                                         |
|                                                                                                            | Opening<br>Balance<br>at 1 July<br>\$M | (Charged)<br>/credited<br>to income<br>\$M | (Charged)<br>/credited<br>to equity<br>\$M | Translation<br>\$M | Closing<br>Balance<br>at 30 June<br>\$M |
| <b>2014</b>                                                                                                |                                        |                                            |                                            |                    |                                         |
| <b>Deferred tax assets</b>                                                                                 |                                        |                                            |                                            |                    |                                         |
| Carry forward revenue losses recognised:                                                                   |                                        |                                            |                                            |                    |                                         |
| – Australian entities                                                                                      | 326                                    | (40)                                       | –                                          | –                  | 286                                     |
|                                                                                                            | 326                                    | (40)                                       | –                                          | –                  | 286                                     |
| <b>Deferred tax liabilities</b>                                                                            |                                        |                                            |                                            |                    |                                         |
| Temporary differences:                                                                                     |                                        |                                            |                                            |                    |                                         |
| – Fixed assets <sup>(1)</sup>                                                                              | (1,600)                                | 648                                        | –                                          | 23                 | (929)                                   |
| – Financial instruments                                                                                    | 16                                     | (16)                                       | 1                                          | –                  | 1                                       |
| – Provisions                                                                                               | 71                                     | 2                                          | –                                          | –                  | 73                                      |
| – Other                                                                                                    | (62)                                   | 15                                         | –                                          | 1                  | (46)                                    |
|                                                                                                            | (1,575)                                | 649                                        | 1                                          | 24                 | (901)                                   |
| Net deferred taxes                                                                                         | (1,249)                                | 609                                        | 1                                          | 24                 | (615)                                   |
| <b>2013</b>                                                                                                |                                        |                                            |                                            |                    |                                         |
| <b>Deferred tax assets</b>                                                                                 |                                        |                                            |                                            |                    |                                         |
| Carry forward revenue losses recognised:                                                                   |                                        |                                            |                                            |                    |                                         |
| – Australian entities                                                                                      | 229                                    | 97                                         | –                                          | –                  | 326                                     |
| – Overseas entities                                                                                        | 30                                     | (34)                                       | –                                          | 4                  | –                                       |
|                                                                                                            | 259                                    | 63                                         | –                                          | 4                  | 326                                     |
| <b>Deferred tax liabilities</b>                                                                            |                                        |                                            |                                            |                    |                                         |
| Temporary differences:                                                                                     |                                        |                                            |                                            |                    |                                         |
| – Fixed assets <sup>(1)(2)</sup>                                                                           | (1,830)                                | 370                                        | –                                          | (140)              | (1,600)                                 |
| – Financial instruments                                                                                    | 3                                      | (56)                                       | 69                                         | –                  | 16                                      |
| – Provisions                                                                                               | 63                                     | 7                                          | –                                          | 1                  | 71                                      |
| – Other <sup>(2)</sup>                                                                                     | (121)                                  | 63                                         | –                                          | (4)                | (62)                                    |
|                                                                                                            | (1,885)                                | 384                                        | 69                                         | (143)              | (1,575)                                 |
| Net deferred taxes                                                                                         | (1,626)                                | 447                                        | 69                                         | (139)              | (1,249)                                 |

<sup>(1)</sup> Comprises property, plant and equipment; exploration, evaluation and development; and other intangible assets.

<sup>(2)</sup> Comparative information has been restated to reflect the adoption of Interpretation 20. Refer to Note 4 for details.

#### (d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of:

- capital losses of \$84 million tax effected (2013: \$83 million tax effected)
- revenue losses and temporary differences of \$132 million tax effected (2013: \$105 million tax effected)

because it is not probable that the Group will have sufficient future assessable income and/or capital gains available against which the deferred tax asset could be utilised. This is partly due to restrictions that limit the extent to which the losses can be applied to future taxable income in future periods.

#### (e) Tax Consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax consolidated group. The tax losses attributable to the Australian entities are available for offsetting against future profits of the tax consolidated group. Some of these tax losses are subject to restrictions that limit the extent to which the losses can be applied against future taxable income. Notwithstanding these restrictions, these losses do not have an expiry date.

## 9. DIVIDENDS

|                                                                        | Cents<br>per share | Total amount<br>\$M | Date of<br>payment |
|------------------------------------------------------------------------|--------------------|---------------------|--------------------|
| <b>(a) Dividend determined and paid</b>                                |                    |                     |                    |
| The following dividends on ordinary shares were determined and paid:   |                    |                     |                    |
| <b>2014 Financial Year</b>                                             |                    |                     |                    |
| No dividends were determined or paid in 2014.                          |                    |                     |                    |
| <b>2013 Financial Year</b>                                             |                    |                     |                    |
| Final – In respect to the year ended 30 June 2012 (15 percent franked) | 23.0               | 176                 | 19 Oct 2012        |
| Interim – In respect to the year ended 30 June 2013 (unfranked)        | 12.0               | 92                  | 16 Apr 2013        |
|                                                                        | 35.0               | 268                 |                    |

Participation in the dividend reinvestment plan reduced the cash amount paid in 2013 to owners of the parent to \$230 million.

#### (b) Dividend franking account balance

Franking credits at 30 percent as at 30 June 2014 available for the subsequent financial year is \$70 million (2013: \$1 million).

## 10. EARNINGS PER SHARE (EPS)

|                                                                                     | 2014<br>¢             | 2013<br>Restated<br>¢   |
|-------------------------------------------------------------------------------------|-----------------------|-------------------------|
| <b>EPS (cents per share)</b>                                                        |                       |                         |
| Basic EPS                                                                           | (289.8)               | (755.1)                 |
| Diluted EPS <sup>(2)</sup>                                                          | (289.8)               | (755.1)                 |
|                                                                                     |                       |                         |
|                                                                                     | 2014<br>\$M           | 2013<br>Restated<br>\$M |
| <b>Earnings used in calculating EPS</b>                                             |                       |                         |
| Earnings used in the calculation of basic and diluted EPS:                          |                       |                         |
| Loss after income tax attributable to owners of the parent                          | (2,221)               | (5,783)                 |
|                                                                                     |                       |                         |
|                                                                                     | 2014<br>No. of shares | 2013<br>No. of shares   |
| <b>Weighted average number of shares</b>                                            |                       |                         |
| Share data used in the calculation of basic and diluted EPS:                        |                       |                         |
| Weighted average number of ordinary shares used in calculating basic EPS            | 766,510,971           | 765,828,885             |
| Effect of dilutive securities: share rights <sup>(1)(2)</sup>                       | 3,138,890             | 1,596,241               |
| Adjusted weighted average number of ordinary shares used in calculating diluted EPS | 769,649,861           | 767,425,126             |

<sup>(1)</sup> Rights granted to employees (including KMP) as described in Note 29 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These rights have not been included in the determination of basic earnings per share.

<sup>(2)</sup> In accordance with AASB 133 Earnings per Share, the effects of anti-dilutive potential have not been included when calculating diluted loss per share for the year ended 30 June 2013 and 2014.

# Notes to the Consolidated Financial Statements

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## 11. CASH AND CASH EQUIVALENTS

|                                                                                                   | 2014<br>\$M  | 2013<br>Restated<br>\$M |
|---------------------------------------------------------------------------------------------------|--------------|-------------------------|
| <b>(a) Components of cash and cash equivalents</b>                                                |              |                         |
| Cash at bank                                                                                      | 64           | 35                      |
| Short-term deposits                                                                               | 77           | 34                      |
| <b>Total cash and cash equivalents</b>                                                            | <b>141</b>   | <b>69</b>               |
| <b>(b) Reconciliation of net loss after income tax to net cash flow from operating activities</b> |              |                         |
| Loss after income tax                                                                             | (2,215)      | (5,780)                 |
| <b>Non-cash items:</b>                                                                            |              |                         |
| Depreciation and amortisation                                                                     | 693          | 728                     |
| Impairment and write-down of assets                                                               | 3,302        | 6,464                   |
| Write-down of inventory                                                                           | 35           | 177                     |
| Share-based payments                                                                              | 9            | 8                       |
| Discount unwind on provisions                                                                     | 10           | 10                      |
| Share of (profit)/loss of associate                                                               | (22)         | 110                     |
| Impairment reversal of associate                                                                  | (11)         | –                       |
| Foreign exchange translation and other non-cash items                                             | 10           | 143                     |
| <b>Items presented as investing or financing activities:</b>                                      |              |                         |
| Exploration expenditure written off                                                               | 36           | 64                      |
| <b>Changes in assets and liabilities:</b>                                                         |              |                         |
| (Increase)/Decrease in:                                                                           |              |                         |
| – Trade and other receivables                                                                     | 9            | 73                      |
| – Inventories                                                                                     | 201          | (528)                   |
| – Other financial assets                                                                          | 4            | 1                       |
| – Current tax asset                                                                               | (7)          | (58)                    |
| – Deferred tax assets                                                                             | 40           | (67)                    |
| – Other assets                                                                                    | (1)          | (59)                    |
| (Decrease)/Increase in:                                                                           |              |                         |
| – Trade and other payables                                                                        | (301)        | 138                     |
| – Provisions                                                                                      | (20)         | 72                      |
| – Current tax liabilities                                                                         | –            | (92)                    |
| – Deferred tax liabilities                                                                        | (674)        | (310)                   |
| – Other financial liabilities                                                                     | (61)         | 53                      |
| <b>Net cash from operating activities</b>                                                         | <b>1,037</b> | <b>1,147</b>            |
| <b>(c) Non-cash financing and investing activities</b>                                            |              |                         |
| Dividends paid by the issue of shares under the Dividend Reinvestment Plan                        | –            | 38                      |

## 12. TRADE AND OTHER RECEIVABLES

|                                                 | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------------------|-------------|-------------|
| <b>Current</b>                                  |             |             |
| Bullion awaiting settlement <sup>(1)</sup>      | 34          | 12          |
| Metal in concentrate receivables <sup>(2)</sup> | 62          | 77          |
| GST receivable <sup>(3)</sup>                   | 46          | 57          |
| Other receivables <sup>(3)</sup>                | 27          | 32          |
| <b>Total current receivables</b>                | <b>169</b>  | <b>178</b>  |

<sup>(1)</sup> Non-interest bearing and are generally expected to settle within seven days, refer Note 2(g).

<sup>(2)</sup> Non-interest bearing and are generally expected to settle within one to six months, refer Note 2(g).

<sup>(3)</sup> Recorded at amortised cost, are non-interest bearing and are generally expected to settle within one to two months.

### 13. INVENTORIES

|                                      | 2014<br>\$M  | 2013<br>\$M  |
|--------------------------------------|--------------|--------------|
| <b>Current</b>                       |              |              |
| Ore <sup>(1)</sup>                   | 211          | 269          |
| Gold in circuit                      | 48           | 52           |
| Concentrate                          | 118          | 129          |
| Materials and supplies               | 423          | 496          |
| <b>Total current inventories</b>     | <b>800</b>   | <b>946</b>   |
| <b>Non-Current</b>                   |              |              |
| Ore                                  | 1,158        | 1,248        |
| <b>Total non-current inventories</b> | <b>1,158</b> | <b>1,248</b> |

<sup>(1)</sup> Includes ore stockpiles held at net realisable value at Telfer and Bonikro of \$83 million (2013: \$57 million).

### 14. OTHER FINANCIAL ASSETS

|                                                 | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------------------|-------------|-------------|
| <b>Current</b>                                  |             |             |
| Copper forward sales contracts                  | –           | 16          |
| Diesel/fuel forward sales contracts             | 4           | –           |
| Quotational period derivatives <sup>(1)</sup>   | 10          | –           |
| Other financial derivatives                     | –           | 2           |
| <b>Total current other financial assets</b>     | <b>14</b>   | <b>18</b>   |
| <b>Non-Current</b>                              |             |             |
| Other financial asset <sup>(2)</sup>            | 10          | 10          |
| <b>Total non-current other financial assets</b> | <b>10</b>   | <b>10</b>   |

<sup>(1)</sup> Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer Note 2(y).

<sup>(2)</sup> Represents the contingent consideration receivable on the partial sale of a subsidiary. Refer Note 40.

### 15. OTHER ASSETS

|                                       | 2014<br>\$M | 2013<br>Restated<br>\$M |
|---------------------------------------|-------------|-------------------------|
| <b>Current</b>                        |             |                         |
| Prepayments and other                 | 78          | 120                     |
| <b>Total current other assets</b>     | <b>78</b>   | <b>120</b>              |
| <b>Non-Current</b>                    |             |                         |
| Prepayments and other                 | 19          | 11                      |
| Non-current tax assets <sup>(1)</sup> | 35          | –                       |
| <b>Total non-current other assets</b> | <b>54</b>   | <b>11</b>               |

<sup>(1)</sup> Includes \$8 million in respect to PT NHM's tax assessment for 30 June 2010. Refer note 34(f).

### 16. PROPERTY, PLANT AND EQUIPMENT

|                                                 | 2014<br>\$M  | 2013<br>\$M  |
|-------------------------------------------------|--------------|--------------|
| <b>At 30 June</b>                               |              |              |
| Cost                                            | 9,291        | 9,087        |
| Accumulated depreciation and impairment         | (4,608)      | (3,543)      |
|                                                 | <b>4,683</b> | <b>5,544</b> |
| <b>Year ended 30 June</b>                       |              |              |
| Carrying amount at 1 July                       | 5,544        | 4,364        |
| Expenditure during the year                     | 205          | 466          |
| Depreciation for the year                       | (388)        | (344)        |
| Disposals and write-down of assets              | (83)         | (94)         |
| Foreign currency translation                    | (54)         | 384          |
| Reclassifications/transfers <sup>(1)</sup>      | 343          | 1,747        |
| Impairment losses for the year (Note 6)         | (884)        | (979)        |
| <b>Carrying amount at 30 June<sup>(2)</sup></b> | <b>4,683</b> | <b>5,544</b> |

<sup>(1)</sup> Represents reclassification/transfer from Exploration, Evaluation and Development upon utilisation of the asset.

<sup>(2)</sup> Included in Property, Plant and Equipment are leased assets with a carrying amount of \$nil (2013: \$10 million).

