Newcrest Mining Limited | Concise Annual Report 2005

Contents

Annual General Meeting
The 25th Annual General Meeting of Newcrest Mining Limited will be held at the Hotel InterContinental, 117 Macquarie Street, Sydney, New South Wales on Thursday 27 October 2005 at 10.00am.

Newcrest Mining Limited
ABN: 20 005 683 625

Newcrest | Locations

Newcrest Positioning

Newcrest explores for, develops and operates gold and copper mines. Using a combination of technical skills and mining experience, we focus on the fundamental elements of resource projects to ensure strong financial returns. Newcrest's Board and Executives are a diverse and experienced team with a strong knowledge of the mining industry. They aim to deliver growth opportunities and, ultimately, sustainable financial returns to Newcrest's shareholders.

Strategy

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

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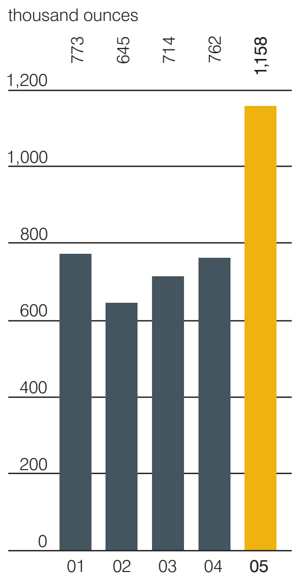
Performance in Brief

- 1,157,520 ounces of gold and 96,785 tonnes of copper produced
- Group cash costs steady at A$124 per ounce
- Total costs reduced to A$245 per ounce
- Telfer project constructed and commissioned
- Cracow project development completed and commissioned
- Ore Reserves increased by 18 percent to 33 million ounces of gold
- Kencana Mineral Resource expanded and project development approved by the Board
- Full year after tax profit was A$136.1 million
- A 5 cent partially franked final dividend declared
- Comprehensive debt restructure completed
- Group overall safety performance deteriorated slightly

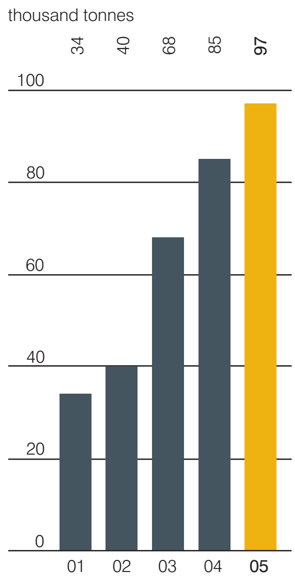
		12 months to 30 June 2005	12 months to 30 June 2004
Gold produced	(ounces)	**1,157,520**	761,780
Copper produced	(tonnes)	**96,785**	84,758
Gold price realised	($ per ounce)	**576**	579
Sales revenue	($ million)	**985.5**	711.4
Earnings before significant items, borrowing costs, tax, depreciation and amortisation	($ million)	**379.1**	297.6
Net profit after tax attributable to members of the Company	($ million)	**136.1**	122.9
Capital expenditure (cash flow basis including exploration)	($ million)	**686**	753.4
Basic earnings per share	(cents per share)	**41.3**	37.5
Return on capital employed (ROCE) excluding significant items (EBIT before significant items/average capital employed)	(percent)	**9.9**	9.6
Net debt/net debt plus equity	(percent)	**55**	49

(All $ are Australian denominated unless stated otherwise.)

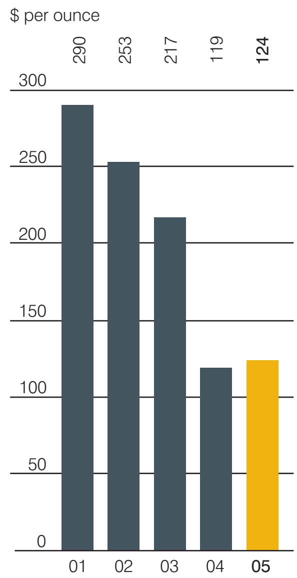
Group Gold Production
52% Increase



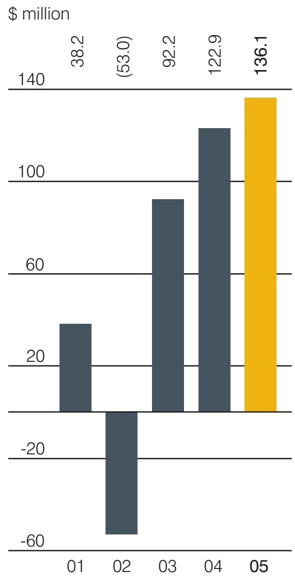
Group Copper Production
14% Increase



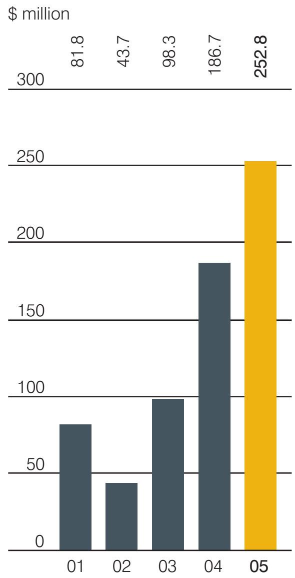
Group NAGIS Cash Cost
4% Increase



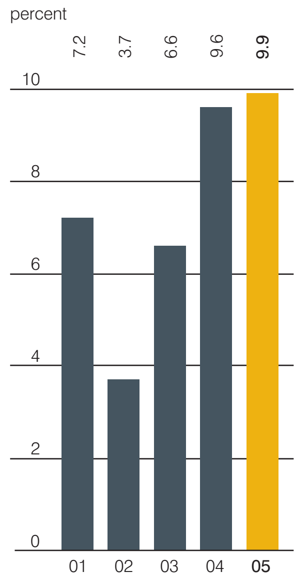
Profit/(Loss) After Tax
11% Increase



EBIT
35% Increase



Return on Capital Employed
3% Increase



Chairman's Report

The 2004–05 period was another important year for Newcrest as the Company continued to grow. The commissioning of two new mining operations, further exploration successes and the continued re-rating of the Company by the sharemarket were particular highlights.

After almost two years under construction, the large Telfer project in Western Australia returned to production in February 2005. The smaller Cracow mine in Queensland was also commissioned in November 2004. In combination with the Company's existing Cadia Hill and Ridgeway mines in New South Wales and the Toguraci mine in Indonesia, those new operations are expected to lift Newcrest's annual gold production to around 1.7 million ounces of gold in 2005–06. This will rise to just under 2 million ounces in 2006–07 when the Telfer underground and Kencana mines are expected to become fully operational. Annual copper production is also expected to reach more than 100,000 tonnes during that time before settling back under 100,000 tonnes as mining passes through the initial high-grade copper zones at Telfer.

Ongoing exploration activities during the year also delivered opportunities to extend further the life of some of the Company's existing mines, and potential for further growth in the future. The Kencana deposit at Gosowong and Cadia East deposit in the Cadia Valley and some modest exploration success at the Cracow project all added to the Company's gold inventory. Estimated reserves increased from 28 to 33 million ounces of gold, after depletion, and estimated resources declined from 62 to 61 million ounces of gold.

The Company's long-term strategy of operating as a responsible, efficient and low-cost gold and copper producer has been maintained. Organic growth – bringing new mining operations into existence through successful exploration and development rather than the acquisition of existing mines or companies – which has served Newcrest so well in recent years will remain key in our strategy.

Key indicators of the success of the Company's strategy have been a sustained reduction in its cost of production and a marked increase in its gold reserves. Newcrest is now one of the lowest-cost gold producers in the world, and its gold Ore Reserves place it amongst the ranks of the world's major gold companies.

The exploration successes of the past year will ensure that the Company maintains a pipeline of new projects for the future. Your Board recognises that the replenishment and sustaining of existing operations are just as important as growing through the start-up of new operations. The use of brownfields exploration in areas where the Company already has production facilities enables it to bring in incremental or replacement production with minimum additional capital and new deposits to be brought into production more quickly than would be the case at a greenfields site. The Kencana deposit at Gosowong, which is expected to be in production by April 2006, is a clear example of that approach. In time, the Ridgeway Deeps and Cadia East deposits will ensure continuity as the Ridgeway and Cadia Hill mines move into their final phases, although that is still some years away.

The Company will increase progressively its expenditure on exploration over the next few years to maximise the potential for new discoveries to be made.

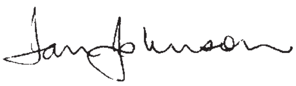
Efforts to improve the Company's financial position are continuing but have been hampered by a number of factors, including the current strong resources cycle which has created a steady upward pressure on costs, and this has been in clear evidence at the Telfer project. Newcrest has benefited to a limited extent through improved prices for copper, but during the same period the gold price, although generally strong, has remained relatively flat in Australian dollar terms. Some cost overruns and delays in bringing that project into production have resulted in the Company carrying a higher debt burden than had been expected.

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

A key aspect of Newcrest's financial strategy is now to reduce its debt levels as a matter of priority, but this will impact in the short-term on the capacity of the Company to increase dividends.

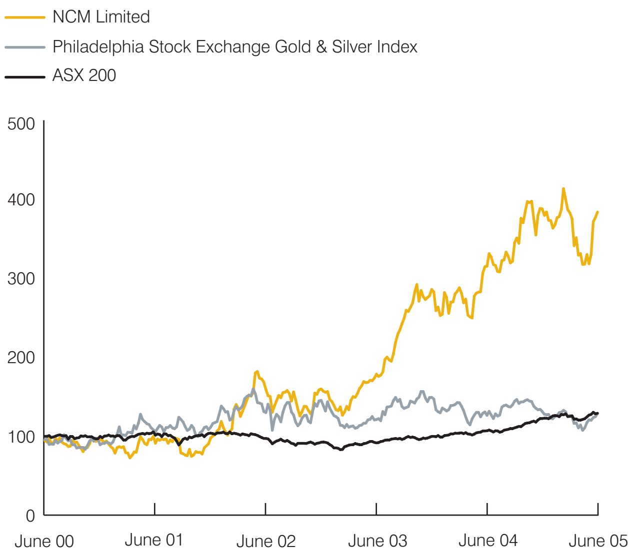
The strength of the resources sector in Australia has also resulted in a skills shortage in a number of areas and the Company is having to work hard to attract and retain people of an appropriate calibre. Your Board has recognised the importance of the Company's human capital and has strongly endorsed a strategy to retain and enhance the technical and management skills that have been built up at Newcrest. A number of initiatives have been introduced during the year to also attract young people and graduates to Newcrest. This represents a further investment in the Company's future.

Without the continuing efforts and commitment of all people at Newcrest the progress and achievements of the last few years could not be sustained. Your Board of Directors acknowledges and thanks all of the people at Newcrest for their efforts during the past year.



Ian Johnson
Chairman

Relative Share Price Performance Index – 5 Year (A$)



Managing Director and Chief Executive Officer's Report

Overview

In 2004–05, Newcrest became a world-class gold producer with improving performances in gold and copper production and an increase in net profit after tax. We continued to expand our operating platform with the commissioning of the Telfer and Cracow mines, and our gold reserves inventory increased by 18 percent to 33 million ounces.

As we look to the year ahead, we remain focussed on our vision to be a low-cost producer of gold and copper. We will continue to create shareholder wealth and, at the same time, maintain our commitment to employees, and to the communities and the environments in which we operate.

Finance

For the year to 30 June 2005, net profit after tax was up 11 percent to $136.1 million. Net profit after tax, but before significant items, which provides a better indication of the underlying business profitability, was up 21 percent to $148.2 million. The increased profit was primarily as a result of the start of production at Telfer and Cracow, assisted by strong copper by-product revenue from Cadia Valley Operations (CVO). Basic earnings per share increased by 3.8 cents to 41.3 cents.

By year end, our corporate debt restructuring was largely complete with improved terms and maturity profiles that better align with Newcrest's business plan.