# Notes to the Consolidated Financial Statements

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## 17. CAPITALISED EXPLORATION, EVALUATION & DEVELOPMENT EXPENDITURES

|                                            | Exploration & Evaluation<br>Expenditure<br>\$M | Deferred Feasibility<br>Expenditure<br>\$M | Mines Under<br>Construction<br>\$M | Production Stripping<br>\$M | Mine Development <sup>(1)</sup><br>\$M | Total<br>\$M |
|--------------------------------------------|------------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------|----------------------------------------|--------------|
| <b>At 30 June 2014</b>                     |                                                |                                            |                                    |                             |                                        |              |
| Cost                                       | 854                                            | 252                                        | 235                                | 796                         | 9,411                                  | 11,548       |
| Accumulated depreciation and impairment    | (384)                                          | –                                          | –                                  | (563)                       | (4,722)                                | (5,669)      |
|                                            | <b>470</b>                                     | <b>252</b>                                 | <b>235</b>                         | <b>233</b>                  | <b>4,689</b>                           | <b>5,879</b> |
| <b>Year ended 30 June 2014</b>             |                                                |                                            |                                    |                             |                                        |              |
| Carrying amount at 1 July 2013             | 673                                            | 323                                        | 218                                | 297                         | 6,352                                  | 7,863        |
| Expenditure during the year <sup>(2)</sup> | 62                                             | 21                                         | 369                                | 191                         | 77                                     | 720          |
| Expenditure written-off during the year    | (36)                                           | –                                          | –                                  | –                           | –                                      | (36)         |
| Depreciation for the year                  | –                                              | –                                          | –                                  | (77)                        | (262)                                  | (339)        |
| Disposals and write-down of assets         | –                                              | –                                          | –                                  | –                           | (100)                                  | (100)        |
| Foreign currency translation               | (8)                                            | (5)                                        | (3)                                | (9)                         | (56)                                   | (81)         |
| Reclassifications/transfers <sup>(3)</sup> | (61)                                           | (87)                                       | (349)                              | –                           | 164                                    | (333)        |
| Impairment losses for the year (Note 6)    | (160)                                          | –                                          | –                                  | (169)                       | (1,486)                                | (1,815)      |
| <b>Carrying amount at 30 June 2014</b>     | <b>470</b>                                     | <b>252</b>                                 | <b>235</b>                         | <b>233</b>                  | <b>4,689</b>                           | <b>5,879</b> |

<sup>(1)</sup> Includes Mineral Rights with a carrying value of \$1,020 million.

<sup>(2)</sup> Borrowing costs were capitalised on qualifying assets at a weighted average interest rate of three percent.

<sup>(3)</sup> Expenditure included in mines under construction has been reclassified to mine development or property, plant and equipment upon utilisation of the asset.

|                                                                                            | Exploration & Evaluation<br>Expenditure<br>\$M | Deferred Feasibility<br>Expenditure<br>\$M | Mines Under<br>Construction<br>\$M | Production Stripping<br>\$M | Mine Development <sup>(1)</sup><br>\$M | Total<br>\$M |
|--------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------|------------------------------------|-----------------------------|----------------------------------------|--------------|
| <b>At 30 June 2013</b>                                                                     |                                                |                                            |                                    |                             |                                        |              |
| Cost <sup>(2)</sup>                                                                        | 885                                            | 323                                        | 218                                | 700                         | 9,199                                  | 11,325       |
| Accumulated depreciation and impairment                                                    | (212)                                          | –                                          | –                                  | (403)                       | (2,847)                                | (3,462)      |
|                                                                                            | <b>673</b>                                     | <b>323</b>                                 | <b>218</b>                         | <b>297</b>                  | <b>6,352</b>                           | <b>7,863</b> |
| <b>Year ended 30 June 2013</b>                                                             |                                                |                                            |                                    |                             |                                        |              |
| Carrying amount at 1 July 2012                                                             | 797                                            | 174                                        | 1,731                              | –                           | 6,093                                  | 8,795        |
| Assets transferred to EED upon adoption of Interpretation 20                               | –                                              | –                                          | –                                  | 337                         | –                                      | 337          |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 | –                                              | –                                          | –                                  | (99)                        | –                                      | (99)         |
| Restated carrying amount at 1 July 2012                                                    | 797                                            | 174                                        | 1,731                              | 238                         | 6,093                                  | 9,033        |
| Expenditure during the year <sup>(2)</sup>                                                 | 152                                            | 132                                        | 947                                | 440                         | 436                                    | 2,107        |
| Expenditure written-off during the year                                                    | (64)                                           | –                                          | –                                  | –                           | –                                      | (64)         |
| Depreciation for the year                                                                  | –                                              | –                                          | –                                  | (117)                       | (345)                                  | (462)        |
| Disposals and write-down of assets                                                         | –                                              | (8)                                        | –                                  | –                           | (71)                                   | (79)         |
| Foreign currency translation                                                               | 77                                             | 23                                         | 28                                 | 22                          | 343                                    | 493          |
| Reclassifications/transfers <sup>(3)</sup>                                                 | (77)                                           | 2                                          | (2,488)                            | –                           | 816                                    | (1,747)      |
| Impairment losses for the year (Note 6)                                                    | (212)                                          | –                                          | –                                  | (286)                       | (920)                                  | (1,418)      |
| <b>Carrying amount at 30 June 2013</b>                                                     | <b>673</b>                                     | <b>323</b>                                 | <b>218</b>                         | <b>297</b>                  | <b>6,352</b>                           | <b>7,863</b> |

<sup>(1)</sup> Includes Mineral Rights with a carrying value of \$2,453 million.

<sup>(2)</sup> Borrowing costs were capitalised on qualifying assets at a weighted average interest rate of three percent.

<sup>(3)</sup> Expenditure included in mines under construction has been reclassified from/to mine development or property, plant and equipment upon utilisation of the asset.



|                                                            | 2014<br>\$M | 2013<br>\$M |
|------------------------------------------------------------|-------------|-------------|
| <b>Areas of Interest in the exploration phase at cost:</b> |             |             |
| Cadia Valley, NSW                                          | 3           | 5           |
| Telfer, WA                                                 | 37          | 92          |
| Marsden, NSW                                               | 5           | 5           |
| Gosowong, Indonesia                                        | 12          | 18          |
| Namosi, Fiji                                               | 26          | 22          |
| Wafi-Golpu, PNG                                            | 189         | 184         |
| Morobe Province, PNG                                       | 7           | 7           |
| Lihir, PNG                                                 | 128         | 228         |
| West Africa                                                | 63          | 112         |
|                                                            | <b>470</b>  | <b>673</b>  |

Recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and continuing commercial exploitation, or alternatively, sale of the respective area of interest.

## 18. OTHER INTANGIBLE ASSETS

| Information Systems Development   | 2014<br>\$M | 2013<br>\$M |
|-----------------------------------|-------------|-------------|
| <b>At 30 June</b>                 |             |             |
| Cost                              | 199         | 193         |
| Accumulated amortisation          | (111)       | (79)        |
|                                   | <b>88</b>   | <b>114</b>  |
| <b>Year ended 30 June</b>         |             |             |
| Carrying amount at 1 July         | 114         | 93          |
| Expenditure during the year       | 8           | 40          |
| Amortisation for the year         | (24)        | (19)        |
| Transfers and other               | (10)        | -           |
| <b>Carrying amount at 30 June</b> | <b>88</b>   | <b>114</b>  |

## 19. GOODWILL

|                                | 2014<br>\$M | 2013<br>\$M |
|--------------------------------|-------------|-------------|
| Opening balance                | 436         | 3,759       |
| Foreign currency translation   | (7)         | 372         |
| Impairment loss <sup>(1)</sup> | (429)       | (3,695)     |
| Closing balance                | —           | 436         |

<sup>(1)</sup> Impairment loss in 2014 was recognised in respect of Lihir (2013: Lihir: \$3,492 million and West Africa: \$203 million). Refer to Note 6.

Goodwill arose through the acquisition of Lihir Gold Limited on 30 August 2010.

# Notes to the Consolidated Financial Statements

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## 20. IMPAIRMENT OF GOODWILL AND NON-CURRENT ASSETS

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 30 June. Goodwill and non-financial assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

A number of factors represented indicators of impairment as at 30 June 2014, including a change to Newcrest's long-term exchange rate assumptions, updated life of mine ('LOM') plans indicating increased estimated future costs at some sites and Newcrest's market capitalisation relative to its book value. As a result, the Group assessed the recoverable amounts of each of its cash-generating units ('CGUs'), including goodwill where applicable.

Unless otherwise identified, the following discussion of (a) Impairment testing and (b) Sensitivity analysis, is applicable to the assessment of the Fair Value of all of the Group's CGUs, inclusive of the CGU in which Goodwill is recognised.

### a) Impairments testing

#### i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using its fair value less costs of disposal ('Fair Value') basis. The costs of disposal have been estimated by management based on prevailing market conditions.

Fair Value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU LOM plans. When LOM plans do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the estimation of Fair Value.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards, refer Note 32 (h)) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from our planning process, including LOM plans, 5 year plans and one-year budgets. The 2015 budget and 5 year plan were developed in the context of the current gold price environment and outlook, and the Group's continued focus on maximising free cash flow.

In the current year and prior year, a gold multiple of 1.0 has been applied to all CGUs, resulting in no impact on the determination of Fair Value. In Fair Value assessments in years previous to this, the Group applied a gold multiple to the discounted cash flow valuation, as gold companies typically traded at a market capitalisation that was based on a multiple of their underlying discounted cash flow valuation. In determining the appropriate gold multiples for CGUs at that time, the Group took into consideration the gold price assumption, the mine life, reserve/resource addition potential, average annual production level and operating and capital cost profiles.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, currency exchange rates, discount rates, CGU specific gold multiples, production profiles and operating and capital costs. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's Fair Value.

#### ii) Key Assumptions

The table below summarises the key assumptions used in the 2014 end of year carrying value assessments, and for comparison also provides the equivalent assumptions used in 2013:

| Assumptions             | 2014                                        |                   | 2013                                        |                   |
|-------------------------|---------------------------------------------|-------------------|---------------------------------------------|-------------------|
|                         | 2015–2020                                   | Long term (2021+) | 2014–2019                                   | Long term (2020+) |
| Gold (US\$ per ounce)   | \$1,300                                     | \$1,300           | \$1,300                                     | \$1,300           |
| Copper (US\$ per pound) | \$3.00                                      | \$3.00            | \$3.00                                      | \$3.00            |
| AUD:USD exchange rate   | \$0.93 declining to \$0.85                  | \$0.85            | \$0.91 declining to \$0.81                  | \$0.80            |
| Discount rate (%)       | USD Assets 5.25 to 5.75%<br>AUD Assets 5.5% |                   | USD Assets 5.25 to 5.75%<br>AUD Assets 5.5% |                   |
| Gold multiple (times)   | 1.0                                         |                   | 1.0                                         |                   |

### Commodity prices and exchange rates

Commodity price and foreign exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The rates applied have regard to observable market data including spot and forward values, to market analysis including equity analyst estimates.

The continued strength of the Australian dollar relative to the US dollar has resulted in an increase in the longer term exchange rate assumption applied to the impairment reviews in 2014. The primary impact of this change was a reduction in the Fair Value of Telfer, as the stronger long-term AUD:USD exchange rate resulted in lower A\$ revenue.

### Discount rate

In determining the Fair Value of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital, pursuant to the Capital Asset Pricing Model, for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of the CGU. The discount rates applied to individual CGUs that recognised impairments were as follows:

| CGU           | Functional Currency | 2014  | 2013  |
|---------------|---------------------|-------|-------|
| Lihir         | USD                 | 5.25% | 5.25% |
| Hidden Valley | USD                 | 5.25% | 5.25% |
| West Africa   | USD                 | 5.75% | 5.75% |
| Telfer        | AUD                 | 5.50% | 5.50% |

### Gold multiple

Historically, in valuing gold producers, the gold multiple has been widely used as a proxy for, inter alia, higher gold price, reserve and resource conversion and exploration success. In both the 2014 and 2013 impairment review, as a result of the continued absence of an observable premium, a gold multiple of 1.0 was applied to all CGUs in the estimation of Fair Value.

### Production activity and operating and capital costs

Life of mine production activity and operating and capital cost assumptions are based on the Group's latest budget, five year plan and/or longer term LOM plans. The projections include expected cost improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce activity, apply technology, improve capital and labour productivity and remove high cost gold ounces from the production profile.

The LOM plan used for Lihir in the estimation of Fair Value for the 2014 impairment review included increased operating cost assumptions which took into account cost performance realised during the 2014 financial year, following a full year of operation after the plant expansion, and with the knowledge being gained from a major review of operating costs currently underway. Production activity assumptions reflect expectations of ongoing improvement projects at Lihir with further increases in processing throughput assumed following the completion of the plant expansion project in the 2013 financial year.

The LOM plans for West Africa and Hidden Valley used in the 2014 impairment review reflect updated operating cost, capital cost and development timing assumptions.

### Exploration values and Unmined resource

Exploration values have been estimated by the Group based on estimates of total mineral endowments by CGU. A per unit valuation of expected resource growth is applied on a CGU specific basis, determined by the expected realisable value of the estimated additional inventory.

Unmined resources may not be included in a CGU's particular LOM plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment. The Group has estimated unmined resources values on a dollar margin per gold equivalent ounce basis individually for each CGU, taking into account a range of factors including the physical specifications of the ore, probability of conversion, estimated capital and operating costs, and length of mine life.

The value of exploration and unmined resources as a percentage of the assessed Fair Value in the current period and prior period for each CGU subject to impairment is as follows:

|                  | Lihir | Telfer | Hidden Valley | West Africa |
|------------------|-------|--------|---------------|-------------|
| <b>2014</b>      |       |        |               |             |
| Exploration      | 8%    | 13%    | 11%           | 22%         |
| Unmined resource | 1%    | 0%     | 0%            | 3%          |
| <b>2013</b>      |       |        |               |             |
| Exploration      | 6%    | 9%     | 8%            | 25%         |
| Unmined resource | 1%    | 18%    | 8%            | 6%          |

Unmined resources values in the 2014 impairment review reflect changes in assumed economic returns of these resources, including incorporating the impact of the change in long-term AUD:USD exchange rate assumption.

### iii) Impacts

After reflecting the write down of certain assets arising from the Group's revised operating plans, the Group has conducted carrying value analysis and recognised goodwill and non-current assets impairments of A\$2,381 million after tax, as summarised in the table below:

| CGU                                   | Impairment –<br>Goodwill<br>A\$M | Impairment –<br>Other Assets<br>A\$M | Total<br>A\$M |
|---------------------------------------|----------------------------------|--------------------------------------|---------------|
| Lihir                                 | 429                              | 2,218                                | 2,647         |
| Telfer                                | –                                | 204                                  | 204           |
| West Africa <sup>(1)</sup>            | –                                | 198                                  | 198           |
| Hidden Valley                         | –                                | 79                                   | 79            |
| <b>Total items by CGU</b>             | <b>429</b>                       | <b>2,699</b>                         | <b>3,128</b>  |
| Tax                                   |                                  |                                      | (747)         |
| <b>Total items by CGU (after tax)</b> |                                  |                                      | <b>2,381</b>  |
| <b>Attributable to:</b>               |                                  |                                      |               |
| Non-controlling interest              |                                  |                                      | 17            |
| Owners of the parent                  |                                  |                                      | 2,364         |
|                                       |                                  |                                      | <b>2,381</b>  |

<sup>(1)</sup> Includes impairment of A\$56 million pre-tax recognised at 31 December 2013 (A\$47 million post-tax and non-controlling interest).

The key drivers of the impairments for the respective CGU's are:

- At Lihir, primarily reflecting a change in the operating and capital cost assumptions taking into account cost performance realised in the 2014 financial year, following a full year of operation post the plant expansion and the knowledge being gained from a major review of operating costs currently underway at the site;
- At Telfer, primarily reflecting the increase in the long-term AUD:USD exchange rate assumptions which had a negative impact on A\$ revenue;
- At West Africa and Hidden Valley, primarily reflecting updated operating cost, capital cost and development timing assumptions;

The Fair Value of the Group's other CGUs – Cadia Valley and Gosowong – were assessed by the Group to significantly exceed their carrying values.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 20. IMPAIRMENT OF GOODWILL AND NON-CURRENT ASSETS (continued)

### b) Sensitivity Analysis

After effecting the impairments for the Lihir, Telfer, West Africa and Hidden Valley CGUs, the Fair Value of these assets is assessed as being equal to their carrying amount as at 30 June 2014.

Any variation in the key assumptions used to determine Fair Value would result in a change of the estimated Fair Value. If the variation in assumption had a negative impact on Fair Value it could indicate a requirement for additional impairment to non-current assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the Fair Value of each CGU in its functional currency that has been subject to impairment in the 2014 statutory accounts:

| \$ million in functional currency                                | Lihir<br>USD | Telfer<br>AUD | Hidden Valley<br>USD | West Africa<br>USD |
|------------------------------------------------------------------|--------------|---------------|----------------------|--------------------|
| US\$100 per ounce change in gold price                           | 1,235        | 410           | 70                   | 55                 |
| 0.25 percent increase/decrease in discount rate                  | 170          | 10            | 5                    | 5                  |
| \$0.05 increase/decrease in AUD:USD rate                         | N/A          | 340           | N/A                  | N/A                |
| 5 percent increase/decrease in operating costs from that assumed | 485          | 240           | 40                   | 25                 |

As identified above, the level of production activity is also a key assumption in the determination of Fair Value, most notably in relation to Lihir, for which further increases in processing throughput are assumed. Should increases in processing capacity not be achieved, changes in Fair Value estimates may arise. Due to the number of factors that could impact production activity, such as processing throughput, changing ore grade and/or metallurgy and revisions to mine plans in response to physical or economic conditions, no quantified sensitivity has been determined.

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact (for example, a decline in the US\$ gold price accompanied with a decline in the A\$ compared to the US\$). Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

In addition to the impairment testing performed at 30 June 2014, the Group also undertook a sensitivity analysis on the Cadia Valley and Gosowong CGUs. Both of these CGUs have a Fair Value that significantly exceeds their carrying value. None of the sensitivities in the table above, applied either in isolation or in aggregate (as improbable as this scenario may be) to the Cadia Valley and Gosowong CGUs would cause an impairment in either CGU as at 30 June 2014. The gold price assumptions required in order for the estimated Fair Values to equal the carrying amounts for these two CGUs are:

- Cadia Valley – less than approximately US\$725 per ounce; and
- Gosowong – less than approximately US\$825 per ounce.

## 21. INVESTMENT IN ASSOCIATE

|                                                                       | 2014<br>\$M | 2013<br>\$M |
|-----------------------------------------------------------------------|-------------|-------------|
| <b>(a) Investment in Evolution Mining Ltd<sup>(1)</sup></b>           |             |             |
| Carrying amount at 1 July                                             | 132         | 395         |
| Share of comprehensive income/(loss)                                  | 2           | (2)         |
| Dividends received                                                    | (5)         | –           |
| Share of results of associate:                                        |             |             |
| – Share of associate's operational profit                             | 22          | 12          |
| – Share of associate's impairment                                     | –           | (122)       |
|                                                                       | 22          | (110)       |
| Reversal of/(additional) impairment loss recognised <sup>(2)(3)</sup> | 11          | (151)       |
| <b>Carrying amount at 30 June<sup>(3)</sup></b>                       | <b>162</b>  | <b>132</b>  |

<sup>(1)</sup> The Group holds 231,082,631 shares (2013: 231,082,631) in Evolution Mining Limited ('Evolution'), representing a 32.4 percent (2013: 32.6 percent) interest. Evolution is an Australian gold mining company listed on the Australian Securities Exchange (ASX).

<sup>(2)</sup> As a result of the Group's impairment review at 30 June 2013, the investment was impaired by \$151 million to the market value of \$132 million. This was based on the ASX closing market bid price of \$0.57 as at 28 June 2013.

<sup>(3)</sup> At 30 June 2014, an impairment reversal of \$11 million was recognised based on the ASX closing market bid price of \$0.70. The carrying amount of the investment is equal to the market value.

**(b) Summarised Financial Information**

The following table discloses summarised financial information of the Group's investment in Evolution:

|                                                       | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------------------------|-------------|-------------|
| <b>Associate's statement of financial position:</b>   |             |             |
| Current assets                                        | 154         | 103         |
| Non-current assets                                    | 956         | 919         |
| Current liabilities                                   | (101)       | (99)        |
| Non-current liabilities                               | (204)       | (176)       |
| <b>Net assets</b>                                     | <b>805</b>  | <b>747</b>  |
| Proportion of Newcrest's ownership                    | 32.4%       | 32.6%       |
| Carrying value calculated per ownership percentage    | 261         | 242         |
| Fair value adjustment                                 | (99)        | (110)       |
| <b>Carrying amount</b>                                | <b>162</b>  | <b>132</b>  |
| <b>Associate's statement of comprehensive income:</b> |             |             |
| Revenue                                               | 634         | 637         |
| Profit/(Loss) after tax                               | 68          | (337)       |
| Other comprehensive income                            | 6           | (6)         |

**(e) Transactions with Associate**

Directors fees in the amount of \$98 thousand were received by the Company from Evolution, a company in which Mr Lawrie Conway and Mr Peter Smith were Directors, for services provided during the period in which they were employed with the Company (2013: \$193 thousand).

**22. TRADE AND OTHER PAYABLES**

|                                            | 2014<br>\$M | 2013<br>\$M |
|--------------------------------------------|-------------|-------------|
| Trade payables <sup>(1)</sup>              | 88          | 136         |
| Other payables and accruals <sup>(1)</sup> | 231         | 484         |
| <b>Total trade and other payables</b>      | <b>319</b>  | <b>620</b>  |

<sup>(1)</sup> All payables are unsecured, non interest-bearing and are normally settled on 30–60 day terms.

**23. BORROWINGS**

|                                                          | Note | 2014<br>\$M  | 2013<br>\$M  |
|----------------------------------------------------------|------|--------------|--------------|
| <b>Current</b>                                           |      |              |              |
| Finance lease liabilities – secured                      |      | –            | 1            |
| US dollar private placement notes – unsecured            |      | 112          | –            |
| <b>Total current borrowings</b>                          |      | <b>112</b>   | <b>1</b>     |
| <b>Non-current</b>                                       |      |              |              |
| US dollar bilateral bank debt – unsecured <sup>(1)</sup> | (a)  | 1,725        | 1,806        |
| US dollar corporate bonds – unsecured <sup>(1)</sup>     | (b)  | 2,107        | 2,156        |
| US dollar private placement notes – unsecured            | (c)  | 132          | 248          |
| <b>Total non-current borrowings</b>                      |      | <b>3,964</b> | <b>4,210</b> |

<sup>(1)</sup> Transaction costs incurred in the establishment of these facilities have been deducted from the face value of the facility as at 30 June 2014. Previously transaction costs were disclosed in Other Assets.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 23. BORROWINGS (continued)

### (a) US dollar bilateral bank debt

The Group has bilateral bank debt facilities of US\$3,150 million (2013: US\$2,500 million) with 13 banks (2013: 10 banks). These are committed unsecured revolving facilities with maturities ranging between September 2015 and September 2019 (2013: maturities ranging between September 2015 and September 2017), individually negotiated and documented with each bank but with similar terms and conditions.

These facilities are on normal terms and conditions and include certain financial covenants. Interest is based on LIBOR plus a margin which varies amongst the lenders. The facility maturity dates profiles are shown in the table below:

| Facility Maturity | 2014<br>US\$M | 2013<br>US\$M | 2014<br>A\$M | 2013<br>A\$M |
|-------------------|---------------|---------------|--------------|--------------|
| September 2015    | 225           | 1,625         | 239          | 1,752        |
| September 2016    | 875           | –             | 929          | –            |
| October 2016      | 125           | –             | 133          | –            |
| January 2017      | 200           | –             | 212          | –            |
| September 2017    | 725           | 875           | 769          | 943          |
| September 2018    | 500           | –             | 531          | –            |
| October 2018      | 125           | –             | 133          | –            |
| March 2019        | 250           | –             | 265          | –            |
| September 2019    | 125           | –             | 133          | –            |
|                   | 3,150         | 2,500         | 3,344        | 2,695        |

### (b) US dollar corporate bonds

In each of November 2011 and October 2012, Newcrest issued US\$1,000 million in US dollar corporate bonds (notes). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

- US\$750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45 percent.
- US\$750 million Senior Unsecured Notes due 1 October 2022 with a coupon of 4.20 percent.
- US\$500 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75 percent.

### (c) US dollar private placement notes

During the year ended 30 June 2005, the Group issued US\$350 million of long-term senior unsecured notes into the North American private placement market. The proceeds of the placement were received on 11 May 2005. The tranches remaining are shown in the table below:

| Maturity    | Term           | 2014<br>US\$M | 2013<br>US\$M | 2014<br>A\$M | 2013<br>A\$M |
|-------------|----------------|---------------|---------------|--------------|--------------|
| 11 May 2015 | Fixed 10 years | 105           | 105           | 112          | 113          |
| 11 May 2017 | Fixed 12 years | 100           | 100           | 106          | 108          |
| 11 May 2020 | Fixed 15 years | 25            | 25            | 26           | 27           |
|             |                | 230           | 230           | 244          | 248          |

These notes are on normal terms and conditions and include certain financial covenants. Interest on the notes is payable semi-annually at an average of 5.7 percent (2013: 5.7 percent).

These notes were fully drawn as at 30 June 2014 and have been restated to Australian dollars, using the spot exchange rate at the reporting date.

### (d) US dollar facility agreement

During the year, PT Nusa Halmahera Minerals entered into a US\$50 million loan facility with one bank. This is an unsecured revolving facility maturing in January 2015. The facility is on normal terms and conditions and includes certain financial covenants. Interest is based on LIBOR plus a margin.

As at 30 June 2014 this facility has not been utilised.

### (e) Hedging: US dollar denominated debt

Where considered appropriate the foreign currency component of US dollar denominated debt is designated either as a cash flow hedge of future US dollar denominated commodity sales or a net investment in foreign operations with a US dollar functional currency. Refer Note 32(e) for further details.

## (f) Financial arrangements

The Group has access to the following unsecured financing arrangements at the end of the financial year.

|                                               | 2014<br>US\$M | 2013<br>US\$M | 2014<br>A\$M | 2013<br>A\$M |
|-----------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Facilities utilised at reporting date:</b> |               |               |              |              |
| USD Bilateral bank debt facilities            | 1,630         | 1,675         | 1,730        | 1,806        |
| USD Private placement notes                   | 230           | 230           | 244          | 248          |
| USD Corporate bonds                           | 2,000         | 2,000         | 2,123        | 2,156        |
|                                               | 3,860         | 3,905         | 4,097        | 4,210        |
| <b>Facilities unutilised</b>                  |               |               |              |              |
| USD Bilateral bank debt facilities            | 1,520         | 825           | 1,614        | 889          |
| USD Facility agreement                        | 50            | –             | 53           | –            |
|                                               | 1,570         | 825           | 1,667        | 889          |
| <b>Total facilities</b>                       |               |               |              |              |
| USD Bilateral bank debt facilities            | 3,150         | 2,500         | 3,344        | 2,695        |
| USD Private placement notes                   | 230           | 230           | 244          | 248          |
| USD Corporate bonds                           | 2,000         | 2,000         | 2,123        | 2,156        |
| USD Facility agreement                        | 50            | –             | 53           | –            |
|                                               | 5,430         | 4,730         | 5,764        | 5,099        |

## 24. PROVISIONS

|                                     | Note | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------|------|-------------|-------------|
| <b>Current</b>                      |      |             |             |
| Employee benefits                   | (a)  | 154         | 119         |
| Mine rehabilitation                 | (b)  | 7           | 15          |
| Restructure                         | (c)  | 16          | 46          |
| Other                               | (d)  | 38          | 61          |
| <b>Total current provisions</b>     |      | 215         | 241         |
| <b>Non-Current</b>                  |      |             |             |
| Employee benefits                   | (a)  | 40          | 43          |
| Mine rehabilitation                 | (b)  | 309         | 302         |
| Restructure                         | (c)  | 10          | 8           |
| <b>Total non-current provisions</b> |      | 359         | 353         |

### (a) Employee benefits

Represents annual leave, long service leave, salary at risk and other employee benefits (refer Note 2 (t)).

### (b) Mine rehabilitation

The Group recognises that it has an obligation to restore its mine sites to their original condition at the end of the life of mine. 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, the Group has estimated its 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.

### (c) Restructure

Represents the costs associated with the restructuring activities within the Group (refer Note 6).

### (d) Other provisions

Comprises of onerous contracts, community obligations and other miscellaneous items.

#### Movements in provisions

Movements in provisions (excluding employee benefits) during the year were as follows:

|                                                      | Mine<br>Rehabilitation<br>\$M | Restructure<br>\$M | Other<br>Provisions<br>\$M |
|------------------------------------------------------|-------------------------------|--------------------|----------------------------|
| <b>At 1 July 2013</b>                                | 317                           | 54                 | 61                         |
| Recognised during the year                           | 25                            | 46                 | 1                          |
| Movements in discount rates and timing of cash flows | (25)                          | –                  | –                          |
| Paid/utilised during the year                        | (9)                           | (74)               | (24)                       |
| Unwinding of discount                                | 10                            | –                  | –                          |
| Foreign currency translation                         | (2)                           | –                  | –                          |
| <b>At 30 June 2014</b>                               | 316                           | 26                 | 38                         |
| <b>Split between:</b>                                |                               |                    |                            |
| Current                                              | 7                             | 16                 | 38                         |
| Non-current                                          | 309                           | 10                 | –                          |
|                                                      | 316                           | 26                 | 38                         |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 25. OTHER FINANCIAL LIABILITIES

|                                                       | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------------------------|-------------|-------------|
| <b>Current</b>                                        |             |             |
| Quotational period derivatives <sup>(i)</sup>         | –           | 68          |
| Copper forward sales contracts                        | 7           | –           |
| Gold forward sales contracts                          | 3           | –           |
| Other financial derivatives                           | –           | 3           |
| <b>Total current financial derivative liabilities</b> | <b>10</b>   | <b>71</b>   |

<sup>(i)</sup> Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(y).