Operations

Newcrest now has five operating mines: Cadia Hill, Ridgeway, Toguraci, Telfer and Cracow, located in four distinct mineral provinces. Our continuing exploration for repeat projects in those areas places Newcrest in an excellent position for strong low-cost gold and copper production in the future.

We reached an important milestone during the year with the commencement of commercial production of the large, redeveloped gold/copper Telfer mine on 1 February 2005. The commissioning of the two processing trains at Telfer was delayed, starting in November 2004 for the first train and February 2005 for the second train. The delay reduced the expected output for the year, however, the plant is now achieving expected throughput with metallurgical performance still being optimised.

Issues relating to metallurgical performance at Telfer are being addressed through interim measures including reagent additions and adjustments to the processing plant flow sheet. Run-of-mine feed to the processing plant is currently being managed to maintain concentrate quality and this involves feeding lower-grade ore to the mill. This strategy will continue until the pyrite circuit is commissioned in January 2006 constraining production.

In Queensland, with our joint venture partner Sedimentary Holdings, we successfully commissioned the smaller but higher-grade underground Cracow mine on time and on budget. The operation began in November 2004 and production ramped up progressively during the remainder of the period.

Our three established mines continued to perform well. The world-class Ridgeway sub-level cave underground mine again achieved a high productivity level and low cash costs and continues to be a strong cash contributor to the Group. Cadia Hill's robust gold production result was the second highest in the mine's seven-year history. After three years of significantly higher material movement, the North Wall Cutback is essentially complete. Toguraci, our Indonesian mine, achieved its first full year of operation and continued its strong operating performance.

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

Project development and growth

Newcrest made significant progress in project development and growth in 2005 with the commissioning of the redeveloped Telfer project now well underway and decisions taken to proceed with three new projects.

Development of the Telfer underground mine has been slower than anticipated and has been compounded by labour shortages. By June 2005, development rates were at levels that should allow the first stoping ore to be produced in the fourth quarter of 2005–06 and the ramp-up to a full production rate of 4 million tonnes per annum by December 2006.

The discovery of a third orebody, Kencana, at our Indonesian operation has added to the longevity of the Gosowong district. In January 2005, the Board approved development of an underground mine to exploit the high-grade gold mineralisation, and development began in the latter part of the year. First production is expected in the fourth quarter of 2006 and will make a strong financial contribution to the Group in subsequent years.

The potential to extend Kencana's mine life beyond its current six-year estimate looks promising as the deposit remains open at depth and to the south. Exploration drilling surrounding the resource envelope has identified encouraging high-grade intersections.

As knowledge of the Cadia East field increases, Cadia Valley, which comprises the existing Cadia Hill and Ridgeway mines, is continuing to emerge as a significant world-class mining province. Cadia East has the potential to host a large open pit and underground mine with more than 18 million ounces of gold and 2.9 million tonnes of copper being estimated as a Mineral Resource and an initial underground Ore Reserve estimated at 6.0 million ounces of gold and 0.63 million tonnes of copper. During 2005 the Board approved the commencement of the feasibility stage of the underground portion of this project and mining studies for the open cut portion.

In December 2004, the Board approved the Ridgeway Deeps project which is an extension of the Ridgeway orebody. Development of this project has commenced.

In August 2005, we announced our intention to consider divestment options for our 22.22 percent interest in the Boddington Expansion project. Newcrest remains positive about the future outcomes of the project, however, we prefer to concentrate our future efforts on projects that we own 100 percent or in which we have majority control.

Exploration and province planning

We remain committed to exploration which we believe is crucial to sustaining current production levels and future growth. Brownfields exploration successes, particularly at Kencana and Cadia East, were the most significant examples of the success of this strategy during the year.

Newcrest exploration has had great success with resource discovery throughout the provinces we operate in and we will continue to focus on maximising the value of the mineral endowment in these provinces. These endowments include both existing identified resources and advanced exploration properties.

To ensure the exploitation of our mineral endowment is optimised, we have developed a Province Planning strategy which focusses on:

- converting existing Mineral Resources into Ore Reserves
- the development of potential options for mineral endowments at existing provinces in order to optimise their development opportunities.

We plan to convert a significant amount of our Mineral Resources base into Ore Reserves over the next three years.

Managing Director and Chief Executive Officer's Report

Sustainability – people and environment

Newcrest is committed to the management and development of our people, particularly in the areas of Company values and leadership training. We have formulated and adopted five key values, which are the foundation for our business. These values are an important guide for our employees in the daily conduct of the Company's activities.

We are strongly committed to safety and health in the workplace. *Target Zero*, the belief that injuries and lost time are totally preventable, has the ultimate goal of zero injuries across the business. The Company made significant progress during the current year, and *Target Zero* has now been adopted as a key priority across the Company. Safety and health is fundamental to our business and I believe we all have to actively participate in this initiative to ensure zero injuries becomes a reality.

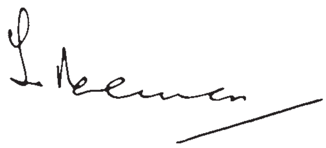
As a successful resource business it is imperative that we develop positive, ongoing relationships with our employees, contractors and the local communities in which we operate, and that we recognise our responsibility to take a leadership role in protecting the environment. We have continued our commitment to integrating sound and responsible environmental management and reporting into the overall business culture. In December 2004, we released our first Sustainability Report in accordance with the Global Reporting Initiative principles. We intend to develop and refine reporting in the coming years to address the requirements of our key stakeholder groups.

Looking to the future

There are a number of major challenges for Newcrest in the year ahead on which we will maintain a strong focus. We must complete and commission the remaining stages of the Telfer project, and consolidate our position following the recent period of major capital development for the Company. In particular, we will:

- continue to instil the principles of *Target Zero* across the Company
- progressively implement the principles and elements embodied in the sustainability code endorsed by the Minerals Council of Australia and known as Enduring Value, and publicly report our performance against them
- realise the financial returns from recent major capital development projects
- responsibly manage the Company's financial position and manage its cash resources in the most productive manner
- sustain and grow the Company's resource and reserve inventory by providing adequate funding for brownfields and greenfields exploration activities
- continue to place real emphasis on continuous improvement and high achievement consistent with the Company's values.

There is no doubt as we enter the 2006 financial year that Newcrest is now positioned as a world-class gold producer. This has been achieved through many years of hard work and dedication on the part of our management team and workforce. I have great confidence in the future of the Company and acknowledge the fine contribution of all our employees who have demonstrated their ability to take on significant challenges and make a strong and ongoing contribution in this exciting business.



Tony Palmer
Managing Director and Chief Executive Officer

Left: Bernard Lavery, Tony O'Neill and Matthew Butlin.

Below left: Dan Wood and Peter Reeve.

Below right: Jeff Smith and Paul Hallam.

Newcrest Executive Committee

The Newcrest Executive Committee is responsible for the development, management and implementation of corporate business plans and long-term strategies. The Committee draws strongly on the operating group and external input in bi-monthly meetings to fulfil its objectives. The Committee meets with the Board of Directors during the year to review progress of strategy discussions and the formulation of the Company budget.

Bernard Lavery
Executive General Manager Corporate Services, a lawyer by training with a wide experience in corporate law, previously with WMC and Ashton Mining.

Tony O'Neill
Executive General Manager Operations and Marketing, responsible for Group operations, previously held senior operational and business roles at KCGM and WMC.

Matthew Butlin
Executive General Manager Organisational Effectiveness, previously with The Empower Group and CRA in various senior organisation effectiveness roles.

Dan Wood
Executive General Manager Exploration, a geologist with over 38 years' experience in a diverse range of commodities, both in Australia and overseas, including with BHP.

Peter Reeve
General Manager Corporate Development, a metallurgist with strong corporate finance and market experience at JBWere & Sons, the Shell/Billiton Group and CRA Ltd.

Jeff Smith
Executive General Manager Finance, previously held senior positions at WMC in accounting, taxation and strategic planning.

Paul Hallam
Executive General Manager Development and Projects, has extensive experience in operational and project development roles in the gold and metals industries, including a number of years in senior roles with Battle Mountain, North Limited and Alcoa Limited.

Financial | Report

Summary of year's results

The financial highlights for 2004–05 are summarised in the following table. Refer to the Discussion and Analysis of the Financial Statements on page 74 for a detailed review of the current year results.

During this period Newcrest took the opportunity to significantly restructure its borrowings to provide more flexible, lower-cost and longer-dated facilities as well as increase the amount of liquidity available to the Company.

	2005	2004
Net profit after tax before significant items	**$148.2 million**	$122.6 million
Net profit after tax	**$136.1 million**	$122.9 million
Basic earnings per share	**41.3 cents**	37.5 cents
Return on capital employed	**9.9 percent**	9.6 percent
Return on members' equity (EBIT before significant items)	**22.1 percent**	18.6 percent
Return on members' equity (net profit after tax)	**12.1 percent**	12.4 percent
Gearing (net debt/net debt + equity)	**55 percent**	49 percent
Dividend	**5 cents**	5 cents

Net profit after tax increased by 11 percent to $136.1 million and increased by 21 percent to $148.2 million when measured before significant items. This latter measure is considered to be the better indicator of the profitability of the underlying businesses. Newcrest's increase in profit resulted principally from commencement of production at Telfer and Cracow, assisted by strong copper by-product revenue. Earnings per share also rose, but return on equity remained at a similar level.

The financial standing of Newcrest changed substantially during 2004–05. The Company is positioning itself for the future with long-life operations low on the cost curve. This will provide stable cash flows for many years. However, Newcrest now has a higher level of gearing than anticipated, primarily due to the delay in start-up of the Telfer project. The focus in the short term on the capital management strategy is the reduction of Newcrest's debt to long-term target levels.

Capital management strategy

Newcrest regularly reviews its Capital Management Plan which addresses issues such as the funding mix and strategy, available liquidity, dividend policy, gearing and other financial targets.

The 2005 Capital Management Plan addressed a number of important issues.

(a) Restructure of hedge book

A critical part of Newcrest's long-term financial strategy was the restructure of the hedge book, which was completed immediately after the commencement of the year. The restructure facilitated a number of other initiatives which have significantly transformed the structure of Newcrest's funding.

The hedge book is now made up of simple gold and copper forwards, gold lease rate swaps and a gold loan that (except for the gold lease rate swaps) will qualify as hedges under international accounting standards that are effective as of 1 July 2005.

The restructure aligned the hedge book with Newcrest's Hedging Policy approved by the Board in 2002. This policy states that hedging is only required to ensure that Newcrest can meet its financial commitments in times of low commodity prices, or to ensure the return on a major capital investment. Therefore, hedging as a percentage of annual production rates will remain high during the initial years of production from Telfer but is expected to reduce over time commensurate with the reduction in gearing.

Following the hedge book restructure, Newcrest's focus switched to ensuring adequate liquidity was in place at the lowest cost for the completion of the Telfer project and other capital commitments.

(b) Bilateral loan facilities

Prior to the end of 2004–05 Newcrest completed the negotiation of a total of US$844 million in five-year facilities with Australian and foreign banks. These are bilateral facilities which can be repaid and redrawn at any time.

The facilities were the subject of a separate negotiation with each bank but have similar terms and conditions. Project style obligations seen in previous Newcrest financings were removed and replaced by a simple set of corporate financial covenants.

A number of additional such facilities were completed after the end of the financial year, making a total of US$969 million raised with 14 Australian and foreign banks.

(c) US private placement debt issue

In May 2005, Newcrest issued US$350 million of senior notes into the North American private placement debt market. This issue was notable on two accounts – it was Newcrest's first venture into the capital markets as well as its first debt issue in the US. US$325 million of the notes provide Newcrest with low-cost, long-term funding over periods between seven and 15 years at fixed rates of interest averaging approximately 5.6 percent. The balance of US$25 million is for seven years at floating rates.

The terms and conditions of the issue are similar to those seen in the Bilateral Loan Facilities.