## 26. ISSUED CAPITAL

|                                                 | 2014<br>\$M   | 2013<br>\$M   |
|-------------------------------------------------|---------------|---------------|
| <b>(a) Movements in Issued Capital</b>          |               |               |
| Opening balance                                 | 13,592        | 13,561        |
| Shares issued during the year:                  |               |               |
| – Dividend reinvestment plan (ii)               | –             | 38            |
| – Share match plan (i)                          | 1             | –             |
| – Shares repurchased and held in treasury (iii) | –             | (7)           |
| <b>Total issued capital</b>                     | <b>13,593</b> | <b>13,592</b> |

|                                                        | 2014<br>No.        | 2013<br>No.        |
|--------------------------------------------------------|--------------------|--------------------|
| <b>(b) Number of Issued Ordinary Shares</b>            |                    |                    |
| Comprises:                                             |                    |                    |
| – Shares held by the public                            | 766,165,794        | 765,607,049        |
| – Treasury shares                                      | 345,177            | 903,922            |
| <b>Total issued capital</b>                            | <b>766,510,971</b> | <b>766,510,971</b> |
| <b>Movement in issued ordinary shares for the year</b> |                    |                    |
| Opening number of shares                               | 765,607,049        | 764,561,477        |
| Shares issued under:                                   |                    |                    |
| – Share plans (i)                                      | 558,745            | 210,656            |
| – Dividend reinvestment plan (ii)                      | –                  | 1,510,971          |
| – Purchases by the Newcrest Employee Share Trust (iii) | –                  | (676,055)          |
| <b>Closing number of shares</b>                        | <b>766,165,794</b> | <b>765,607,049</b> |
| <b>Movement in treasury shares for the year</b>        |                    |                    |
| Opening number of shares                               | 903,922            | 438,523            |
| – Purchases                                            | –                  | 676,055            |
| – Issued pursuant to share plans                       | (558,745)          | (210,656)          |
| <b>Closing number of shares</b>                        | <b>345,177</b>     | <b>903,922</b>     |

(i) Represents rights exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 29 for share-based payments.

(ii) The Dividend reinvestment plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.

(iii) Represents shares purchased by the Newcrest Employee Share Trust on behalf of Newcrest Mining Limited to satisfy future share rights and awards as they vest.

## 27. RETAINED EARNINGS/(ACCUMULATED LOSSES)

|                                                                                                        | 2014<br>\$M    | 2013<br>Restated<br>\$M |
|--------------------------------------------------------------------------------------------------------|----------------|-------------------------|
| <b>Opening balance</b>                                                                                 | <b>(3,144)</b> | <b>2,890</b>            |
| Assets written-off to retained earnings under transitional provisions of Interpretation 20 (after tax) | –              | (75)                    |
| <b>Restated opening balance</b>                                                                        | <b>(3,144)</b> | <b>2,815</b>            |
| Loss after tax (attributable to owners of the parent)                                                  | (2,221)        | (5,783)                 |
| Dividends paid                                                                                         | –              | (268)                   |
| Changes in equity interests held by the parent                                                         | –              | 92                      |
| <b>Closing balance</b>                                                                                 | <b>(5,365)</b> | <b>(3,144)</b>          |

## 28. RESERVES

|                                      | Note | 2014<br>\$M  | 2013<br>Restated<br>\$M |
|--------------------------------------|------|--------------|-------------------------|
| Equity Settlements Reserve           | (a)  | 71           | 62                      |
| Foreign Currency Translation Reserve | (b)  | (735)        | (657)                   |
| Hedge Reserve                        | (c)  | 17           | 13                      |
| Fair Value Reserve                   | (d)  | –            | (3)                     |
| <b>Total Reserves</b>                |      | <b>(647)</b> | <b>(585)</b>            |

### (a) Equity Settlements Reserve

The equity settlements reserve is used to recognise the fair value of rights and options issued to employees, including Key Management Personnel in relation to equity-settled share based payments.

### (b) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is also used to record gains and losses on hedges of the net investment in foreign operations (refer Note 2(v)).

In prior years, the Group issued US\$2,000 million in US denominated corporate bonds. This debt was designated as a hedge of the net investment in a foreign operation (Lihir Gold Limited). The exchange gains or losses upon subsequent revaluation of this US dollar denominated debt, in an effective hedge relationship, from the historical drawdown rate to the period-end spot exchange rate are deferred in equity in the foreign currency translation reserve. These cumulative gains or losses will remain deferred in equity and will only be transferred to the Income Statement in the event of the disposal of the foreign operation.

### (c) Hedge Reserve

The hedge reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer note 2(v)). The components of the hedge reserve at year end were as follows:

| Component                                                   | 2014<br>\$M | 2013<br>\$M |
|-------------------------------------------------------------|-------------|-------------|
| FX gains on US dollar denominated borrowings <sup>(i)</sup> | 20          | 20          |
| Other cash flow hedges                                      | 4           | (1)         |
|                                                             | 24          | 19          |
| Tax effect                                                  | (7)         | (6)         |
| <b>Total Hedge Reserve</b>                                  | <b>17</b>   | <b>13</b>   |

#### (i) FX Gains on USD Private Placement Notes

The foreign currency component of this US dollar denominated debt was designated as a cash flow hedge of future US dollar denominated commodity sales. During the 2010 year, this hedge was de-designated. As a result of this de-designation, foreign exchange differences on the retranslation of this debt, from the date of de-designation are recorded in the Income Statement.

The balance of this cash flow hedge deferred in equity is \$14 million (net of tax). This balance will continue to remain deferred in equity and will be released to the Income Statement, in the same period as the anticipated hedged US dollar denominated commodity sales.

During the year \$nil was transferred to the Income Statement (2013: \$nil).

### (d) Fair Value Reserve

The Fair Value Reserve records movements in the fair value of available-for-sale financial assets. Where a revalued financial asset is sold or is determined to be impaired, the cumulative gain or loss included in the reserve is recognised in the Income Statement. During the year, the balance of this reserve was recycled to the Income Statement.

## 29. SHARE-BASED PAYMENTS

### (a) Newcrest Employee Share Acquisition Plan and Share Match Plan

Under the Newcrest Employee Share Acquisition Plan (ESAP or the plan), eligible employees are granted shares in Newcrest Mining Limited ('the Company') for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Group for a period of at least one year, and are not eligible for the Executive Performance Share Plan, are able to participate in the plan.

Under the plan, eligible employees may be granted up to \$1,000 worth of fully paid ordinary shares in the Company for no consideration. The market value of shares issued under the plan is measured at the weighted average market price of the shares on the ASX over a period of a week prior to the grant date. The fair value of shares issued under the plan during the year was \$1.6 million (2013: \$1.6 million).

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of three years from the date of issue or the date employment ceases. During 2014, 1,571 employees participated in the plan (2013: 1,642 employees).

The Share Match Plan commenced during the 2013 financial year. Employees may contribute up to A\$4,950 to acquire shares in the plan year. On the third anniversary of the start of the plan year, the Company will match the number of acquired shares held by the employee at that time with matched shares.

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## 29. SHARE-BASED PAYMENTS (continued)

### (b) Executive Performance Share Plan (LTI Plan)

The Executive Performance Share Plan (also referred to as the Long Term Incentive (LTI) Plan) entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The Executive Directors, Executive General Managers, General Managers and Managers participate in this plan.

The performance measures for the Performance Rights granted in the 2014 and 2013 financial years comprised of three equally weighted measures, being:

- Reserves Growth;
- Comparative Cost Position; and
- Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of group performance:

- Reserves Growth and Comparative Cost Position being key drivers of shareholder value in a gold mining company, and;
- ROCE being a direct measure of returns per unit of capital.

Performance against each of these measures over the three year vesting period accounts for one third of any grant made to participants. There is no ability to re-test performance under the Plan after the performance period.

The assessed fair value at grant date of the share rights granted under the plan during the 2014 year was \$7.16 (2013: \$27.85) per right.

The fair value is independently determined using a Black-Scholes option pricing model. The model inputs for share rights granted included:

- Exercise price: Nil (2013: Nil)
- Risk-free interest rate: 3.08 percent (2013: 2.81 percent)
- Expected life of right (years): 3 years (2013: 3 years)
- Share price at grant date: \$7.16 (2013: \$29.12)
- Expected dividend yield: 0.0 percent (2013: 1.5 percent)

### (c) Movements in the Number of Rights issued under the LTI Plan

Detailed information of share rights over unissued ordinary shares is set out below:

| Grant date | Exercise date on or after | Expiry Date | Movement in Number of Rights During the Year |           |           |           |                          | Number Exercisable at end of year |
|------------|---------------------------|-------------|----------------------------------------------|-----------|-----------|-----------|--------------------------|-----------------------------------|
|            |                           |             | Number at beginning of year                  | Granted   | Exercised | Forfeited | Number at at end of year |                                   |
| 2014       |                           |             |                                              |           |           |           |                          |                                   |
| 11 Nov 08  | 11 Nov 10                 | 11 Nov 12   | 31,175                                       | –         | (31,175)  | –         | –                        | –                                 |
| 11 Nov 08  | 11 Nov 11                 | 11 Nov 13   | 110,967                                      | –         | (110,967) | –         | –                        | –                                 |
| 10 Nov 09  | 10 Nov 12                 | 10 Nov 14   | 90,284                                       | –         | (64,542)  | (2,645)   | 23,097                   | 23,097                            |
| 10 Nov 10  | 10 Nov 13                 | 10 Nov 15   | 178,590                                      | –         | (33,048)  | (123,134) | 22,408                   | 22,408                            |
| 23 Sep 11  | 23 Sep 14                 | 23 Sep 14   | 480,584                                      | –         | –         | (73,140)  | 407,444                  | –                                 |
| 17 Sep 12  | 17 Sep 15                 | 17 Sep 15   | 704,641                                      | –         | –         | (178,656) | 525,985                  | –                                 |
| 4 Dec 13   | 16 Sep 16                 | 16 Sep 16   | –                                            | 2,048,677 | –         | (221,840) | 1,826,837                | –                                 |
| Total      |                           |             | 1,596,241                                    | 2,048,677 | (239,732) | (599,415) | 2,805,771                | 45,505                            |
| 2013       |                           |             |                                              |           |           |           |                          |                                   |
| 9 Nov 07   | 9 Nov 10                  | 9 Nov 12    | 53,280                                       | –         | (53,280)  | –         | –                        | –                                 |
| 11 Nov 08  | 11 Nov 10                 | 11 Nov 12   | 42,242                                       | –         | (11,067)  | –         | 31,175                   | 31,175                            |
| 11 Nov 08  | 11 Nov 11                 | 11 Nov 13   | 133,569                                      | –         | (22,602)  | –         | 110,967                  | 110,967                           |
| 10 Nov 09  | 10 Nov 12                 | 10 Nov 14   | 170,553                                      | –         | (31,181)  | (49,088)  | 90,284                   | 90,284                            |
| 10 Nov 10  | 10 Nov 13                 | 10 Nov 15   | 193,098                                      | –         | –         | (14,508)  | 178,590                  | –                                 |
| 23 Sep 11  | 23 Sep 14                 | 23 Sep 14   | 515,439                                      | –         | –         | (34,855)  | 480,584                  | –                                 |
| 17 Sep 12  | 17 Sep 15                 | 17 Sep 15   | –                                            | 743,360   | –         | (38,719)  | 704,641                  | –                                 |
| Total      |                           |             | 1,108,181                                    | 743,360   | (118,130) | (137,170) | 1,596,241                | 232,426                           |

All share rights have a nil exercise price.

### (d) Movement in the Number of Rights issued under the Share Match Plan

During the year, 263,161 rights were granted for nil consideration under the Share Match Plan (2013: 97,796). Of these rights 1,914 were exercised (2013: nil) and 28,354 were forfeited (2013: nil).

As at 30 June 2014, there are a total of 333,159 unissued shares under rights (2013: 97,796).



### 30. KEY MANAGEMENT PERSONNEL

#### (a) Details of Directors and Key Management Personnel

Key Management Personnel (KMP) comprises the Company Directors (including Executive Directors) and Executive General Managers. The Managing Director, Finance Director and the Executive General Managers (EGM) are members of the Group's Executive Committee (Exco). The members of the Exco exercise the greatest control over the management and strategic direction of the Group and are also the highest paid individuals in the Group.

| Name                                     | Position                                                      |
|------------------------------------------|---------------------------------------------------------------|
| <b>Directors</b>                         |                                                               |
| Peter Hay                                | Non-Executive Chairman <sup>(1)</sup>                         |
| Sandeep Biswas                           | Executive Director and Chief Operating Officer <sup>(2)</sup> |
| Gerard Bond                              | Finance Director and Chief Financial Officer                  |
| Philip Aiken <b>AM</b>                   | Non-Executive Director                                        |
| Vince Gauci                              | Non-Executive Director                                        |
| Winifred Kamit                           | Non-Executive Director                                        |
| Richard Knight                           | Non-Executive Director                                        |
| Rick Lee                                 | Non-Executive Director                                        |
| Tim Poole                                | Non-Executive Director                                        |
| John Spark                               | Non-Executive Director                                        |
| Don Mercer                               | Non-Executive Chairman <sup>(3)</sup>                         |
| Greg Robinson                            | Managing Director and Chief Executive Officer <sup>(4)</sup>  |
| <b>Executive General Managers</b>        |                                                               |
| Geoff Day                                |                                                               |
| Craig Jones                              |                                                               |
| Francesca Lee                            |                                                               |
| Colin Moorhead                           |                                                               |
| Debra Stirling <sup>(5)</sup>            |                                                               |
| David Woodall                            |                                                               |
| <b>Former Executive General Managers</b> |                                                               |
| Stephen Creese                           |                                                               |
| Lawrie Conway                            |                                                               |
| Brett Fletcher                           |                                                               |
| Scott Langford                           |                                                               |
| Andrew Logan                             |                                                               |
| Peter Smith                              |                                                               |

<sup>(1)</sup> Appointed as a Non-Executive Director on 8 August 2013 and Non-Executive Chairman on 1 January 2014.

<sup>(2)</sup> Appointed Executive Director and Chief Operating Officer on 1 January 2014. Sandeep Biswas succeeded Greg Robinson as Managing Director and Chief Executive Officer on 4 July 2014.

<sup>(3)</sup> Retired from the Board and as Non-Executive Chairman on 31 December 2013.

<sup>(4)</sup> Retired from the Board and was succeeded by Sandeep Biswas as referred to in note (2) above.

<sup>(5)</sup> On 4 July 2014, Debra Stirling left the Company.