(d) Repayment and cancellation of existing facilities

Newcrest used the funds raised from the US private placement debt issue and drawdowns under the bilateral facilities to repay a number of higher cost funding facilities. These include the A$575 million Loan Note Subscription Agreement used to provide the initial funding for the Telfer project and the A$85 million Loan Facility Agreement with HSBC Australia, used to fund the new power generating equipment at Telfer.

(e) Dividends

The Board of Newcrest reviews the results of the Company each half-year and determines an appropriate level of dividend, taking into account the level of profits for the half-year and cash available for payment of the dividend. The Board also takes into account any anticipated cash commitments.

Following the achievement of stable cash flows from Telfer, the intention of the Board is to manage its cash resources in the most productive manner possible with a view to establishing a sustainable dividend level. The Board will then determine in any year whether returns to shareholders above the sustainable dividend level can be made, depending on cash availability, debt reduction requirements and reinvestment opportunities.

Summary

With the five-year bank bilateral facilities and longer-dated US private placement issue, a more appropriate mix of long and short-term debt has been achieved. The repayment profile of this debt complements Newcrest's business plans. The majority of Newcrest's debt is now in US dollars, which matches the currency in which the Company receives its revenues.

The successful completion of the funding restructure has seen:

- a reduction in the margin paid by Newcrest on its funding
- the maturity profile on Newcrest's debt increased with bullet maturities between five and 15 years
- the transformation of Newcrest's banking covenants away from project style covenants to more general corporate covenants
- an increase in available liquidity in the medium term
- a diversification of Newcrest's sources of funding including banks and capital markets in Australia, the US, Europe and Japan.

The various financings that occurred during 2004–05 demonstrate that Newcrest's credit position had substantially improved to a sustainable investment grade rating. The key to maintaining this credit standing will be a reduction in gearing levels to the more modest levels being targeted by the Company. This should be achievable given the strong cash flow forecast from Telfer and other operations.

Over the next few years the focus of the capital management strategy will be on finding the right mix between reinvestment in existing development projects, reduction of debt and returns to shareholders.

Direction | Commitment | Execution

Significant Project Pipeline

- A strong focus on replacement and increasing reserves by conversion of existing resources.
- Kencana will commence production in 2006 with low cash costs and producing strong cash flows.
- Cadia East project has potential to be a large-scale, long-life mine utilising established infrastructure.

Commitment to Building Shareholder Wealth

- Value-generating organic growth remains our principal focus.
- Improve return on capital employed by optimising the value of existing infrastructure.
- A strong commitment to growth that enhances shareholder value.

Focussed and Consistent Strategy

- A consistent strategy of organic growth of large-scale, long-life, low-cost operations.
- Sustainable resource business maximising returns to shareholders by focussing on capital efficient growth.
- People are key to our strategy.

Skilled and Experienced Management and Board

- Extensive mining experience in exploration, project development and operations.
- An experienced Board with depth and vision.

Exploration Expertise

- Exploration discovery remains our key driver for value-adding growth and for maximising shareholder returns over the long-term.
- A strong track record of discovery.
- An objective is to control a number of mining districts to maximise the potential for repeat discoveries.

Sustainable Development and Management

- Safety is paramount – our belief is that all injuries are preventable.
- Operation of existing mines and development of new mines in line with best environmental practice.
- A strong commitment to local communities around our operations.

Section 2

Operations

Telfer Gold/Copper Mine | Operations

Top: The newly constructed Telfer processing facility.

Above: Gold/Copper ore at Telfer being dumped into a primary crusher.

Right: High-grade gold/copper concentrate ready for shipment from Telfer.

Page 13: Milling Tower at the newly commissioned Telfer project.

Telfer Gold/Copper Mine

The redeveloped Telfer mine was officially opened by the Premier of Western Australia, the Hon. Dr Geoff Gallop, on 28 July 2005, after the commissioning of two processing trains in November 2004 and February 2005.

Open pit mining continued to perform strongly during the year with mobile fleet equipment reliability and productivity rates maintained at high levels. The movement of 41.7 million tonnes of material was according to plan. In the earlier part of the year activity focussed on stockpiling and exposing ore in preparation for production. In the later part of the year operations focussed on feeding ore directly to the crusher and transferring stockpiled material to the crusher. Strong fleet performance enabled additional waste material to be delivered to the tailings storage facility for use in the construction of the tailings dam.

The first processing train was successfully commissioned in November 2004, only one month after the date nominated in the original feasibility study schedule. The mechanical operation of the plant performed well with nameplate throughput capacity quickly achieved. The second processing train was successfully commissioned in February 2005. Both processing trains have continued to perform well mechanically and have consistently exceeded nameplate capacity.

Some of the ore types treated contained elevated levels of pyrite which were unable to be depressed in the processing circuit until a temporary solution was implemented in June 2005. The inability to depress pyrite resulted in the gold feed grade being maintained at a low level while higher grade ore was stockpiled. A permanent solution will be implemented when the pyrite plant is commissioned in January 2006.

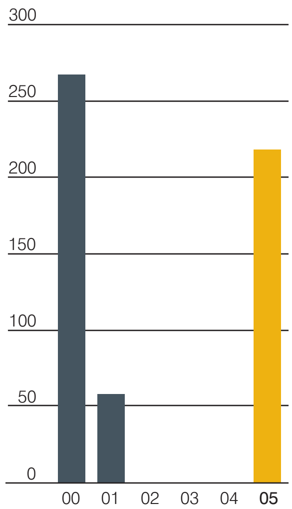
Both processing trains have continued to perform well mechanically and have consistently exceeded nameplate capacity.

The Telfer mine produced 217,740 ounces of gold and 24,628 tonnes of copper. The unit cash costs of production were $135 per ounce with a total cost of production of $266 per ounce.

In 2005–06, the focus for the open pit mine will be on increasing production rates by expanding the mobile mining fleet to ensure throughput rates are maintained in the processing plant. The fleet will be increased by an additional nine trucks, five of which will be sourced from Cadia Hill. In the processing plant an emphasis will be placed on optimising the gravity circuit, improving the quality of concentrate and the commencement of dump leach irrigation.

Telfer Gold Production

thousand ounces



2005 Telfer Statistics

Location			North-west Western Australia
Mine type			Open cut
Material mined		41.7	million tonnes
Nominal treatment rate		17.0	million tonnes pa
Tonnes treated		8.8	million tonnes
Grade	– gold	0.90	grams per tonne
	– copper	0.45	percent
Recovery	– gold	85.1	percent
	– copper	62.3	percent
Production	– gold	217,740	ounces*
	– copper	24,628	tonnes*
Cash cost		$135	per ounce
Total cost		$266	per ounce

* Includes commissioning production of 31,541 ounces of gold and 2,202 tonnes of copper. Cash and total costs are calculated excluding commissioning production.

Top: A gold pour at Ridgeway.

Right: 4.6km underground conveyor system for the Ridgeway mine.

Ridgeway Gold/Copper Mine

The Ridgeway underground mine continued its strong operational performance with high production levels and low cash costs. The gold and copper mine produced 382,034 ounces of gold (2004: 438,026 ounces) and 42,907 tonnes of copper (2004: 47,378 tonnes).

The unit cash costs of production were negative $82 per ounce (2004: $19 per ounce) with total unit costs of production of $84 per ounce (2004: $172 per ounce). Cash costs were negative primarily due to the high by-product revenue resulting from high copper prices experienced throughout 2004–05.

Underground ore was sourced from three production levels within the sub-level cave. The lowest production level is RL 5,155, which is situated 750 metres below the surface. Gold and copper head grades mined declined as expected with the increased depth of the orebody. An improved sub-level cave draw model, which better reflects the draw performance of the cave, was implemented in the fourth quarter and has been adopted for all mine planning.

Owner mining commenced on 1 April 2005. The successful transition involved the acquisition of a mobile underground fleet and the implementation of a major recruitment and training program, which resulted in an increase of 120 employees. The compelling business case for owner mining is the estimated reduction in unit-operating costs combined with the opportunity to open up a major cost component to business improvement initiatives.

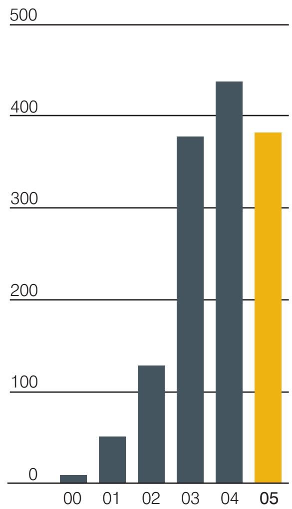
The compelling business case for owner mining is the estimated reduction in unit operating costs.

Production rates in the mine and processing plant were consolidated at 5.6 million tonnes per annum. Business improvement initiatives implemented included the commissioning of a high-grade concentrator regrind mill in the first quarter, which has resulted in a 3 percent improvement in concentrate grades.

It is anticipated that production rates at 5.6 million tonnes per annum will be maintained during 2005–06. As expected, grade will decline with increasing depth. Business improvement projects will continue with an emphasis on continued trials to further improve recoveries in the concentrator and the identification of owner mining cost-reduction initiatives.

Ridgeway Gold Production

thousand ounces



2005 Ridgeway Statistics

Location			Central New South Wales
Mine type			Underground
Material mined		5.55	million tonnes
Nominal treatment rate		5.60	million tonnes pa
Tonnes treated		5.59	million tonnes
Grade	– gold	2.55	grams per tonne
	– copper	0.86	percent
Recovery	– gold	83.4	percent
	– copper	89.4	percent
Production	– gold	382,034	ounces
	– copper	42,907	tonnes
Cash cost		negative $82	per ounce
Total cost		$84	per ounce

Cadia Hill Gold/Copper Mine | Operations

Top: The Cadia Hill mine moves around 100 million tonnes of material each year in haulage such as this.

Right: Cadia Hill crushed ore stockpile and feed conveyor to the low-grade processing plant.

Cadia Hill Gold/Copper Mine

The Cadia Hill mine had strong production results following two years of significant material movements associated with the North Wall Cutback. The gold and copper mine produced 308,516 ounces of gold (2004: 244,261 ounces) and 29,250 tonnes of copper (2004: 37,380 tonnes).

The unit cash costs of production were $269 per ounce (2004: $263 per ounce) with total unit costs of production of $393 per ounce (2004: $435 per ounce). Cash costs were in line with the previous year because higher by-product revenue resulting from high copper prices was offset by increased diesel fuel and steel prices. Lower total unit costs were the result of lower depreciation charges resulting from the inclusion of the Cadia East mining reserve into the life-of-mine depreciation calculation.

Open cut ore was sourced from the main Cadia pit during the year. The North Wall Cutback and Cutback 1 were completed while Cutback 2 commenced and advanced strongly over the period. Material movement of 77.1 million tonnes was below plan due to primary loading unit and haul-truck availability and reliability issues. By year end these issues were resolved and availability returned to contracted levels.

The low-grade concentrator throughput decreased because of increased unplanned downtime due to higher wear rates, power failures and processing of harder ore. Trials of a new collector in the processing circuit resulted in a gold recovery improvement of 7 percent on a like-for-like basis.

Gold production was significantly higher due to the increased grade and recovery which was partially offset by lower throughput rates.

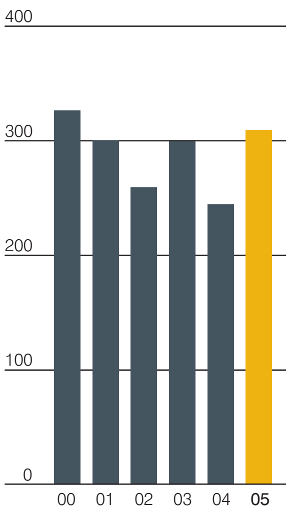
Gold production was significantly higher due to the increased grade and recovery, which was partially offset by lower throughput rates. Copper production was significantly lower as ore was sourced solely from the main pit and contained lower grades than Cadia Extended, which was mined during 2003–04.

With the completion of the North Wall Cutback, a significant reduction in tonnes mined in 2005–06 is anticipated. Gold production is expected to decline as Cutback 2 requires the treatment of lower-grade stockpiles.

The implementation of a new life-of-mine plan allows for the smoothing of material mined in the open pit without affecting total metal production. The continuous business improvement program will focus on the pursuit of greater efficiencies and productivity in the open pit.

Cadia Hill Gold Production

thousand ounces

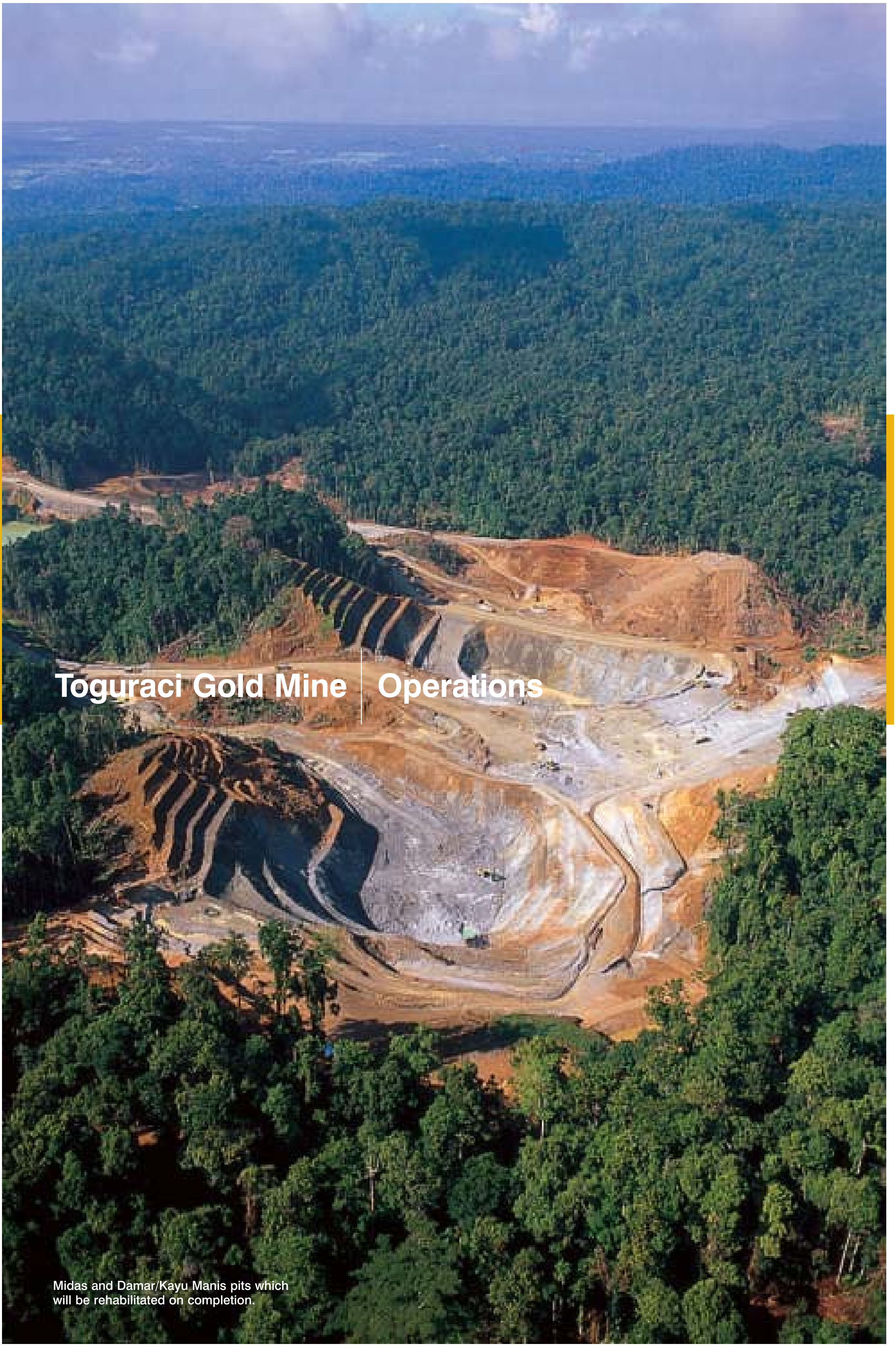


2005 Cadia Hill Statistics

Location			Central New South Wales
Mine type			Open cut
Material mined		77.1	million tonnes
Nominal treatment rate		17.0	million tonnes pa
Tonnes treated		16.5	million tonnes
Grade	– gold	0.75	grams per tonne
	– copper	0.21	percent
Recovery	– gold	78.1	percent
	– copper	85.7	percent
Production	– gold	308,516	ounces
	– copper	29,250	tonnes
Cash cost		$269	per ounce*
Total cost		$393	per ounce*

* Cost differences compared to June 2005 Quarterly Report are due to year end adjustments.

Toguraci Gold Mine | Operations



Midas and Damar/Kayu Manis pits which will be rehabilitated on completion.

Toguraci Gold Mine (Pt Nusa Halmahera Minerals (PTNHM) a joint venture company owned 82.5 percent Newcrest and 17.5 percent PT Aneka Tambang)

Toguraci performed strongly in its first full year of operation with 223,102 ounces of gold (2004: 79,493 ounces) produced. The cash cost of production was $238 per ounce (2004: $223 per ounce) with total costs of $270 per ounce (2004: $280 per ounce). Cash costs were in line with the mine plan. Toguraci is the second mine to be established at the Gosowong site.

The Toguraci mine plan outlines the mining of two discrete pits that exploit four high-grade epithermal shoots. Mining from the initial Midas pit was completed in September 2004. The focus during the remainder of the year was on mining the Damar/Kayu Manis pit. This is the larger pit and involves two cutbacks, both of which commenced during the year. In order to minimise disturbance to the area, some of the waste from the cutback was used to backfill the completed Midas pit.

An additional high-grade shoot was defined to the west of Damar at Bod during the year and incorporated into the mine plan. Toguraci is now expected to produce approximately 500,000 ounces of gold during the life of the mine.

The discovery and establishment of a resource at the Kencana prospect has assured the longevity of this operation. The Kencana prospect was discovered in 2003 and is located 1 kilometre south of the original Gosowong pit. The life-of-mine plan is six years but the deposit is open at depth and to the south, which should further extend the life of the mine.

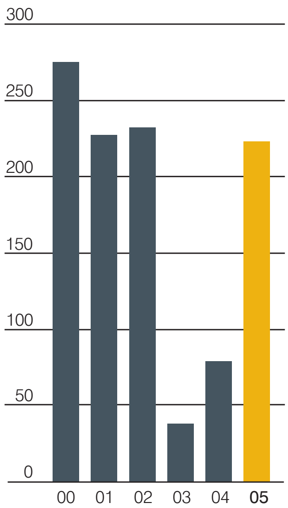
The discovery and establishment of a resource at the Kencana prospect has assured the longevity of this operation.

Mining from Toguraci will continue until May 2006, with milling of ore completed by June 2006. The Gosowong mill will continue with the Toguraci feed gradually being replaced by the Kencana feed when mining commences in 2006.

PTNHM is active in maintaining strong relationships with government bodies and the local community. An ongoing commitment to the local community is maintained with community development funding of various health, educational and local business ventures.

Gosowong Area Gold Production

thousand ounces

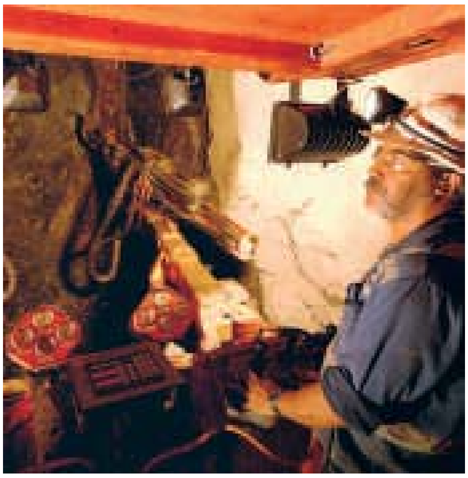


2005 Toguraci Statistics

Location		Halmahera Island, Indonesia
Mine type		Open cut
Material mined	15.0	million tonnes
Nominal treatment rate	0.25	million tonnes pa
Tonnes treated	0.25	million tonnes
Grade – gold	28.11	grams per tonne
Recovery – gold	97.8	percent
Production – gold	223,102	ounces
Cash cost	A$238	per ounce
Total cost	A$270	per ounce

Information stated in the table is on a 100 percent basis.

Cracow Gold Mine | Operations



Top: Ore haulage at the Cracow mine.

Above: Roche Mining Jumbo Operator, Des Motlap, boring an ore development heading at the Cracow underground mine.

Right: Process Technicians, Kevin Clancy and Joe Lingley, on the upper mill feed platform at the Cracow processing plant.

Cracow Gold Mine (a joint venture owned 70 percent Newcrest and 30 percent Sedimentary Holdings)

Following the exploration success of Newcrest geologists and a number of years of evaluation, the Cracow project commenced operation during the year. The epithermal vein-style gold mineralisation will support a high-grade mine. First gold was poured at Cracow on 24 November 2004 after project construction and commissioning were completed successfully on time and on budget.

During the year decline development totalled 2,047 metres, with the Royal decline advancing 1,342 metres and the Crown decline advancing 705 metres.

Access development of the Royal orebody continued with development ore reached in August 2004 and the first stope mined in February 2005. Over the year a total of 142.6 kilotonnes of ore was mined comprising 120 kilotonnes from development and 22.6 kilotonnes from stoping. The head grades mined and milled showed a good correlation to the mine plan.

The mill refurbishment program was completed in time for wet commissioning in October 2004. Key infrastructure items – the tailings dam, water supply and power line – were completed in time for the commissioning.

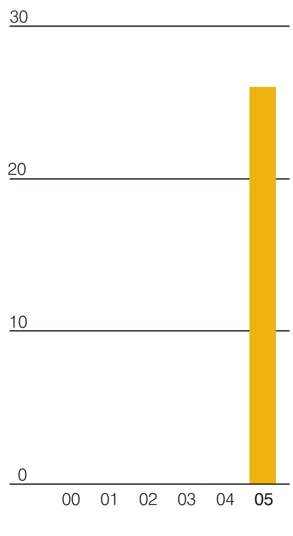
Cracow produced 26,128 ounces of gold during 2004–05 for Newcrest at a cash cost of production of $363 per ounce with a total cost of $483 per ounce. Unit costs are expected to reduce when full mining capacity is reached during 2005–06.

Unit costs are expected to reduce when mining capacity is reached during 2005–06.

A revised life-of-mine plan was completed during the year and now incorporates the Royal, Crown and Sovereign orebodies with Klondyke North being reviewed. Further delineation drilling is being carried out on an additional five mineralised structures. The incorporation of the Sovereign orebody increased output in the mine plan by 155,000 ounces to over 900,000 ounces of gold and the revised mine plan gives consideration to increasing mine and mill throughput rates to 360,000 tonnes per annum. The current mine life is nine years, but identified mineralised structures, in close proximity to the mine, could provide a source of additional resources and mine life.

Cracow Gold Production

thousand ounces



2005 Cracow Statistics

Location		Central Queensland
Mine type		Underground
Material mined	0.14	million tonnes
Nominal treatment rate	0.30	million tonnes pa
Tonnes treated	0.13	million tonnes
Grade – gold	9.68	grams per tonne
Recovery – gold	89.7	percent
Production – gold	26,128	ounces*
Cash cost	$363	per ounce
Total cost	$483	per ounce

All numbers are on 100 percent basis except for production and costs which reflect Newcrest's 70 percent interest.

* Includes commissioning production of 274 ounces of gold. Cash and total costs are calculated excluding commissioning production.

Commitment to the Community | Gosowong

Above and above right: Assisting local farmers to improve their crops and farming methods.

In 1999, PTNHM's Special Projects group formed to develop a community development strategy for the area of the mine's influence. In 2001, the Company began specific projects to help the local villagers develop sustainable business and infrastructure.