#### (b) Remuneration of Key Management Personnel and Directors

|                      | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------|----------------|----------------|
| Short-term           | 17,746         | 13,998         |
| Long-term            | 364            | –              |
| Post-employment      | 352            | 265            |
| Termination benefits | 5,056          | –              |
| Share-based payments | (579)          | 2,514          |
|                      | 22,939         | 16,777         |

#### (c) Shareholdings and Rights of Key Management Personnel

Details of shareholdings and rights of KMP are outlined in the Remuneration Report.

#### (d) Loans and other transactions with Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

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## 31. AUDITORS REMUNERATION

|                                                                                                              | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>(a) Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</b>                      |                |                |
| Audit or review of financial reports of the Company and subsidiaries                                         | 2,372          | 1,916          |
| Other services:                                                                                              |                |                |
| – Tax advisory and assurance services                                                                        | 502            | –              |
| – Accounting advice and other assurance-related services                                                     | 149            | 14             |
| – Assurance services in relation to USD corporate bonds issue                                                | –              | 195            |
| – Services in relation to regulatory and business processes                                                  | –              | 928            |
|                                                                                                              | 3,023          | 3,053          |
| <b>(b) Amounts received or due and receivable by related practices of Ernst &amp; Young (Australia) for:</b> |                |                |
| Audit or review of financial reports of subsidiaries                                                         | 224            | 213            |
| <b>(c) Amounts received or due and receivable by other auditors for:</b>                                     |                |                |
| Audit or review of the financial report of subsidiaries                                                      | 87             | 109            |
|                                                                                                              | 87             | 109            |

## 32. FINANCIAL AND CAPITAL RISK MANAGEMENT

### (a) Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring the Group is well placed to:

- Withstand significant changes in cash-flow-at-risk scenarios and still meet all financial commitments as and when they fall due;
- Maintain the capacity to fund forecasted project developments and exploration; and
- Support maintaining the equivalent of an investment grade credit rating.

The Group continually monitors and reviews its forecast financial position against these criteria. The Group has a detailed planning process that forms the basis of all cash flow forecasting and updates these plans through a monthly estimation process. The cash flow forecast is then used to stress test financial risk and forms the basis for the Capital Management Plan.

Credit, liquidity and market risk (including foreign exchange risk, commodity price risk and interest rate risk) arise in the normal course of the Group's business. These are managed under Board approved directives which underpin Group Treasury policies and processes. The Group's principal financial instruments, other than derivatives, comprise interest-bearing debt, cash and short-term deposits. Other financial instruments include trade receivables and trade payables which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with Treasury policy are regularly reported to the Board.

The following table discloses the carrying amounts of each class of financial assets and financial liabilities at year end.

|                                                         | 2014<br>\$M | 2013<br>\$M |
|---------------------------------------------------------|-------------|-------------|
| <b>Financial Assets</b>                                 |             |             |
| Cash and cash equivalents                               | 141         | 69          |
| Loans and receivables                                   | 169         | 178         |
| Derivatives at fair value through profit or loss        | 20          | 26          |
| Derivatives in designated hedge accounting relationship | 4           | 2           |
|                                                         | 334         | 275         |
| <b>Financial Liabilities</b>                            |             |             |
| Trade and other payables                                | 319         | 620         |
| Borrowings                                              | 4,076       | 4,211       |
| Derivatives at fair value through profit or loss        | 10          | 68          |
| Derivatives in designated hedge accounting relationship | –           | 3           |
|                                                         | 4,405       | 4,902       |

## (b) Capital Management

Newcrest's objectives when managing capital are to maintain a strong capital base capable of withstanding significant cash flow variability. Newcrest aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. Newcrest has a Capital Management Plan which is reviewed, updated and approved by the Board on an annual basis.

The capital structure of Newcrest consists of debt, which includes borrowings as disclosed in Note 23, cash, cash equivalents and equity.

Newcrest balances its overall capital structure through the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

## Gearing Ratio

Newcrest seeks to maintain gearing at an acceptable level so as to be able to withstand extreme price volatility and be able to complete approved major capital projects through such price volatility.

The gearing ratio has increased from the prior year, primarily due to the reduction in book values as a result of the impairments in the current year. Under current market and operating conditions, the Board remains comfortable with gearing at this level in the short to medium term given the near term cash flow growth outlook for the Group.

The gearing ratio at year-end was as follows:

|                                     | 2014<br>\$M | 2013<br>Restated \$M |
|-------------------------------------|-------------|----------------------|
| Total debt                          | 4,076       | 4,211                |
| Less: Cash and cash equivalents     | (141)       | (69)                 |
| Net debt                            | 3,935       | 4,142                |
| Equity                              | 7,707       | 10,002               |
| Total capital (Net debt and equity) | 11,642      | 14,144               |
| Gearing ratio                       | 33.8%       | 29.3%                |

## (c) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counterparty with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counterparties are subject to a credit risk analysis including assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (such as a letter of credit) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was \$36 million (2013: \$22 million).

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no material impairments of receivables as at 30 June 2014 or 30 June 2013.

The majority of the Group's receivables are due from concentrate customers in Japan, China, Europe and Korea. There have been no credit defaults with these customers in recent history. Newcrest's Treasury department evaluates credit risk on a continual basis. At the reporting date there were no other significant concentrations of credit risk.

The Group limits its counterparty credit risk on liquid funds and derivative financial instruments by dealing only with banks or financial institutions with credit ratings of at least A- equivalent.

The ageing of trade and other receivables at the reporting date was as follows:

| Trade and other receivables      | Not Past<br>Due<br>\$M | Past due but not impaired   |                                | Total<br>\$M |
|----------------------------------|------------------------|-----------------------------|--------------------------------|--------------|
|                                  |                        | Less than<br>30 days<br>\$M | Greater than<br>30 days<br>\$M |              |
| <b>2014</b>                      |                        |                             |                                |              |
| Bullion awaiting settlement      | 34                     | –                           | –                              | 34           |
| Metal in concentrate receivables | 62                     | –                           | –                              | 62           |
| GST receivable                   | 46                     | –                           | –                              | 46           |
| Other receivables                | 25                     | 1                           | 1                              | 27           |
|                                  | <b>167</b>             | <b>1</b>                    | <b>1</b>                       | <b>169</b>   |
| <b>2013</b>                      |                        |                             |                                |              |
| Bullion awaiting settlement      | 12                     | –                           | –                              | 12           |
| Metal in concentrate receivables | 77                     | –                           | –                              | 77           |
| GST receivable                   | 57                     | –                           | –                              | 57           |
| Other receivables                | 26                     | 3                           | 3                              | 32           |
|                                  | <b>172</b>             | <b>3</b>                    | <b>3</b>                       | <b>178</b>   |

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For the year ended 30 June 2014

## 32. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

### (d) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner. The Group undertakes stress testing of operational cash flows which are matched with capital commitments to assess liquidity requirements. The Capital Management Plan is the formal record of the analysis and actions required in detail for the next 12 months and longer term to five years.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 23 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities at the reporting date, including derivative financial instruments. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

|             | Less than<br>6 months<br>\$M | Between<br>6–12 months<br>\$M | Between<br>1–2 years<br>\$M | Between<br>2–5 years<br>\$M | Greater than<br>5 years<br>\$M | Total<br>\$M |
|-------------|------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------------|--------------|
| <b>2014</b> |                              |                               |                             |                             |                                |              |
| Payables    | 319                          | –                             | –                           | –                           | –                              | 319          |
| Borrowings  | 52                           | 183                           | 372                         | 1,923                       | 3,044                          | 5,574        |
| Derivatives | 10                           | –                             | –                           | –                           | –                              | 10           |
|             | <b>381</b>                   | <b>183</b>                    | <b>372</b>                  | <b>1,923</b>                | <b>3,044</b>                   | <b>5,903</b> |
| <b>2013</b> |                              |                               |                             |                             |                                |              |
| Payables    | 620                          | –                             | –                           | –                           | –                              | 620          |
| Borrowings  | 56                           | 74                            | 261                         | 2,250                       | 3,194                          | 5,835        |
| Derivatives | 70                           | 1                             | –                           | –                           | –                              | 71           |
|             | <b>746</b>                   | <b>75</b>                     | <b>261</b>                  | <b>2,250</b>                | <b>3,194</b>                   | <b>6,526</b> |

### (e) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's revenue is denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars and US dollars. The Group's Statement of Financial Position can be affected significantly by movements in the AUD:USD exchange rate. The Group also has exposure to other foreign currencies such as the Indonesian Rupiah, Papua New Guinea Kina, Central African Franc and Fiji Dollar however these exposures are less significant.

Newcrest hedges certain non-functional-currency capital commitment exposures to provide some budget certainty in the functional currency.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The carrying amounts of the Group's US Dollar denominated financial assets and liabilities in entities which do not have a US Dollar functional currency at the reporting date are as follows:

|                                                                         | 2014<br>A \$M  | 2013<br>A \$M  |
|-------------------------------------------------------------------------|----------------|----------------|
| <b>US Dollar Denominated Balances</b>                                   |                |                |
| <b>Financial Assets</b>                                                 |                |                |
| Cash and cash equivalents                                               | 2              | 1              |
| Trade and other receivables                                             | 62             | 77             |
| Related party receivables                                               | 1,304          | 1,719          |
| Derivatives                                                             | 14             | 15             |
|                                                                         | <b>1,382</b>   | <b>1,812</b>   |
| <b>Financial Liabilities</b>                                            |                |                |
| Payables                                                                | 22             | 29             |
| Borrowings                                                              | 4,097          | 4,210          |
| Derivatives                                                             | 10             | 72             |
|                                                                         | <b>4,129</b>   | <b>4,311</b>   |
| <b>Net Exposure</b>                                                     | <b>(2,747)</b> | <b>(2,499)</b> |
| Net investment in foreign operations <sup>(i)</sup>                     | <b>2,787</b>   | <b>2,647</b>   |
| <b>Net Exposure (inclusive of net investment in foreign operations)</b> | <b>40</b>      | <b>148</b>     |

(i) The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US Dollars. Where considered appropriate the foreign currency component of the US Dollar denominated debt is designated either as a:

– Net investment in foreign operations.

Exchange gains or losses upon subsequent revaluation of US Dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve and will be released to the Income Statement if the foreign operation is sold. As at 30 June 2014 US Dollar borrowings of A\$2,787 million were designated as a net investment in foreign operations (2013: A\$2,647 million); or

– Cash flow hedge of future US Dollar denominated commodity sales.

Exchange gains or losses upon subsequent revaluation of US Dollar denominated borrowings from the historical draw-down rate to the period-end spot exchange rate are deferred in equity in the Hedge Reserve and will be released to the Income Statement as the anticipated hedged US Dollar denominated commodity sales to which the deferred gains/(losses) are designated, occur.

### Sensitivity analysis

The following table details the Group's sensitivity arising in respect of translation of financial assets and financial liabilities to a 10 percent movement (2013: 15 percent) (i.e. increase and decrease) in the Australian Dollar against the US Dollar at the reporting date, with all other variables held constant. The 10 percent sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

|                           | Impact on Profit After Tax<br>Higher/(Lower) |             | Impact on Equity<br>Higher/(Lower) |             |
|---------------------------|----------------------------------------------|-------------|------------------------------------|-------------|
|                           | 2014<br>\$M                                  | 2013<br>\$M | 2014<br>\$M                        | 2013<br>\$M |
| AUD/USD +10% (2013: +15%) | (3)                                          | (14)        | 177                                | 242         |
| AUD/USD -10% (2013: -15%) | 3                                            | 19          | (217)                              | (327)       |

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates;
- The reasonably possible movement of 10 percent (2013: 15 percent) was calculated by taking the USD spot rate as at the reporting date, moving this spot rate by 10 percent (2013: 15 percent) and then re-converting the USD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group.
- The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement; and
- The net exposure at the reporting date is representative of what the Group was and is expecting to be exposed to in the next 12 months from the reporting date.

### Forward Foreign Exchange Contracts

The Group does not have any material exposure to foreign currency contracts as at reporting date.

### (f) Commodity Price Risk

The Group's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. The Group has entered into gold and copper forward sales contracts and diesel forward contracts to manage its exposure to movements in commodity prices. The carrying amount of the Group's derivative financial instruments as at the reporting date are disclosed in Notes 14 and 25.

### Quotational Period Derivatives

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period).

Gold ounces subject to quotational period adjustment at the reporting date is 204 thousand (2013: 151 thousand). Copper tonnes subject to quotational period adjustment at the reporting date is 34 thousand (2013: 30 thousand).

The quotational period is usually one month for gold and three or four months for copper.

In order to minimise the impact of quotational period adjustments, the Group takes out forward sales contracts at the time of concentrate shipments to lock in the price.

### Gold and Copper Forward Sales Contracts

The Group enters into gold and copper forward sales contracts to effectively fix the US dollar cash flows receivable on the sale of certain gold and copper concentrate. Gold and copper forward sales contracts are not designated into hedge relationships and therefore fair value adjustments on these contracts are recognised in the Income Statement as 'Other Income/Expense'.

The Group entered into gold forward sales contracts during the 2014 financial year.

The following table details the gold and copper forward sale contracts outstanding as at the reporting date:

| Gold and Copper<br>forward sale contracts | 2014                |                                |                    | 2013                |                                |                    |
|-------------------------------------------|---------------------|--------------------------------|--------------------|---------------------|--------------------------------|--------------------|
|                                           | Quantity<br>(‘000s) | Weighted<br>Average Price US\$ | Fair Value<br>A\$M | Quantity<br>(‘000s) | Weighted<br>Average Price US\$ | Fair Value<br>A\$M |
| Gold (ounces)                             |                     |                                |                    |                     |                                |                    |
| Maturing less than three months           | 181                 | 1,289                          | (3)                | –                   | –                              | –                  |
| Copper (tonnes)                           |                     |                                |                    |                     |                                |                    |
| Maturing less than six months             | 32                  | 6,754                          | (7)                | 30                  | 7,284                          | 16                 |



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For the year ended 30 June 2014

## 32. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

### (f) Commodity Price Risk (continued)

#### Diesel/Fuel Forward Contracts

The Group undertakes short-term diesel/fuel hedging in line with budget to fix certain diesel and heavy fuel oil costs.

| Maturing in less than 12 months   | 2014             |                             |                 | 2013             |                             |                 |
|-----------------------------------|------------------|-----------------------------|-----------------|------------------|-----------------------------|-----------------|
|                                   | Quantity ('000s) | Weighted Average Price US\$ | Fair Value A\$M | Quantity ('000s) | Weighted Average Price US\$ | Fair Value A\$M |
| Diesel contracts (barrels)        | 471              | 118                         | 2               | 1,024            | 117                         | (1)             |
| Heavy fuel oil contracts (tonnes) | 197              | 602                         | 2               | 186              | 601                         | (2)             |

#### Sensitivity Analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold and copper commodity prices, with all other variables held constant. The 15 percent (2013: 20 percent) movement for gold and 15 percent (2013: 15 percent) movement for copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five year period.

| Post-tax gain/(loss)      | Impact on profit <sup>(1)</sup><br>Higher/(Lower) |             | Impact on Equity <sup>(3)</sup><br>Higher/(Lower) |             |
|---------------------------|---------------------------------------------------|-------------|---------------------------------------------------|-------------|
|                           | 2014<br>\$M                                       | 2013<br>\$M | 2014<br>\$M                                       | 2013<br>\$M |
| <b>Gold<sup>(2)</sup></b> |                                                   |             |                                                   |             |
| Gold +15% (2013: +20%)    | 2                                                 | 34          | 2                                                 | 34          |
| Gold -15% (2013: -20%)    | (2)                                               | (34)        | (2)                                               | (34)        |
| <b>Copper</b>             |                                                   |             |                                                   |             |
| Copper +15%               | 2                                                 | 2           | 2                                                 | 2           |
| Copper -15%               | (2)                                               | (2)         | (2)                                               | (2)         |

<sup>(1)</sup> Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

<sup>(2)</sup> The impact on profit predominantly relates to the change in value of the embedded derivative relating to quotational period movements on gold sales (refer note 2(y)).