Initially the programs focussed on rebuilding schools, hospitals and government buildings. These programs also involved providing teaching aids, text books, desks and chairs and medical supplies.

To assist in stimulating the local business and economy, an ongoing system of micro-loans was introduced. These provide home-based enterprises with interest-free loans and, in the first 12 months, more than 400 businesses ranging across fishing, farming, retail and transportation were set up.

More recently the Special Projects group has participated in the Indonesian Government's Rice for the Poor (*Rashkin*) program, which has been operating for the past nine months. The Government supplies rice at a greatly reduced cost, which the Company buys and supplies to local villages. There are a total of 64 villages in the area and every family receives approximately 60 kilograms of rice every three months.

The Company has also been looking at ways of offering assistance that will provide long-term benefits. As a way of encouraging local communities to work together, PTNHM has funded the purchase of four processing plants used in the production of virgin palm oil. These plants will be set up in the Malifut and Kao districts and run on a cooperative basis. The aim is to supply all local needs as well as selling into other markets in the region.

PTNHM recognises the importance of supporting civil works as well as stimulating economic development. Two sporting complexes, which will include facilities for playing soccer, basketball, volley ball and tennis, as well as indoor sports, are currently under construction. Another part of this program involves the upgrading and repair of many of the roads to the remote villages in the district. This will enable villagers to gain access to public transport, which has not been available in the past due to bad road conditions.

PTNHM has an ongoing commitment to working with local communities to improve infrastructure, support local businesses, provide venues for leisure activities and create and support opportunities for further development.

3 Section

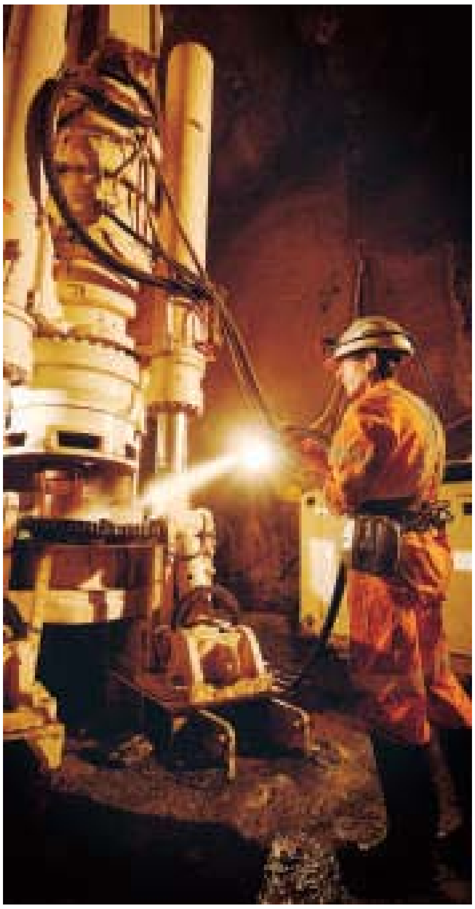
Projects

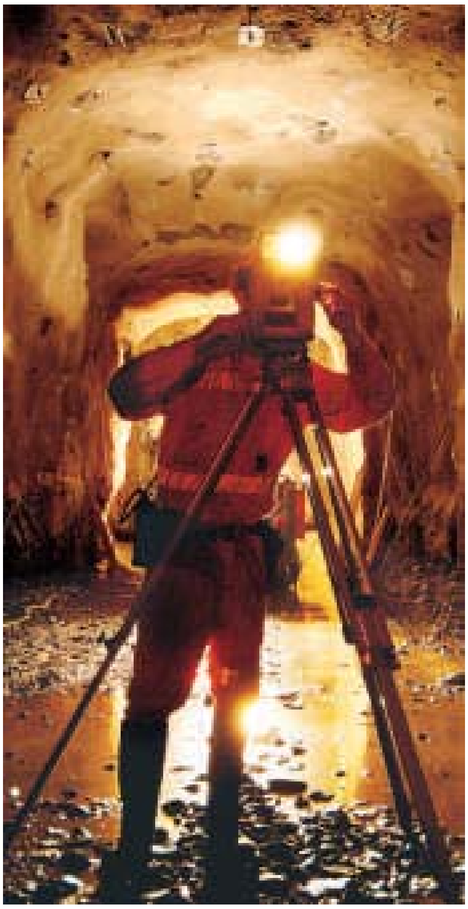
Telfer Project

Above: Telfer pyrite plant currently under construction.

Right: Raisebore Driller, Cliff Altus, with Raisebore machine at Telfer.

Far right: Underground Surveyor, Paul Mitchell, checking levels at Telfer.





Page 25: Underground Production Superintendent, Chris Sawyer, inspecting the excavation hole for the underground crusher at Telfer.

Telfer Project

A key project development milestone was achieved during the year with the completion of the first stage of the Telfer redevelopment. The successful commissioning of the concentrator marked the start of commercial production from the open pit mine and will enable Telfer to become one of Australia's largest gold mines.

Development work in the second half of the year focussed on the second stage of the project with construction of the pyrite plant and ramping up of development on the underground mine.

Construction of the pyrite plant, which will recover gold from ore containing elevated levels of pyrite, began in the March 2005 quarter. By year end, work was progressing on schedule and commissioning was expected by January 2006.

The underground mine is being developed as a sub-level cave, the optimal mining method for the Telfer Deeps deposit, to deliver low unit operating costs and the flexibility to accommodate increased production. The production rate from the mine at full capacity is expected to be 4 million tonnes of ore per annum with ore haulage from the mine via a dedicated shaft.

During the year, development of the underground mine and a new access decline continued, although development was adversely affected by the shortage of skilled mining and maintenance labour. Development rates were below schedule despite significant efforts to secure the appropriate resources. By year end, development rates were at levels that will allow the underground mine to produce first ore in the fourth quarter of 2005–06.

On 26 May 2005, a fire broke out near an explosives magazine in a tunnel off the main access decline. While an explosion caused localised damage to underground services, all personnel were evacuated safely. Underground development activities were interrupted for a short period prior to restoration of underground services.

The major development activities undertaken during the year for the underground mine were:

- mining of all underground infrastructure excavations for the crusher, shaft-loading facilities and underground pump station
- completion of all mine ventilation and refrigeration facilities
- completion of the vertical shaft sinking and lining to the target depth of 1,127 metres and establishment of shaft access to the excavations for the underground crushing and loading stations
- completion of all work equipping the shaft with power, steelwork and piping for the mine pumping system
- commencement of construction of the winder house and sky shaft, which is on schedule for the start of the underground operation.

The total capital of the project, to the completion of the underground mine, is approximately $1.4 billion. This increase over the original feasibility estimate was the result of external influences such as the effects of Cyclone Fay, the labour shortage resulting from the high levels of construction activity in the Australian resources sector, and increases to key material input costs, particularly structural steel.

Location		North-west Western Australia, 450 kilometres inland from Port Hedland
Ownership		100 percent Newcrest Mining Limited
Status		Project construction underway
Mineral Resource	26 0.93	million ounces gold million tonnes copper
Ore Reserve	18.4 0.64	million ounces gold million tonnes copper

Ridgeway Deeps Project

The Ridgeway Deeps project involves development of the mineralised resource below the current Ridgeway mine. The Board approved the progressive development in December 2004 and construction commenced in early 2005.

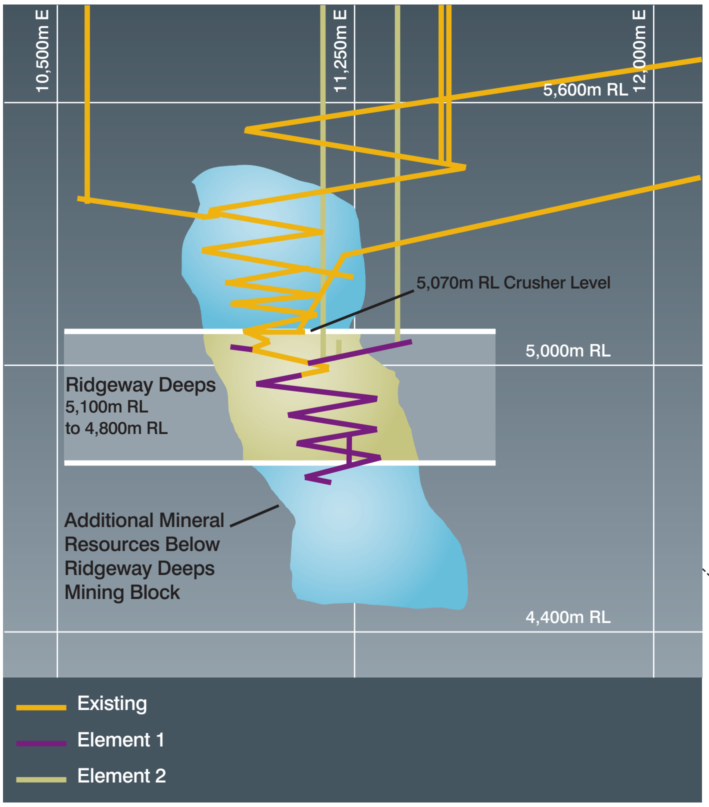
The project will extend the depth of the original Ridgeway mine by up to 300 metres to 1,300 metres below the surface. This may extend the life of the combined Ridgeway/ Ridgeway Deeps mine to 2018.

Development work has begun on extending the decline and upgrading the existing ventilation system. An underground mining contractor has been appointed to continue the decline development.

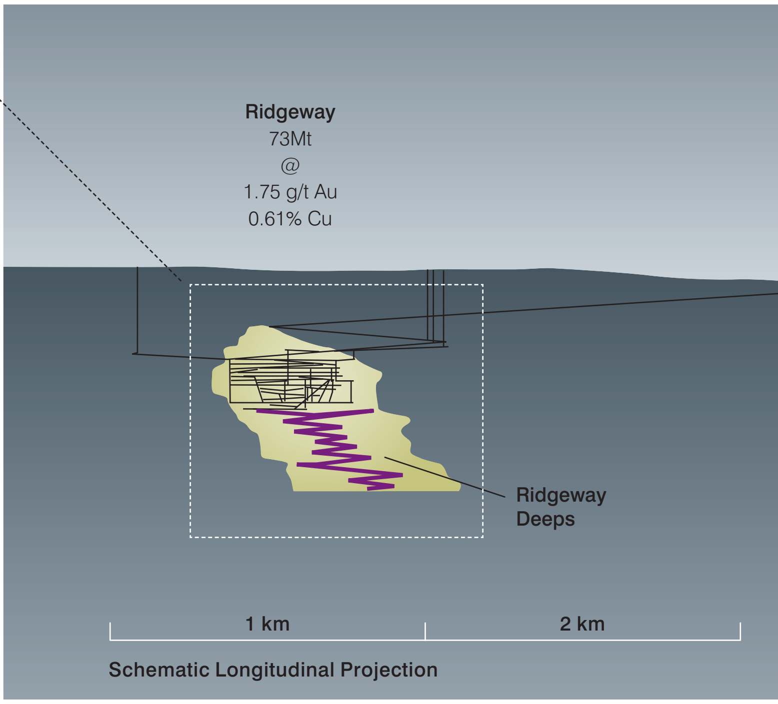
The optimal development route in terms of mining method, scheduling and infrastructure requirements is yet to be determined. Only development work that is common to all options is currently being undertaken. During the second quarter of 2005–06 the pre-feasibility study will be completed, which will determine the optimal development route to be further considered in the definitive feasibility study to be completed in 2006–07.

Location		Central New South Wales, below existing Ridgeway mine
Ownership		100 percent Newcrest Mining Limited
Status		Pre-feasibility stage and construction
Mineral Resource	2.5 0.28	million ounces gold million tonnes copper
Ore Reserve	2 0.23	million ounces gold million tonnes copper

Ridgeway Deeps Underground Diagram



Cadia Valley Province Section



Cadia East Project

Cadia East is a project located on the eastern flank of the Cadia Hill mine, within the Cadia mineralised corridor, where it is proposed that a large open pit and underground gold-copper mine will be developed. During the year the Board approved commencement of the feasibility stage of the project.