<sup>(3)</sup> As the majority of these derivatives are not in hedging relationships, all fair value movements are recognised in the Income Statement and therefore the impact on equity only represents retained earnings impacts.

### (g) Interest Rate Risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated regularly to align with interest rate views and risk profile. Details of the Group's types and levels of debt are included in Note 23.

#### Interest rate exposure

The Group's interest rate exposure together with the effective interest rate for each class of financial assets and financial liabilities at the reporting date is summarised as follows:

| Consolidated                 | 2014                  |                    |                           | 2013                  |                    |                           |
|------------------------------|-----------------------|--------------------|---------------------------|-----------------------|--------------------|---------------------------|
|                              | Floating Interest \$M | Fixed Interest \$M | Effective Interest Rate % | Floating Interest \$M | Fixed Interest \$M | Effective Interest Rate % |
| <b>Financial Assets</b>      |                       |                    |                           |                       |                    |                           |
| Cash and cash equivalents    | 141                   | –                  | 0.4                       | 69                    | –                  | 0.3                       |
|                              | 141                   | –                  |                           | 69                    | –                  |                           |
| <b>Financial Liabilities</b> |                       |                    |                           |                       |                    |                           |
| Lease liabilities            | –                     | –                  | –                         | 1                     | –                  | 3.4                       |
| Bilateral debt               | 1,730                 | –                  | 1.7                       | 1,806                 | –                  | 1.8                       |
| Corporate bonds              | –                     | 2,123              | 4.7                       | –                     | 2,156              | 4.7                       |
| Private placement            | –                     | 244                | 5.7                       | –                     | 248                | 5.7                       |
|                              | 1,730                 | 2,367              |                           | 1,807                 | 2,404              |                           |
|                              | (1,589)               | (2,367)            |                           | (1,738)               | (2,404)            |                           |

The other financial instruments of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates over a financial year.

| Post-tax gain/(loss)   | Impact on Profit<br>Higher/(Lower) |             | Impact on Equity<br>Higher/(Lower) |             |
|------------------------|------------------------------------|-------------|------------------------------------|-------------|
|                        | 2014<br>\$M                        | 2013<br>\$M | 2014<br>\$M                        | 2013<br>\$M |
| +1% (100 basis points) | (11)                               | (12)        | (11)                               | (12)        |
| -1% (100 basis points) | 11                                 | 12          | 11                                 | 12          |

### (h) Fair Value

#### Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

| Financial Assets/(Liabilities)  | Carrying amount |             | Fair value  |             |
|---------------------------------|-----------------|-------------|-------------|-------------|
|                                 | 2014<br>\$M     | 2013<br>\$M | 2014<br>\$M | 2013<br>\$M |
| <b>Borrowings:</b>              |                 |             |             |             |
| Fixed rate debt: <sup>(1)</sup> |                 |             |             |             |
| - Private placement             | (244)           | (248)       | (254)       | (253)       |
| - Corporate Bonds               | (2,107)         | (2,156)     | (1,970)     | (1,770)     |
|                                 | (2,351)         | (2,404)     | (2,224)     | (2,023)     |

<sup>(1)</sup> Amount recorded at amortised cost and the movements in the fair valuation are not recorded on the Statement of Financial Position. The fair value is a level 2 valuation. Fair values of the Group's fixed rate borrowings are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

#### Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Valuation inputs include forward curves, discount curves and underlying spot and futures prices.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Financial Assets/(Liabilities) | Level 1<br>\$M | Level 2<br>\$M | Level 3<br>\$M | Total<br>\$M |
|--------------------------------|----------------|----------------|----------------|--------------|
| <b>2014</b>                    |                |                |                |              |
| <b>Financial Assets</b>        |                |                |                |              |
| Quotational period derivatives | —              | 10             | —              | 10           |
| Other financial derivatives    | —              | 4              | —              | 4            |
| Other financial assets         | —              | —              | 10             | 10           |
| <b>Financial Liabilities</b>   |                |                |                |              |
| Copper forward sales contracts | —              | (7)            | —              | (7)          |
| Gold forward sales contracts   | —              | (3)            | —              | (3)          |
|                                | —              | 4              | 10             | 14           |
| <b>2013</b>                    |                |                |                |              |
| <b>Financial Assets</b>        |                |                |                |              |
| Copper forward sales contracts | —              | 16             | —              | 16           |
| Other financial derivatives    | —              | 2              | —              | 2            |
| Other financial assets         | —              | —              | 10             | 10           |
| <b>Financial Liabilities</b>   |                |                |                |              |
| Quotational period derivatives | —              | (68)           | —              | (68)         |
| Other financial derivatives    | —              | (3)            | —              | (3)          |
|                                | —              | (53)           | 10             | (43)         |

### 33. COMMITMENTS

|                                                                                                                                                                                                                           | 2014<br>\$M | 2013<br>\$M |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>(a) Operating Lease Commitments</b>                                                                                                                                                                                    |             |             |
| Future minimum rentals payable on non-cancellable operating leases due:                                                                                                                                                   |             |             |
| Within one year                                                                                                                                                                                                           | 3           | 4           |
| Later than one year but not later than five years                                                                                                                                                                         | 10          | 2           |
| Later than five years                                                                                                                                                                                                     | 3           | —           |
| <b>Total</b>                                                                                                                                                                                                              | <b>16</b>   | <b>6</b>    |
| The Group leases assets for operations including plant and office premises. The leases have an average life ranging from one to 10 years. There are no restrictions placed upon the lessee by entering into these leases. |             |             |
| <b>(b) Capital Expenditure Commitments</b>                                                                                                                                                                                |             |             |
| Capital expenditure commitments                                                                                                                                                                                           | 143         | 105         |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 34. CONTINGENT LIABILITIES

### a) Hidden Valley

Legal proceedings were commenced in December 2010 against the Hidden Valley mine unincorporated joint venture (in which Newcrest holds a 50 percent interest) in Papua New Guinea over alleged damage to the Watut River (which runs adjacent to the Hidden Valley gold mine) alleged to have been caused by waste rock and overburden run-off from the mine. The damages sought by the plaintiffs are not specified. The defendants intend to defend the claims. No active steps have been taken by the plaintiffs in this proceeding for more than two years. It is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding if they proceed with these claims, nor the potential liability of the defendants if the plaintiffs were to succeed. Accordingly, no provision has been recognised in the financial statements for this matter.

### b) Cadia Valley

A private exploration company, Gold & Copper Resources Pty Ltd ('GCR'), has brought seven legal actions against Newcrest, each relating directly or indirectly to Newcrest's exploration and mining interests and activities in the Cadia Valley (an increase on the five proceedings commenced in aggregate as at 30 June 2013). The NSW Minister responsible for mining (the 'Minister') is also a defendant in five of the proceedings. The most recent action, brought in the NSW Land and Environment Court ('LEC'), seeks to challenge Newcrest's exploration licence 3856. EL3856 was the subject of GCR's first legal action against Newcrest in the LEC which had resulted in the Court ordering the Minister to re-determine the last renewal of EL3856. The Minister re-determined EL3856 and it was renewed in January 2014. Newcrest is seeking to have this most recent legal action dismissed by the LEC.

Of the seven legal actions commenced by GCR, three have been determined by the Court with no material impact on Newcrest and, in one instance, a substantial costs award in Newcrest's favour (which GCR is challenging). One of the determined proceedings is the subject of appeal by GCR. Newcrest will continue to vigorously defend each of the undetermined proceedings. No provision has been recognised in the financial statements for the undetermined GCR legal claims.

### c) Newcrest Mining Limited

As announced by the Company on 22 July 2014, Slater & Gordon Lawyers has commenced a representative proceeding (shareholder class action) in the Federal Court of Australia against Newcrest in relation to Newcrest's market disclosure prior to its 7 June 2013 market release. The proceeding is brought on behalf of persons who acquired Newcrest shares between 13 August 2012 and 6 June 2013. The proceeding raises issues beyond the subject matter of the ASIC settlement referred to in Newcrest's 18 June 2014 announcement. Newcrest has announced that it intends to vigorously defend the proceeding.

The Court documents do not quantify the damages that the claimants will seek in the proceeding for all or any part of the claim period. Accordingly, Newcrest does not consider that there is a reasonable basis on which to estimate any potential liability, and, therefore, no provision has been recognised in the financial statements.

Newcrest has previously noted public statements by Maurice Blackburn Lawyers that it was considering a class action in relation to matters arising from or in connection with the Company's 7 June 2013 market release. Newcrest has not been contacted by Maurice Blackburn Lawyers, and it is not known if any other plaintiff firm is considering further class action proceedings.

### d) Bonikro

The Côte d'Ivoire customs authority has recently completed an audit of LGL Mines CI SA, which is owned 89.89 percent by the Group. Arising from the audit, the authority has raised concerns regarding foreign exchange in the context of the offshore refining arrangements for the Bonikro mine in respect of the 2010, 2011 and 2012 calendar years. Pending commencement of the formal assessment process by relevant authorities, no provision has been made as at 30 June 2014. The Company intends to oppose any adverse assessment.

### e) Income Tax Matters – Australia

On 17 October 2013 the Company announced that it was voluntarily amending its research and development claims during the 2009-2011 period, following the Company's further consideration and analysis of its past claims and the outcomes of recent tribunal decisions in relation to research and development claims by other companies. As a result of that voluntary amendment, the Company has recognised a decrease in past income tax benefits of approximately \$120 million in the current year (refer to Note 6).

Research and development claims made by the Company during the 2005-2011 financial years are the subject of ongoing review by the Australian Taxation Office and Innovation Australia. The income tax benefit recognised by the Company in past financial years for the Company's remaining research and development claims, net of the voluntary amendment, is approximately \$115 million. If an adverse finding were made in relation to the Company's remaining research and development claims it may result in adjustments to income tax liabilities and the income tax benefits realised in past financial years.

### f) Income Tax Matters – Indonesia

During the current period the Indonesian Tax Office ('ITO') completed a tax audit of PT Nusa Halmahera Minerals ('PT NHM') for the 2010 financial year. PT NHM is 75 percent owned by Newcrest. The principal issue raised was the income tax rate applicable under the Gosowong Contract of Work ('COW').

The assessment issued by the ITO to PT NHM applied a higher tax rate in accordance with the ITO interpretation. This resulted in an additional tax assessment of US\$8 million. Notwithstanding PT NHM's disagreement with this assessment, the Company paid the assessment to mitigate future penalties. PT NHM has objected to this assessment and is seeking recovery of this payment.

The ITO is also conducting tax audits covering the 2011 and 2013 financial years. For the 2011 to 2014 financial years, PT NHM has applied its interpretation of the income tax rate applicable under the COW. If, following the audit, the ITO issues an assessment maintaining its alternative interpretation of the applicable tax rate, the additional tax assessed would be approximately US\$77 million (inclusive of interest) on a 100 percent basis.

The Group considers that PT NHM has made adequate provision for its taxation liabilities and is taking appropriate steps to address issues raised by the ITO. There would be a tax impact if any of the ITO audits result in an adjustment that ultimately increases PT NHM's taxation liabilities.

### g) Other Matters

In addition to the above matters, companies in the Group are recipients of, or defendants in, certain claims, proceedings and/or complaints made, commenced or threatened. In the opinion of the Directors, all such matters are of such a kind, or involve such amounts, that they are not anticipated to have a material effect on the financial position of the Group if disposed of unfavourably, or are at a stage which does not support a reasonable evaluation of the likely outcome of the matter.

### h) Bank Guarantees

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is \$183 million (2013: \$176 million).

### 35. CONTROLLED ENTITIES

The Group comprises the following significant entities:

| Entity                                  | Notes | Country of Incorporation | Percentage Holding |           |
|-----------------------------------------|-------|--------------------------|--------------------|-----------|
|                                         |       |                          | 2014 %             | 2013 %    |
| <b>Parent Entity</b>                    |       |                          |                    |           |
| Newcrest Mining Limited                 |       |                          |                    | Australia |
| <b>Subsidiaries</b>                     |       |                          |                    |           |
| Newcrest Operations Ltd                 | (a)   | Australia                | 100                | 100       |
| Cadia Holdings Pty Ltd                  | (a)   | Australia                | 100                | 100       |
| Contango Agricultural Co. Pty Ltd       |       | Australia                | 100                | 100       |
| Newcrest Exploration Holdings Pty Ltd   | (a)   | Australia                | 100                | 100       |
| Newcrest Finance Pty Ltd                | (a)   | Australia                | 100                | 100       |
| Newcrest International Pty Ltd          | (a)   | Australia                | 100                | 100       |
| Newgen Pty Ltd                          |       | Australia                | 100                | 100       |
| Sulawesi Investments Pty Ltd            | (a)   | Australia                | 100                | 100       |
| LGL Australian Holdings Pty Ltd         |       | Australia                | 100                | 100       |
| LGL Mount Rawdon Operations Pty Ltd     |       | Australia                | 100                | 100       |
| Newcrest Holdings (Investments) Pty Ltd |       | Australia                | 100                | 100       |
| Newcrest Singapore Holdings Pte Ltd     | (b)   | Singapore                | 100                | 100       |
| Newcrest Insurance Pte Ltd              | (b)   | Singapore                | 100                | 100       |
| Newcrest Singapore (Tandai) Pte Ltd     | (b)   | Singapore                | 100                | 100       |
| PT Nusa Halmahera Minerals              | (b)   | Indonesia                | 75                 | 75        |
| PT Puncakbaru Jayatama                  | (b)   | Indonesia                | 100                | 100       |
| Newcrest (Fiji) Ltd                     | (b)   | Fiji                     | 100                | 100       |
| Newcrest Exploration (Fiji) Ltd         | (b)   | Fiji                     | 100                | 100       |
| Newcrest PNG 1 Ltd                      | (b)   | Papua New Guinea         | 100                | 100       |
| Newcrest PNG 2 Ltd                      | (b)   | Papua New Guinea         | 100                | 100       |
| Newcrest PNG 3 Ltd                      | (b)   | Papua New Guinea         | 100                | 100       |
| Newcrest PNG Exploration Ltd            | (b)   | Papua New Guinea         | 100                | 100       |
| Lihir Gold Ltd                          | (b)   | Papua New Guinea         | 100                | 100       |
| Newcrest Resources Inc                  |       | USA                      | 100                | 100       |
| Newroyal Resources Inc                  |       | USA                      | 100                | 100       |
| LGL Holdings CI SA                      | (b)   | Côte d'Ivoire            | 100                | 100       |
| LGL Mines CI SA                         | (b)   | Côte d'Ivoire            | 89.89              | 89.89     |
| LGL Resources CI SA                     | (b)   | Côte d'Ivoire            | 99.89              | 99.89     |

(a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. (Refer Note 37 for further information).