The Cadia East deposit is a porphyry zone of gold-copper mineralisation adjacent to the eastern edge of the Cadia Hill orebody and extending up to 2.5 kilometres east. The system is up to 600 metres wide and extends to 1.9 kilometres below the surface.

The Mineral Resources estimate is 18 million ounces of gold and 2.9 million tonnes of copper. The resource comprises two zones – an open pit and an underground. An initial Ore Reserve estimate for the underground zone of 6 million ounces of gold and 0.63 million tonnes of copper was released in June 2005. These estimates are supported by over 165 kilometres of drilling from more than 168 holes. The underground zone remains open to the east, west and at depth.

Mining studies have indicated the potential for an open pit mine for the large, low-grade deposit near the surface and an underground mine from 700 metres to 1,500 metres for the remainder of the deposit, which has a large high-grade core and lower-grade halo.

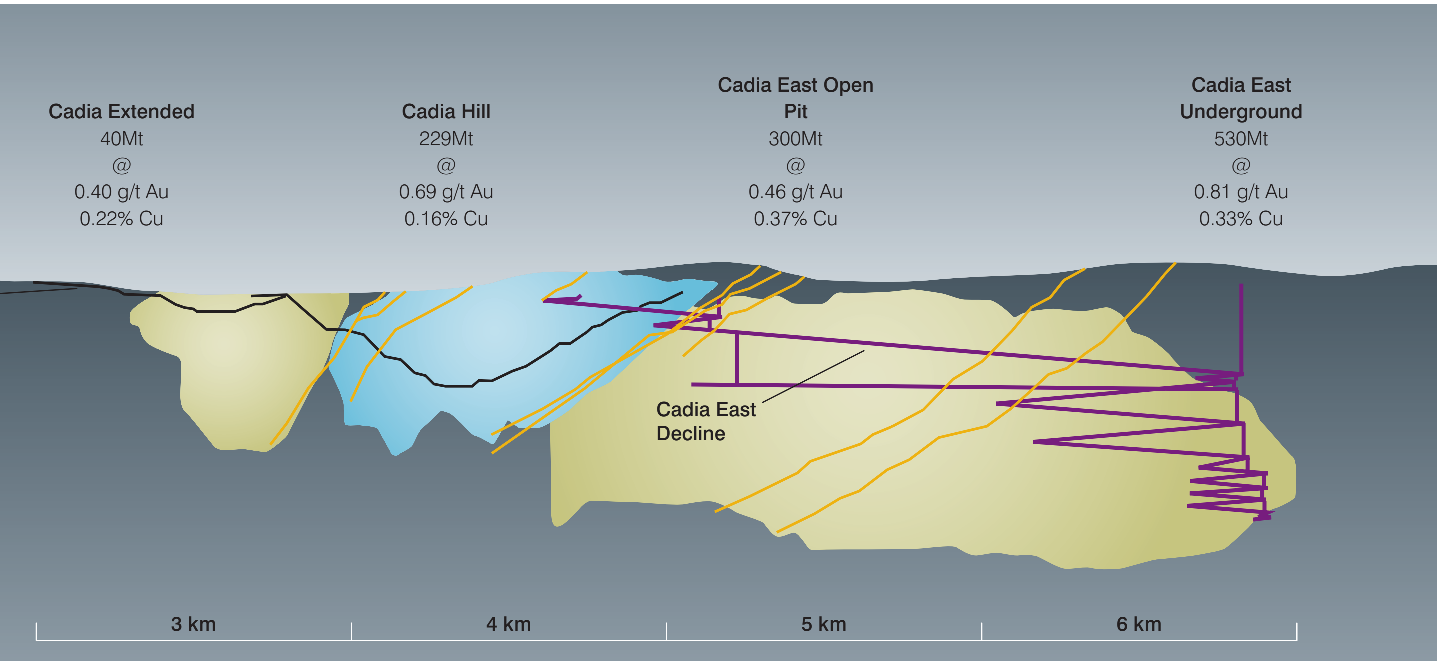
The Board approval to spend over $100 million on feasibility study work is principally for the following areas:

- development of a 7 kilometre underground decline to access the orebody and 6 kilometres of other development
- additional diamond drilling totalling more than 45 kilometres
- data collection and studies covering geotechnical and metallurgical areas in order to determine the optimal mining and processing methods.

There has been a significant increase in activity on-site in the second half of the year with mobilisation of an owner mining fleet, recruitment of staff and completion of the box cut and portal. The decline development started in May 2005 and by year end had progressed 112 metres.

The proposed development of the Cadia East deposit is a strong endorsement of the Newcrest strategy of controlling large mineral districts in order to secure long-life mining operations and efficiently use the existing infrastructure and capital.

Location		Central New South Wales, adjacent to Cadia Hill
Ownership		100 percent Newcrest Mining Limited
Status		Feasibility stage
Mineral Resource	18 2.9	million ounces gold million tonnes copper
Ore Reserve	6 0.63	million ounces gold million tonnes copper



Mineral Resource Inventory 30 June 2005

The Kencana project involves underground development of the high-grade, epithermal gold deposit 125 metres below the surface.

Location		Halmahera Island, Indonesia
Ownership		PT Nusa Halmahera Minerals (PTNHM) 82.5 percent owned by Newcrest Mining Limited 17.5 percent owned by PT Aneka Tambang
Status		Phased project implementation underway
Mineral Resource	2.2	million ounces gold*
Ore Reserve	0.86	million ounces gold*
Project Output	1.6	million ounces over six years*

* 100 percent basis.

Kencana Project

The Kencana project, operated by joint venture company PT Nusa Halmahera Minerals (PTNHM), is 1 kilometre south of the original Gosowong open pit. Development of this deposit will represent the third mine at the Gosowong site.

Studies undertaken during the year indicated the viability of the underground mine and strong project returns. The Board approved a phased project implementation subject to detailed engineering and permitting approvals.

The Kencana project involves underground development of the high-grade, epithermal gold deposit 125 metres below the surface. The mineralisation is based on a 2.2 million ounce Mineral Resource and 0.86 million ounce Ore Reserve.

The proposed cut-and-fill selective mining method is preferred because of the ground conditions and the higher recovery rates this method allows. A final decision on the mining method will be made once the decline is established and the conditions of the orebody are fully assessed. Ore will be processed through the existing processing plant. The initial mine plan envisages recovery of 1.6 million ounces of gold over six years.

Key activities undertaken during the year include:

- completion of mining studies
- completion of preliminary mine designs
- construction of the access road to the portal
- selection and mobilisation of the underground mining contractor to the site
- completion of the box cut and initial access decline works.

Total capital cost to first production is estimated at US$44 million and includes underground development, mining equipment, decline establishment and construction of additional infrastructure. First gold production is expected in the fourth quarter of 2006.

The area surrounding the Mineral Resource and Ore Reserve boundary remains highly prospective with the resource remaining open to the south and at depth. The discovery of additional resources has the potential to significantly extend the mine's life.

Right: Initial decline works with ventilation at the Kencana underground mine in Indonesia.

On 5 August 2005, Newcrest announced that it was considering divestment options for its 22.22 percent interest in the Boddington Expansion project.

Location	130	kilometres south-east of Perth
Ownership		22.22 percent Newcrest Mining Limited 44.44 percent Newmont Australia Ltd 33.33 percent AngloGold Ashanti Australia Ltd
Status		Care and maintenance
Mineral Resource	4.4 0.18	million ounces gold* million tonnes copper*
Ore Reserve	2.4 0.11	million ounces gold* million tonnes copper*

* Newcrest share.

Boddington Project

At the end of 2001, mining and processing of oxide resources at the Boddington open pit gold mine ceased. Since that time the project has remained on care and maintenance as exploration activities continue.

The substantial bedrock resource beneath the depleted oxide pits forms the basis of the Boddington Expansion project. After reassigning management of the project to the jointly owned BGM Management Company Pty Ltd, a study team was set up in 2003 to update the feasibility study completed in 2000.

During the year significant progress was made on key aspects of mining, geology and ore processing. The Phase II study (pre-feasibility level) was completed in March 2005. The Phase III study (feasibility level) commenced early in 2005 and is due for completion in November 2005. A decision by the joint venture partners to proceed with the development is expected early in 2006.

Key recent project work includes:

- refinement of an updated process flow sheet
- preparation of detailed capital and operating cost estimates
- progress towards identification of a suitable EPCM (engineering, procurement and construction management) contractor with the objective of commencing early engineering design work
- identification of strategies to manage long lead items
- assessment and costing of the most appropriate mining fleet combination.

An active program of consultation with local communities has been progressing well.

On 5 August 2005, Newcrest announced that it was considering divestment options for its 22.22 percent interest in the Boddington Expansion project. Newcrest remains positive about the project's future, but wishes to concentrate on the Company's wholly- or majority-owned development projects. The sale process is not expected to delay the development decision for the project.

The Local Community | Telfer

Community Relations creates opportunities

Building positive relationships with local Indigenous communities is an important part of Telfer's focus, and during the last 12 months significant progress has been made.

Martu Consultative Committee

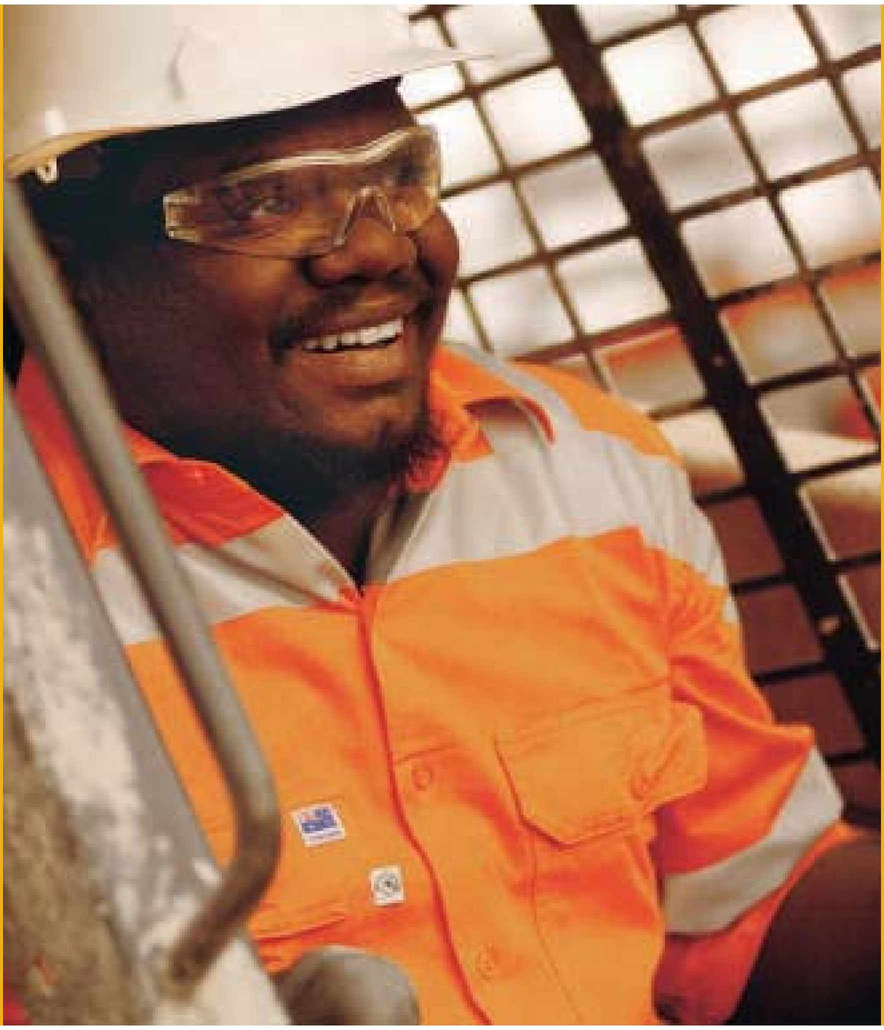
Consultation is a key component of Newcrest's commitment to enhance its relationships with local communities. In 2003, the Martu Consultative Committee (MCC) was established to monitor agreements between Newcrest and the Martu and to consider and recommend ways to develop their relationship.