(b) Audited by affiliates of the Parent entity auditors.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 36. PARENT ENTITY INFORMATION

The summarised Income Statement and Statement of Financial Position in respect to the parent entity ('Company') is set out below.

|                                              | Company        |                         |
|----------------------------------------------|----------------|-------------------------|
|                                              | 2014<br>\$M    | 2013<br>Restated<br>\$M |
| <b>a) Income Statement</b>                   |                |                         |
| Loss after income tax                        | (2,551)        | (4,183)                 |
| <b>Total comprehensive loss for the year</b> | <b>(2,551)</b> | <b>(4,183)</b>          |
| <b>b) Statement of Financial Position</b>    |                |                         |
| Current assets                               | 127            | 348                     |
| Non-current assets                           | 6,838          | 9,239                   |
| <b>Total assets</b>                          | <b>6,965</b>   | <b>9,587</b>            |
| Current liabilities                          | 110            | 198                     |
| Non-current liabilities                      | 98             | 91                      |
| <b>Total liabilities</b>                     | <b>208</b>     | <b>289</b>              |
| <b>Net assets</b>                            | <b>6,757</b>   | <b>9,298</b>            |
| Issued capital                               | 13,593         | 13,592                  |
| Equity settlements reserve                   | 71             | 62                      |
| Retained earnings/(accumulated losses):      |                |                         |
| – Opening balance                            | (4,356)        | 95                      |
| – Loss after tax                             | (2,551)        | (4,183)                 |
| – Dividends paid                             | –              | (268)                   |
| – Closing balance                            | (6,907)        | (4,356)                 |
| <b>Total equity</b>                          | <b>6,757</b>   | <b>9,298</b>            |
| <b>c) Commitments</b>                        |                |                         |
| Capital expenditure commitments              | 9              | 12                      |

## d) Guarantees and Contingent Liabilities

The Company and certain Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 37. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of this Deed on the basis that the possibility of default is remote.



### 37. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned controlled entities detailed in Note 35 are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

A consolidated Income Statement and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out below.

|                                                     | Consolidated   |                         |
|-----------------------------------------------------|----------------|-------------------------|
|                                                     | 2014<br>\$M    | 2013<br>Restated<br>\$M |
| <b>Income Statement</b>                             |                |                         |
| Operating sales revenue                             | 2,184          | 2,041                   |
| Cost of sales                                       | (1,465)        | (1,751)                 |
| <b>Gross profit</b>                                 | <b>719</b>     | <b>290</b>              |
| Exploration costs                                   | (12)           | (27)                    |
| Corporate administration costs                      | (132)          | (129)                   |
| Other revenue                                       | 34             | 268                     |
| Other income/(expenses)                             | 44             | (303)                   |
| Restructure costs                                   | (25)           | (66)                    |
| Write-down of non-current assets                    | (20)           | (19)                    |
| Impairment losses                                   | (2,854)        | (5,714)                 |
| <b>Profit/(loss) before interest and income tax</b> | <b>(2,246)</b> | <b>(5,700)</b>          |
| Finance income                                      | 57             | 53                      |
| Finance costs                                       | (170)          | (128)                   |
| <b>Profit/(loss) before income tax</b>              | <b>(2,359)</b> | <b>(5,775)</b>          |
| Income tax (expense)/benefit                        | (204)          | 550                     |
| <b>Profit/(loss) after income tax</b>               | <b>(2,563)</b> | <b>(5,225)</b>          |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 37. DEED OF CROSS GUARANTEE (continued)

| Statement of Financial Position         | Consolidated  |                         |
|-----------------------------------------|---------------|-------------------------|
|                                         | 2014<br>\$M   | 2013<br>Restated<br>\$M |
| <b>Current assets</b>                   |               |                         |
| Cash and cash equivalents               | 15            | 8                       |
| Trade and other receivables             | 235           | 287                     |
| Inventories                             | 216           | 263                     |
| Other financial assets                  | 14            | 18                      |
| Other assets                            | 33            | 58                      |
| <b>Total current assets</b>             | <b>513</b>    | <b>634</b>              |
| <b>Non-current assets</b>               |               |                         |
| Other receivables                       | 1,449         | 2,222                   |
| Inventories                             | 12            | 12                      |
| Investment in subsidiaries              | 5,102         | 6,882                   |
| Property, plant and equipment           | 1,910         | 1,943                   |
| Exploration, evaluation and development | 2,763         | 2,759                   |
| Other intangible assets                 | 49            | 70                      |
| Deferred tax assets                     | 286           | 326                     |
| Other financial assets                  | —             | —                       |
| Other assets                            | 9             | 4                       |
| <b>Total non-current assets</b>         | <b>11,580</b> | <b>14,218</b>           |
| <b>Total assets</b>                     | <b>12,093</b> | <b>14,852</b>           |
| <b>Current liabilities</b>              |               |                         |
| Trade and other payables                | 176           | 292                     |
| Borrowings                              | 112           | —                       |
| Provisions                              | 117           | 113                     |
| Other financial liabilities             | 10            | 71                      |
| <b>Total current liabilities</b>        | <b>415</b>    | <b>476</b>              |
| <b>Non-current liabilities</b>          |               |                         |
| Borrowings                              | 3,964         | 4,210                   |
| Provisions                              | 190           | 191                     |
| Deferred tax liabilities                | 124           | 40                      |
| <b>Total non-current liabilities</b>    | <b>4,278</b>  | <b>4,441</b>            |
| <b>Total liabilities</b>                | <b>4,693</b>  | <b>4,917</b>            |
| <b>Net assets</b>                       | <b>7,400</b>  | <b>9,935</b>            |
| <b>Equity</b>                           |               |                         |
| Issued capital                          | 13,593        | 13,592                  |
| Retained earnings/(accumulated losses)  | (6,176)       | (3,613)                 |
| Reserves                                | (17)          | (44)                    |
| <b>Total equity</b>                     | <b>7,400</b>  | <b>9,935</b>            |

### 38. INTERESTS IN JOINT OPERATIONS

The Group has interests in the following significant unincorporated Joint Ventures ('JV'), which are accounted for as joint operations under accounting standards.

| Name                  | Country          | Principal Activity                      | Note | Ownership Interest |        |
|-----------------------|------------------|-----------------------------------------|------|--------------------|--------|
|                       |                  |                                         |      | 2014               | 2013   |
| Hidden Valley JV      | Papua New Guinea | Gold production and mineral exploration | (a)  | 50.0%              | 50.0%  |
| Wafi-Golpu JV         | Papua New Guinea | Mineral exploration                     | (a)  | 50.0%              | 50.0%  |
| Morobe Exploration JV | Papua New Guinea | Mineral exploration                     | (a)  | 50.0%              | 50.0%  |
| Namosi JV             | Fiji             | Mineral exploration                     | (b)  | 69.94%             | 69.94% |

#### (a) Morobe Mining Joint Ventures

The Hidden Valley JV, Wafi-Golpu JV and the Morobe Exploration JV are collectively referred to as the Morobe Mining Joint Ventures. These JVs are each owned 50 percent by the Group and 50 percent by subsidiaries of Harmony Gold Mining Company Limited.

For segment reporting, Hidden Valley is a reportable operating segment. Wafi-Golpu and Morobe Exploration are included within the 'Exploration and Other' segment. Refer Note 7 and Note 17 for additional detail in respect of Exploration Assets.

Refer to Note 34(a) regarding a contingent liability for the Hidden Valley JV.

Under the conditions of the Wafi-Golpu exploration tenements, the PNG Government ('the State') has reserved the right to take up an equity interest of up to 30 percent in a mine developed from Wafi-Golpu. The right is exercisable by the State once at any time prior to the grant of a mining lease or special mining lease. If the State exercises this right, the exercise price is a pro rata share of the historical exploration costs. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012 the State indicated its intention to exercise its option. As at 30 June 2014, this option has not been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu JV would be reduced to 35 percent.

#### (b) Namosi Joint Venture

The Namosi JV was established between the Group and two other parties under the Namosi Joint Venture agreement in November 2007. Pursuant to this JV agreement, key operational decisions of the JV require a unanimous vote and therefore the Group has joint control. For segment reporting, the Namosi JV is included within the 'Exploration and Other' segment. Refer Note 7 and Note 17 for additional detail in respect of exploration assets.

### 39. INTERESTS IN SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group has a number of subsidiaries with non-controlling interests with the largest non-controlling interest being in PT Nusa Halmahera Minerals ('PT NHM'). PT NHM is the owner and operator of the Gosowong mine in Indonesia. Summarised financial information in respect of PT NHM is set out below. The summarised financial information below represents amounts before intragroup eliminations.

|                                                                  | PT NHM<br>2014<br>\$M | PT NHM<br>2013<br>\$M |
|------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Balance Sheet</b>                                             |                       |                       |
| Current assets <sup>(i)</sup>                                    | 243                   | 231                   |
| Non-current assets                                               | 351                   | 367                   |
| Current liabilities                                              | (31)                  | (45)                  |
| Non-current liabilities                                          | (104)                 | (111)                 |
| <b>Net assets</b>                                                | <b>459</b>            | <b>442</b>            |
| Non-controlling interests (25% interest)                         | 115                   | 111                   |
| Equity attributable to owners of the Company                     | 344                   | 331                   |
| <b>Total equity</b>                                              | <b>459</b>            | <b>442</b>            |
| <b>Income Statement</b>                                          |                       |                       |
| Sales revenue                                                    | 484                   | 483                   |
| Profit for the year                                              | 90                    | 149                   |
| <b>Profit attributable to:</b>                                   |                       |                       |
| Non-controlling interests                                        | 23                    | 29                    |
| Owners of the Company                                            | 67                    | 120                   |
|                                                                  | <b>90</b>             | <b>149</b>            |
| Dividends paid to non-controlling interests                      | 16                    | 26                    |
| <b>Cash flows</b>                                                |                       |                       |
| Cash flow from/(used in):                                        |                       |                       |
| Operating activities                                             | 169                   | 191                   |
| Investing activities                                             | (75)                  | (134)                 |
| Financing activities                                             | (64)                  | (138)                 |
| <b>Net cash increase/(decrease) in cash and cash equivalents</b> | <b>30</b>             | <b>(81)</b>           |

(i) Includes cash and cash equivalents of \$63 million (2013: \$34 million).

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

## 40. CHANGE IN EQUITY INTEREST IN SUBSIDIARY

There were no changes in equity interests in the 30 June 2014 financial year.

On 20 December 2012, Newcrest completed the sale of a 7.5 percent interest in PT Nusa Halmahera Minerals (PT NHM) which holds the Contract of Work for the Gosowong Gold Mine in Indonesia.

Consideration for the sale comprised of:

- Cash consideration of US\$130 million (A\$124 million). This was received on the completion date of 20 December 2012.
- Contingent consideration of US\$30 million, subject to a further one million ounces of additional gold resource being defined by December 2017. During 2014, Newcrest received \$0.3 million in contingent consideration.

Newcrest now holds a 75 percent interest in PT NHM (previously 82.5 percent) with PT Antam holding the remaining 25 percent (previously 17.5 percent).

The impact of the sale on equity attributable to the owners of Newcrest was as follows:

|                                                    | 2014<br>\$M | 2013<br>\$M |
|----------------------------------------------------|-------------|-------------|
| Cash consideration (net of withholding tax)        | –           | 117         |
| Fair value of contingent consideration             | –           | 10          |
| Total consideration                                | –           | 127         |
| Carrying value of subsidiary at 7.5 percent        | –           | (28)        |
| <b>Increase in equity attributable to Newcrest</b> | <b>–</b>    | <b>99</b>   |

## 41. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 July 2014, Slater & Gordon Lawyers commenced a representative proceeding in the Federal Court of Australia against Newcrest in relation to Newcrest's market disclosure prior to Newcrest's 7 June 2013 market release. The proceeding is brought on behalf of persons who acquired Newcrest shares between 13 August 2012 and 6 June 2013. The claimants seek declarations, damages and compensation all of which are unquantified. Newcrest intends to vigorously defend the proceedings. Refer Note 34(c).

Other than the matter above, no other matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

# Directors' Declaration

In accordance with a resolution of the Directors of Newcrest Mining Limited, we state that:

1. In the opinion of the Directors:
  - (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Group is in accordance with the *Corporations Act 2001*, including:
    - (i) Giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
    - (ii) Complying with Australian Accounting Standards and *Corporations Regulations 2001*.
  - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 37 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

On behalf of the Board



**Peter Hay**  
Chairman



**Sandeep Biswas**  
Managing Director and  
Chief Executive Officer

18 August 2014  
Melbourne, Victoria



# Independent Auditor's Report



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent auditor's report to the members of Newcrest Mining Limited

### Report on the financial report

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation



## Opinion

In our opinion:

- a. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

## Report on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Tim Wallace  
Partner

Michael Collins  
Partner

Melbourne  
18 August 2014

# Shareholder Information

## CAPITAL (ON 31 AUGUST 2014)

|                                                                                    |             |
|------------------------------------------------------------------------------------|-------------|
| Share Capital                                                                      | 766,510,971 |
| Ordinary shareholders                                                              | 83,941      |
| Shareholdings with less than a marketable parcel of \$500 worth of ordinary shares | 6,542       |
| Market price                                                                       | \$11.32     |

## NEWCREST TOP 20 INVESTORS AT 31 AUGUST 2014

| Name                                                         | Current Balance    | Issued Capital % |
|--------------------------------------------------------------|--------------------|------------------|
| 1 HSBC Custody Nominees (Australia) Limited                  | 274,941,510        | 35.87            |
| 2 National Nominees Limited                                  | 173,181,761        | 22.59            |
| 3 J P Morgan Nominees Australia Limited                      | 92,858,573         | 12.11            |
| 4 Citicorp Nominees Pty Limited                              | 69,336,905         | 9.05             |
| 5 BNP Paribas Noms Pty Ltd                                   | 9,533,954          | 1.24             |
| 6 HSBC Custody Nominees (Australia) Limited – A/C 2          | 5,544,342          | 0.72             |
| 7 National Nominees Limited                                  | 4,674,199          | 0.61             |
| 8 Citicorp Nominees Pty Limited                              | 4,415,859          | 0.58             |
| 9 AMP Life Limited                                           | 4,304,069          | 0.56             |
| 10 HSBC Custody Nominees (Australia) Limited                 | 3,477,183          | 0.45             |
| 11 QIC Limited                                               | 2,419,580          | 0.32             |
| 12 National Nominees Limited                                 | 1,694,009          | 0.22             |
| 13 HSBC Custody Nominees (Australia) Limited                 | 1,078,518          | 0.14             |
| 14 Argo Investments Limited                                  | 1,077,750          | 0.14             |
| 15 UBS Nominees Pty Ltd                                      | 973,750            | 0.13             |
| 16 Bond Street Custodians Limited                            | 755,684            | 0.10             |
| 17 Share Direct Nominees Pty Ltd                             | 717,609            | 0.09             |
| 18 Navigator Australia Ltd                                   | 701,278            | 0.09             |
| 19 Pacific Custodians Pty Limited                            | 621,966            | 0.08             |
| 20 Morgan Stanley Australia Securities (Nominee) Pty Limited | 551,425            | 0.07             |
| <b>Total</b>                                                 | <b>652,859,924</b> | <b>85.17</b>     |

## SUBSTANTIAL SHAREHOLDERS AT 31 AUGUST 2014

|                                   |      |
|-----------------------------------|------|
| First Eagle Investment Management | 9.15 |
| Commonwealth Bank of Australia    | 9.07 |
| Blackrock                         | 8.95 |
| Van Eck & Associates              | 5.16 |

## INVESTOR CATEGORIES AT 31 AUGUST 2014

| Ranges           | Investors     | Securities         | Issued Capital % |
|------------------|---------------|--------------------|------------------|
| 1 – 1,000        | 60,922        | 21,042,096         | 2.75             |
| 1,001 – 5,000    | 19,714        | 43,173,875         | 5.63             |
| 5,001 – 10,000   | 2,139         | 15,472,257         | 2.02             |
| 10,001 – 100,000 | 1,098         | 24,061,229         | 1.31             |
| 100,001 and Over | 68            | 662,761,514        | 0.08             |
| <b>Total</b>     | <b>83,941</b> | <b>766,510,971</b> | <b>100.0</b>     |

## VOTING RIGHTS

Each ordinary shareholder present at a general meeting (whether in person, by proxy or by representative) is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

The Company encourages shareholders to express their views on the conduct of business by speaking at shareholder meetings or by writing to the Chairman of the Board of Directors.

## DIVIDENDS

The Board has determined that there will be no final dividend for the year ended 30 June 2014. No interim dividend was paid. The Dividend Reinvestment Plan (DRP) remains in place and will be offered to shareholders according to the terms of the DRP. A copy of the DRP is on the Company's website at [www.newcrest.com.au](http://www.newcrest.com.au).

## US INVESTOR INFORMATION

Newcrest may also be traded in the form of American Depositary Receipts (ADRs). Each ADR represents one Newcrest ordinary share. The program is administered on behalf of the Company by The Bank of New York and enquiries should be directed in writing to: The Bank of New York Mellon Shareowner Services, PO Box 358516 Pittsburgh, PA 15252-8516.

ADR holders are not members of the Company, but may instruct The Bank of New York as to the exercise of voting rights pertaining to the underlying shareholding.

During the year the net movement for ADRs was negative 2,381,498, and at year-end a net 4,618,280 ADRs were outstanding.

## INVESTORS

The Company's website at [www.newcrest.com.au/investors](http://www.newcrest.com.au/investors) has a section where investors have access to market releases, reports, presentations, dividend history, shareholder information, key dates and other information.

## SHARE REGISTRY INFORMATION

### You can do so much more online

Did you know that you can access and update information about your holdings in Newcrest Mining Limited via the internet?

Visit the Company's Share Registry, Link Market Services, at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to access a wide variety of your holding information, make the following changes online or download forms. You can:

- check your current holding and balances;
- update your electronic communication instructions;
- update your address and bank details;
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- check transaction and dividend history;
- enter your email address;
- download a variety of instruction forms;
- add or update DRP instructions;
- lodge your proxy online for the Annual General Meeting (AGM); and
- subscribe to email announcements.

You can access your holding via a secure login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which you will find on your holding record. You will also need the postcode recorded on your holding record.

## ANNUAL REPORT

Did you know that you can access a full copy of the Annual Report online at [www.newcrest.com.au](http://www.newcrest.com.au)? If you no longer wish to receive a hard copy of the Annual Report, log into your shareholding or contact our share registry to update your shareholder communication instructions.

## DON'T MISS OUT ON YOUR DIVIDENDS

You are reminded to bank cheques immediately. Dividend cheques that are not banked must be handed over to the State Trustee under the Unclaimed Monies Act after the statutory time period elapses.

## WHY NOT HAVE US BANK YOUR DIVIDEND PAYMENTS FOR YOU

How would you like to have immediate access to your dividend payment? Your dividend payments can be credited directly into any nominated bank, building society or credit union account in Australia.

Dividends paid by direct credit appear in your account as cleared funds, allowing you to access them immediately on the payment date.

## CONTACT INFORMATION

You can also contact the Company's Share Registry by calling 1300 554 474, or from outside Australia +61 1300 554 474. More Share Registry contact details are set out in the Corporate Directory section of this Report, which is inside the back cover.

# Five Year Summary

| For the 12 months ended 30 June                                   | 2014             | 2013 <sup>(1)</sup> | 2012             | 2011             | 2010             |
|-------------------------------------------------------------------|------------------|---------------------|------------------|------------------|------------------|
| <b>Gold Production – Newcrest Share<sup>(2)(3)</sup> (ounces)</b> |                  |                     |                  |                  |                  |
| Cadia Hill                                                        | 21,141           | 119,372             | 241,430          | 364,196          | 325,712          |
| Ridgeway                                                          | 345,364          | 262,228             | 223,314          | 147,904          | 171,974          |
| Cadia East                                                        | 226,326*         | 65,279*             | 8,451*           | 3,320*           | –                |
| Telfer                                                            | 536,342          | 525,500             | 540,114          | 621,291          | 688,909          |
| Gosowong                                                          | 344,747          | 312,711             | 439,384          | 463,218          | 442,525          |
| Hidden Valley                                                     | 105,845          | 85,004              | 88,801           | 100,232          | 61,148*          |
| Lihir <sup>(2)</sup>                                              | 721,264          | 649,340             | 604,336          | 639,256          | –                |
| Bonikro <sup>(2)</sup>                                            | 94,994           | 90,350              | 92,102           | 41,235           | –                |
| Cracow <sup>(3)</sup>                                             | –                | –                   | 23,787           | 71,206           | 71,932           |
| Mt Rawdon <sup>(2)(3)</sup>                                       | –                | –                   | 24,198           | 75,494           | –                |
| <b>Total</b>                                                      | <b>2,396,023</b> | <b>2,109,784</b>    | <b>2,285,917</b> | <b>2,527,352</b> | <b>1,762,200</b> |
| <b>Copper Production (tonnes)</b>                                 | <b>86,118</b>    | <b>80,366</b>       | <b>76,015</b>    | <b>75,631</b>    | <b>86,816</b>    |
| <b>Costs per ounce (after by-product credits)</b>                 |                  |                     |                  |                  |                  |
| Cash costs (A\$ per ounce)                                        | N/A              | N/A                 | 603              | 493              | 347              |
| Total costs <sup>(4)</sup> (A\$ per ounce)                        | N/A              | N/A                 | 839              | 692              | 523              |
| All-In Sustaining Cost (A\$ per ounce)                            | 976              | 1,283               | N/A              | N/A              | N/A              |
| <b>Cash Flow (A\$M)</b>                                           |                  |                     |                  |                  |                  |
| Cash flow from operations                                         | 1,037            | 1,147               | 1,726            | 1,729            | 1,303            |
| Exploration expenditure                                           | 62               | 152                 | 158              | 126              | 101              |
| Capital expenditure                                               | 843              | 2,386               | 2,556            | 1,890            | 786              |
| <b>Profit and Loss (A\$M)</b>                                     |                  |                     |                  |                  |                  |
| Sales revenue                                                     | 4,040            | 3,775               | 4,416            | 4,102            | 2,802            |
| Depreciation and amortisation                                     | (693)            | (728)               | (561)            | (515)            | (309)            |
| Income tax (benefit)/expense                                      | (510)            | (419)               | (402)            | (334)            | (209)            |
| Net profit after tax:                                             |                  |                     |                  |                  |                  |
| Statutory profit <sup>(5)</sup>                                   | (2,221)          | (5,783)             | 1,117            | 908              | 557              |
| Underlying profit <sup>(6)</sup>                                  | 432              | 446                 | 1,084            | 1,058            | 776              |
| Earnings per share (EPS):                                         |                  |                     |                  |                  |                  |
| Basic EPS on statutory profit/(loss) (cents per share)            | (289.8)          | (755.1)             | 146.0            | 126.4            | 115.2            |
| Basic EPS on underlying profit/(loss) (cents per share)           | 56.4             | 58.2                | 141.7            | 147.3            | 160.5            |
| Dividend (cents per share) <sup>(7)</sup>                         | Nil              | 12.0                | 35.0             | 50.0             | 25.0             |
| <b>Financial Position (A\$M)</b>                                  |                  |                     |                  |                  |                  |
| Total assets                                                      | 13,587           | 17,073              | 20,509           | 17,282           | 6,334            |
| Total liabilities                                                 | (5,880)          | (7,071)             | 5,415            | 3,407            | 1,324            |
| Shareholders' equity                                              | (7,707)          | (100,02)            | 15,094           | 13,875           | 5,010            |
| <b>Ratios (percent)</b>                                           |                  |                     |                  |                  |                  |
| Gearing <sup>(8)</sup> (percent)                                  | 33.8             | 29.3                | 12.5             | 4.2              | (4.5)            |
| Return on Capital Employed <sup>(9)</sup> (percent)               | 6.4              | 4.8                 | 10.1             | 12.4             | 24.9             |
| <b>Issued Capital (million shares) at year end</b>                | <b>767</b>       | <b>767</b>          | <b>765</b>       | <b>765</b>       | <b>484</b>       |
| <b>Gold Inventory (million ounces)<sup>(10)</sup></b>             |                  |                     |                  |                  |                  |
| Reserves                                                          | 78               | 87.3                | 79               | 80               | 47               |
| Resources                                                         | 150              | 161.2               | 150              | 148              | 84               |

\* Includes pre-commissioning production.

<sup>(1)</sup> 2013 information has been restated to reflect the adoption of Interpretation 20 – *Stripping Costs in the Production Phase of a Surface Mine*.

<sup>(2)</sup> Production from the former LGL operations included from the acquisition date of 30 August 2010.

<sup>(3)</sup> Production from Cracow and Mt Rawdon in 2012 includes four months of production, up to the date of divestment of 2 November 2011.

<sup>(4)</sup> Comprises cash costs plus depreciation and amortisation.

<sup>(5)</sup> Statutory Profit is profit/(loss) after tax attributable to owners of the parent.

<sup>(6)</sup> Underlying Profit is profit after tax before significant items attributable to owners of the parent.

<sup>(7)</sup> Dividends in 2011 include a special dividend of 20 cents per share.

<sup>(8)</sup> Calculated as Net Debt to Capital (Capital comprises Equity plus Net Debt).

<sup>(9)</sup> Calculated as EBIT to Average Capital Employed (Shareholders Equity plus Net Debt).

<sup>(10)</sup> Reserves and Resources are as at 31 December 2011 for 2012, 31 December 2012 for 2013 and 31 December 2013 for 2014. For 2010 to 2011 Reserves and Resources are at 30 June.



# Corporate Directory

## Investor Information

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### Registered and Principal Office

Newcrest Mining Limited  
Level 9  
600 St Kilda Road  
Melbourne, Victoria 3004  
Australia  
T: +61 (0)3 9522 5333  
F: +61 (0)3 9525 2996  
E: [investor.relations@newcrest.com.au](mailto:investor.relations@newcrest.com.au)  
[www.newcrest.com.au](http://www.newcrest.com.au)

### Company Secretary

Francesca Lee  
General Counsel and Company Secretary  
Level 9  
600 St Kilda Road  
Melbourne, Victoria 3004  
Australia  
T: +61 (0)3 9522 5333  
F: +61 (0)3 9521 3564  
E: [francesca.lee@newcrest.com.au](mailto:francesca.lee@newcrest.com.au)

### Investor Relations

Steve Warner  
Head of Investor Relations  
Level 9  
600 St Kilda Road  
Melbourne, Victoria 3004  
Australia  
T: +61 (0)3 9522 5493  
E: [steve.warner@newcrest.com.au](mailto:steve.warner@newcrest.com.au)

## Stock Exchange Listings

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### Australian Stock Exchange

(Ticker NCM)  
Port Moresby Exchange  
(Ticker NCM)  
New York ADRs  
(Ticker NCMGY)

### Share Registry

Link Market Services Limited  
Level 1  
333 Collins Street  
Melbourne, Victoria 3000  
Australia  
Locked Bag A14  
Sydney South, New South Wales 1235  
Australia  
T: 1300 554 474  
+61 1300 554 474  
F: +61 (0)2 9287 0303  
+61 (0)2 9287 0309\*  
\*For faxing of Proxy Forms only.  
E: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### PNG Registries Limited

Level 2, AON Haus McGregor Street  
Port Moresby NCD121  
PO Box 1265, Port Moresby  
NCD, Papua New Guinea  
T: +675 321 6377  
F: +675 321 6379

### American Depositary Receipts (ADRs)

The Bank of New York Mellon  
Shareholder Services  
PO Box 30170  
College Station, TX 77842-3170  
USA  
T: Toll free for US domestic callers:  
1 888 269 2377  
International callers: +1 201 680 6825  
E: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com)  
[www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

## Other Offices

---

### Perth and Telfer Office

193 Great Eastern Highway  
Belmont, Western Australia 6104  
Australia  
T: +61 (0)8 9270 7070  
F: +61 (0)8 9277 7127

### Port Moresby Office

Level 4, Port Tower Building  
Hunter Street  
Port Moresby NCD  
Papua New Guinea  
T: +675 321 7711  
F: +675 321 4705

## Company Events

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### Annual General Meeting

31 October 2014 at 10.30am  
Grand Ballroom  
Pullman Melbourne Albert Park Hotel  
65 Queens Road  
Melbourne, Victoria 3004

Visit our website at [www.newcrest.com.au](http://www.newcrest.com.au) to view our key dates; current share price, market releases, annual, quarterly and financial reports; operations, project and exploration information; corporate, shareholder, employment and sustainability information.