The Committee meets four times a year to discuss cultural programs, community development, education and training, and employment. The MCC's recommendations provide crucial community input into the Company's community relations initiatives and programs and its contribution is highly valued.

Skills Register

Telfer's Community Relations team made the creation of training and employment opportunities for Indigenous men and women a priority during the last year. The development of a Skills Register recording those people who have indicated an interest in working at the mine has been initiated. The Register, which already includes 150 names, lists CVs, education levels and acquired skills and is constantly updated.

Almost all our Indigenous workforce were initially identified as prospective employees through the register. There are currently 25 Indigenous men and women at Telfer, employed by the Company or various contractors, working in hospitality and mine operations.



Warren Nardi, a bobcat driver at Telfer, is sitting in the concentrator's control room, where banks of graphics and information-laden computer screens present the experienced operators with a wealth of instant feedback on the status of the gold production process.

Concentrator Production Supervisor, Chris Power, likens the tasks at hand to those of air traffic controllers. 'It involves intense mental work, dealing simultaneously with many operators and sections of the plant. We often have up to a dozen people all calling for guidance and assistance at the same time.'

If Warren is interested in pursuing a career in this area, training is available. 'We have a well-based training package and prospective operators undertake a three-month training program which includes completion of a competency assessment workbook,' Chris explains.

Warren is undaunted by the prospect of what is involved. 'More study doesn't scare me,' he said. 'You've got to grab an opportunity when it's there. And it's good to know there's so much support for me if I decide to give it a go. It would be a great job.'

4 Section Exploration

Exploration drilling in the Gosowong area.

Exploration Strategy and Review

Strategy

Exploration discovery is the key driver for Newcrest's value-added growth and to maximise long-term shareholder returns. The Company's exploration objective is to control significant productive mining districts where the economic benefit of having more than one operating mine can be realised. It seeks to achieve this by focussing its main exploration effort on old mining and mineral districts where the anticipated time to make a discovery can be reduced.

In the 1990s, Newcrest pursued an innovative approach in Australia – applying well-established porphyry copper mining concepts and principles to gold exploration. This resulted in the discovery and development of the Cadia Hill and Ridgeway deposits, the discovery of the large Cadia East deposit and, more recently, the redevelopment of Telfer. This innovative discovery approach continues to be an important element of the Newcrest exploration strategy.

The advancing mineral discovery maturity of much of the Western world will have considerable impact on gold and copper discovery opportunities. Many future mineral discoveries will be made at depths which typically preclude open pit mining. Large-scale underground mining techniques practised in the porphyry copper industry for many years are likely to be applied at Cadia East and will be utilised in order to develop future discoveries.

This shift to considering deeper deposits for development has been acknowledged for some time in Newcrest's exploration strategy, which has highlighted since the early 1990s the importance of drilling deep holes.

The focus of Newcrest's exploration continues to be in Australia with an emphasis on brownfield regions. A measured increase in the Americas will continue and exploration in Indonesia will concentrate on Gosowong.

The Newcrest Board strongly supports the exploration strategy and acknowledges that time and patience are important elements of the discovery process and reliable and consistent exploration funding is a prerequisite for success.

2004–05 Year in Review

The continued success of the Newcrest exploration strategy was evidenced by the discovery of new prospects. The highlight was the doubling in size of the high-grade gold Mineral Resource at Kencana, Indonesia.

Annual exploration expenditure for the year was $46 million, a significant part of which was spent on brownfields exploration.

Mine Area Exploration

Cadia District, New South Wales

Cadia East

At Cadia East, 4.3 million ounces of gold and 1.1 million tonnes of copper in an Inferred Mineral Resource category have been identified as a potential open pit component in the north-western part of the deposit.

Closer-spaced drilling of this shallower part of the deposit is providing better definition of the potential open pit Mineral Resource and will enable the completion of an upgraded Mineral Resource estimate for this part of the deposit.

Ridgeway

At Ridgeway, further deep drilling was conducted to investigate the eastern margin of the Inferred Mineral Resource. Information obtained from this drilling provided a better understanding of geological structures in this part of the deposit. The first of several holes was started to investigate high-grade gold-copper mineralisation (18m @ 9.6g/t Au and 3.2% Cu) previously recorded below the mineral resource envelope.

Junction Reefs (earning 51 percent)

Discovery drilling continued at the Junction Reefs joint venture area, which is located immediately east of Newcrest's Cadia tenements in the Cadia mineralised corridor. Investigations focussed on the Gooley's and Warrengong prospects.

Drilling at the Warrengong prospect intersected a long interval of modest grade, gold-copper mineralisation which is being investigated by shallower drilling.

Gosowong, Indonesia (82.5 percent)

Gosowong Extended (Kencana Shoot)

The Kencana epithermal gold mineralisation is located 1 kilometre south of the Gosowong open pit.

Discovery and resource definition drilling continued to extend the Kencana mineralisation to the south-east where it appears to divide into several mineralised structures. High-grade gold mineralisation has been intersected in holes extending over a distance of 650 metres, of which the presently defined Mineral Resource occupies 400 metres. The mineralisation remains open to the south-east and at depth.

An updated Mineral Resource of 1.40 million tonnes at 41 grams per tonne of gold for 1.82 million ounces has been estimated for Newcrest's share of the north-western, more closely drilled part of the deposit.

Other Gosowong

Resource definition drilling resulted in a small increase in the size of the Mineral Resource at Toguraci as a result of the inclusion of additional mineralisation defined within the Bod structure located to the west of the existing Damar structure.

Exploration activities in the Contract of Work area north of Gosowong have been re-established after the easing of local unrest and illegal mining activities which prevented access from 1999 until this year.

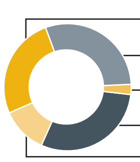
Telfer District, Western Australia

Telfer regional exploration

Efforts to enhance Newcrest's resource position around the redeveloped Telfer mine continued with the exploration

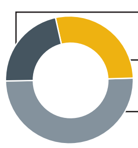
Greenfields Exploration Expenditure

$23.1M



Total Exploration Expenditure

$46.0M



program at Trotman's Dome. The focus was on two prospects, Coltrane and Dolphy, which are located approximately 30 kilometres south-east of Telfer.

Core and reverse circulation percussion drilling programs were used to investigate several geophysical targets, including a large IP anomaly at Coltrane, north-west of the Backdoor prospect, and a possible depth extension to the previously discovered, higher-grade gold-copper mineralisation at Dolphy, south of Backdoor.

The first of several holes to investigate the Coltrane anomaly intersected a narrow, gold-mineralised interval.

The discovery exploration program in 2005–06 will include ongoing drilling and survey work at Trotman's Dome and on the Bemms shear zone at the Grace prospect.

Cracow, Queensland (70 percent)

The strategy of using widely-spaced drilling to discover gold-mineralised structures was maintained as mine development continued. This led to the discovery of the Kilkenny structure under more than 100 metres of cover sediments about 400 metres west of the Crown shoot. The continuing success of this strategy is leading to an understanding of the distribution of gold-mineralised structures within 2 kilometres of the present mine workings.

Resource definition drilling on the Royal and Sovereign shoots resulted in an upgraded classification for the Royal Mineral Resource estimate and an initial resource estimate for the Sovereign. Gold mineralisation for future resource definition drilling has been identified in the Sterling, Klondyke North, Roses Pride, Empire, Phoenix and Kilkenny structures.

Exploration expenditure in 2005–06 is expected to be divided between discovery drilling and resource definition. The discovery drilling component will continue the strategy of seeking to identify new gold-mineralised structures.

Greenfields Exploration

Ashburton, Western Australia (earning up to 80 percent)

At Ashburton, the search for economic, sediment-hosted gold mineralisation continued with exploration focussed on the Merlin prospect and the Mt Olympus mine in the Zeus/Styx area. Merlin is in the north-western part of the joint venture area. Zeus/Styx is in the south-eastern part of the exploration area, nearly 200 kilometres from Merlin.

Widely-spaced discovery drilling at Merlin identified moderate gold grades from weathered sediments in several holes. As has been the case previously, the near surface mineralised intervals appear to be isolated occurrences. Further drilling of this prospect is planned for 2005–06.

During the final quarter of 2004–05, IP geophysical surveys over the Zeus/Styx prospect identified three chargeability IP anomalies. Reverse circulation percussion drilling will be undertaken to investigate these targets in 2005–06.

The distribution of identified gold anomalies in the Ashburton area is scattered over a distance of 200 kilometres. Newcrest's strategy is to continue the widely-spaced discovery drilling of specific prospects while assessing targets with economic potential that need to be investigated with a localised, closer-spaced drilling program.

Mt Leyshon/Fenian, Queensland (earning 70 percent)

The Mt Leyshon joint venture was secured during the year and is adjacent to the existing Fenian joint venture property. Prior to the cessation of mining at Mt Leyshon, drilling had identified gold mineralisation below the open pit and in adjacent areas that warrant further investigation. There is also scope to investigate the large Mt Leyshon intrusion-breccia complex.

Discovery deep drilling is being conducted adjacent to the Mt Leyshon open pit and in the Fenian area. Low-grade gold mineralisation was intersected in a hole drilled into the margin of the Mt Leyshon breccia.

Nevada, United States

Newcrest has a number of early-stage exploration projects in recognised gold districts in Nevada. Discovery drilling continued at several of these. Possibly significant reverse circulation percussion drill hole results from the Redlich epithermal prospect near Tonopah included 4.5m @ 11g/t Au and 70m @ 0.7g/t Au. Further drilling will continue in 2005–06.

Antaña, Peru (earning 80 percent)

During the year, the first exploration property in South America was secured with the agreement to earn into the Antaña gold property in the Puno district of southern Peru. Discovery reverse circulation percussion drilling began on the property in late May 2005 to investigate known low-grade gold mineralisation in rhyolite intrusions. The objective of this drilling program is to broadly determine the extent of the gold mineralised alteration system. Follow-up core drilling is anticipated in 2005–06.

Outlook

The budget strategy for 2005–06 seeks to maintain the discovery momentum built by Newcrest over the past 15 years. As part of this, a prudent focus on gradually expanding exploration into high gold-copper resource potential areas in Australia and the Americas will be continued.

The information in this Report that relates to Exploration results is based on information compiled by Dan Wood, Executive General Manager Exploration for Newcrest Mining Limited who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Newcrest Mining Limited. Mr Wood has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr Wood consents to the inclusion in the Report of the matters based on this information in the form and context in which it appears.

Total in situ Mineral Resources at year end for the Group, net of mining depletion, is estimated at 61 million ounces of gold and 4.9 million tonnes of copper, which is a decrease in the resource of 1 million ounces of gold and 0.1 million tonnes of copper compared with June 2004.

There were significant increases in the Mineral Resources at Kencana of 0.91 million ounces of gold and at Telfer in the Telfer Deeps Western Flank of 0.44 million ounces of gold in situ.

Total in situ Ore Reserves at year end for the Group, net of mining depletion, is estimated at 33 million ounces of gold and 2 million tonnes of copper, which is an increase in the reserve of 5 million ounces of gold and 0.5 million tonnes of copper compared with June 2004.

An initial Ore Reserve at Cadia East Underground was identified with 6 million ounces of gold and 0.63 million tonnes of copper in situ. There was an increase in reserves of 0.71 million ounces of gold at Kencana and an increase of 0.21 million ounces of gold at Cracow.

Mineral Resources and Ore Reserves conform to the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves December 2004 (The Joint Ore Reserves Committee Code). Ore Reserves are a sub-set of Mineral Resources. External and internal audits are conducted on completed estimates. All costs and prices are in Australian dollars unless stated otherwise. Relevant information on the methods and parameters used to estimate Mineral Resources and Ore Reserves is presented in the Newcrest Supplementary Information Booklet located in the Annual Report section on the Company's website at www.newcrest.com.au.

Cadia Valley Operations

Cadia Hill

The Cadia Hill Mineral Resource and Ore Reserve were depleted by 15 million tonnes during the period. A further 9 million tonnes were removed from the Ore Reserve following an update of the pit design based on revised geotechnical parameters and updated metallurgical recoveries, metal price, exchange rate and realisation cost assumptions.

Reconciliation of production results with the Mineral Resource and Ore Reserve models continues to be in line with expectation.

The net result of depletions and the pit re-optimisation is a reduction in the Ore Reserve by 520,000 ounces of gold and 39,000 tonnes of copper.

Cadia Extended

Open pit mining of Cadia Extended is complete. There have been no changes to the Mineral Resource from the previous year and evaluation of the remaining Mineral Resource is in progress.

Cadia Stockpiles

There was a net reduction in the Cadia stockpiles during the period of 2.8 million tonnes for contained 30,000 ounces of gold and 6,000 tonnes of copper. This result is net of mining additions and material reclaimed for processing.

Ridgeway Underground

An updated Ridgeway resource and reserve model was generated in April 2005 to incorporate additional diamond drilling recently completed. Diamond drilling within and around the deposit continues to increase the level of confidence of the resource estimate. The model includes an updated comprehensive geological interpretation, updated metallurgical assumptions and current long-term business plan assumptions for metal price, exchange rate and concentrate treatment costs.

The Mineral Resource and Ore Reserve have been depleted by mining.

A sub-level cave draw simulation model was used to calculate the material within the Ore Reserve. The draw simulator has been calibrated against sub-level cave performance observed to date and full-scale draw marker trials conducted over the past four years.

Reconciliation of production results with the Mineral Resource and Ore Reserve models continues to be in line with expectation.

Cadia East Open Pit

The Mineral Resource remains unchanged for the period. A significant resource definition drilling program is planned to upgrade this resource estimate in 2005–06.

Cadia East Underground

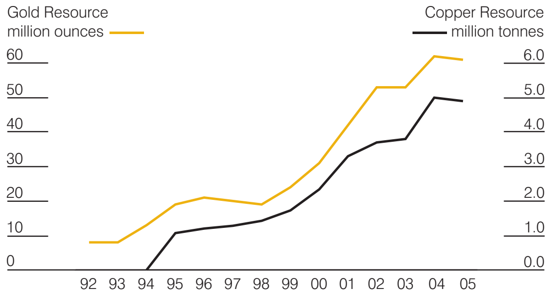
No additional drilling or resource work has been completed in the underground portion of the Cadia East resource during the year. A decline to provide access for geological and mining studies was commenced to provide a platform for future work and to improve the level of confidence in the resource and reserve estimates.

The Mineral Resource was re-evaluated using updated pricing assumptions. The Mineral Resource estimate remains unchanged from June 2000 as only marginal variations were identified. The resource is predicated on bulk underground extraction methods and has been reported within conceptual mining outlines.

An initial Ore Reserve estimate of 6 million ounces gold and 0.63 million tonnes of copper was released to the market in June 2005. This Ore Reserve is based on pre-feasibility level mining studies that indicate panel caving is an appropriate extraction method. The Ore Reserve is based on conversion of a proportion of the Indicated Resource. Mineralisation remains open at depth and to the west.

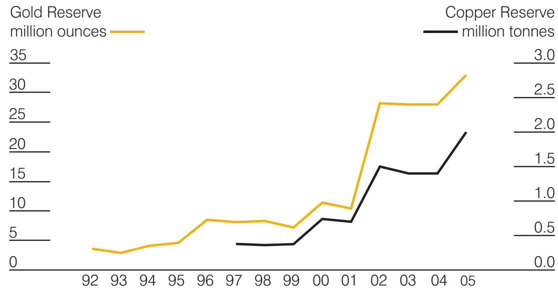
2005
Gold: 61 million ounces **Copper:** 4.9 million tonnes

Growth in Mineral Resources



2005
Gold: 33 million ounces **Copper:** 2 million tonnes

Growth in Ore Reserves



Telfer

The Telfer Mineral Resource estimate is a total resource of 26 million ounces of gold and 0.93 million tonnes of copper, net of mining depletions and an addition to Mineral Resources from Telfer Deeps.

Open Pit

Mineral Resources and Ore Reserves include Main Dome and West Dome.

Open pit Ore Reserve is constrained within pit designs based on optimisation shells generated using the profit algorithm approach and is net of mining depletion.

The processing of open pit ore commenced in November 2004. However, processing has not yet reached a steady-state condition with sections of the concentrator still to be commissioned. Hence no re-evaluation of the Ore Reserve has taken place since the feasibility study.

Reconciliation between the Ore Reserve and open pit grade control has been in line with expectation.

Detailed metallurgical sampling and test work is currently underway to complete the reconciliation between open pit production and the Ore Reserve.

Underground

Drilling and bulk-sampling exploration and evaluation continued in the Western Flank of the feasibility study sub-level cave mine and resulted in an increase to the underground resource base of 0.44 million ounces of gold and 0.016 million tonnes of copper.

The Telfer Deeps Ore Reserve is based on the sub-level cave mining method designed using a series of break even boundaries for each production level. The Ore Reserve remains unchanged.

Reconciliation between the Ore Reserve and grade control from the development has been in line with expectation.

Studies continue to evaluate mining strategies for the potential extensions to the Telfer Deeps mineralisation in the Western Flank and below the sub-level cave.

Grade control reconciled production is currently in line with feasibility study Ore Reserves.

Boddington

The Boddington Expansion Mineral Resource and Ore Reserve estimates and the Basement Mineral Resource estimate remain unchanged from the previous year. A revision of the resource and reserve estimates is currently in progress and will incorporate amended cost assumptions arising from the feasibility study update currently in progress.

Gosowong

An updated statement of the Gosowong Province Mineral Resource and Ore Reserves estimated to 31 December 2004 was released in March 2005. This release included an initial Ore Reserve estimate for the underground mine at Kencana and increases in both the Toguraci Mineral Resource and corresponding open pit Ore Reserve. Since that time the only material change is restricted to mining depletion of the Toguraci deposit.

During the 12 months ending 30 June 2005, Newcrest equity of the Toguraci Ore Reserve was depleted by approximately 215,000 ounces of gold, partially offset by an increase of 135,000 ounces with the addition of the Bod shoot and remodelling of the Damar and Kayu Manis shoots. The remaining Ore Reserve is estimated to be 165,000 ounces of gold including run-of-mine stockpiles. The remaining resource is to be re-evaluated.

At Kencana no further changes have been made to the Mineral Resource and Ore Reserve estimates previously stated in March 2005. Drilling is planned from an exploration decline in the near future to upgrade the Kencana shoot Ore Reserve. Exploration drilling to the south-east continues to give encouragement that the Kencana Mineral Resource has strong potential for significant increases.

Cracow

Remodelling of the Royal and Crown shoots and resource additions at Sovereign and Klondyke North resulted in an increase in the Cracow Mineral Resources of 0.12 million ounces, net of mining depletion, to 0.67 million ounces.

The Sovereign shoot is located 400 metres north of the Crown shoot and the contribution of Sovereign was 0.14 million ounces.

The additional underground diamond drilling and ore drive development in the upper part of the Royal shoot has resulted in minor changes to the global resource figure and a much greater confidence in the resource estimate. The bulk of the resource has been converted to an Indicated category, with a Measured Resource reported for the area bound by the ore development drives from the 2,150mRL to the 2,220mRL where stoping has commenced. Minor Inferred blocks still remain in under-drilled areas on the orebody margins.

Reconciliation data from the mine production to the mill estimate gold production is within 4 percent.

An initial Ore Reserve of 210,000 ounces of gold is based on the Measured and Indicated Resource of the Royal shoot.

The Ore Reserve is based on budget costs. Early information on grade, recovery and dilution from the first ore mining areas shows the Ore Reserve is robust.

2005 | Mineral Resources

Gold and Copper Resources	Measured Resource			Indicated Resource			Inferred Resource			Gold In situ	Copper In situ	Competent Person
	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	(million ounces)	(kilo-tonnes)	
Cadia Valley Operations												
Cadia Hill Open Pit	190	0.71	0.16	39	0.60	0.16	–	–	–	5.2	370	1
Open Pit Stockpiles	12	0.44	0.15	–	–	–	–	–	–	0.17	19	1
Cadia Extended	0.14	0.36	0.20	36	0.40	0.22	4.0	0.39	0.17	0.52	87	1
Ridgeway Underground	37	1.9	0.66	22	1.8	0.62	14	1.3	0.49	4.1	450	1
Underground Stockpiles	0.056	2.2	0.77	–	–	–	–	–	–	0.0039	0.43	1
Cadia East Open Pit	–	–	–	–	–	–	300	0.46	0.37	4.3	1,100	1
Cadia East Underground	–	–	–	210	1.0	0.38	320	0.69	0.30	14	1,800	1
Subtotal	**240**	**0.88**	**0.24**	**310**	**0.93**	**0.35**	**640**	**0.59**	**0.34**	**28**	**3,800**	
Telfer												
Open Pit	150	1.3	0.15	200	1.6	0.13	94	1.1	0.12	20	610	2
Telfer Deeps Underground	–	–	–	48	2.9	0.54	11	2.4	0.44	5.3	300	2
Satellites	–	–	–	0.57	4.2	0.027	1.7	2.6	0.080	0.22	1.5	2
Open Pit Stockpiles	7.5	1.0	0.19	3.2	0.86	0.18	–	–	–	0.33	20	2
Subtotal	**160**	**1.3**	**0.15**	**250**	**1.9**	**0.21**	**110**	**1.2**	**0.15**	**26**	**930**	
Boddington												
Basement	0.081	1.8	–	0.12	2.1	–	0.022	9.0	–	0.02	–	3
Boddington Expansion	29	0.93	0.11	82	0.83	0.12	51	0.8	0.091	4.4	180	4
Subtotal	**29**	**0.93**	**0.11**	**82**	**0.83**	**0.12**	**51**	**0.8**	**0.091**	**4.4**	**180**	
Gosowong												
Toguraci Open Pit (Inc Stockpiles)	0.038	7.0	–	0.17	37	–	0.035	16	–	0.22	–	5
Kencana Underground	–	–	–	0.54	45	–	0.86	38	–	1.8	–	5
Subtotal	**0.038**	**7.0**	**–**	**0.71**	**43**	**–**	**0.90**	**37**	**–**	**2.0**	**–**	
Cracow												
All Resources	0.024	13	–	0.55	13	–	1.4	9.6	–	0.67	–	6
Subtotal	**0.024**	**13**	**–**	**0.55**	**13**	**–**	**1.4**	**9.6**	**–**	**0.67**	**–**	
Total Gold and Copper										**61**	**4,900**	

1. D. Fredericksen, 2. G. R. Howard, 3. K. P. Gleeson, 4. S. Williams, 5. C. F. Moorhead, 6. G. N. Petersen.

Rounding, conforming to the JORC Code, may cause some computational discrepancies. The gold and copper grades totals in the resources are weighted averages.

Information in this Report which relates to Mineral Resources is based on and accurately reflects reports prepared by the Competent Person named beside the information. All these persons are full-time employees of Newcrest Mining Limited or the relevant subsidiary, except K. P. Gleeson, who is a full-time employee of Boddington Gold Mine Management Company Pty Ltd, and S. Williams, who is a full-time employee of Newmont Australia Limited, and consent to the inclusion of material in the form and context in which it appears. Mr J. F. Leckie, Chief Geologist Mining and Development, Newcrest Mining Limited, is the Competent Person who has compiled this resource report. All the Competent Persons are Members or Fellows of The Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Newcrest has retained Mr Peter Stoker of Hackchester Pty Ltd to act as external auditor for the Newcrest Mineral Resources where Newcrest is the operator. Mr Stoker has progressively audited these Mineral Resources and has stated that he is not aware of any issues which materially affect the reported Mineral Resources. Mr Stoker is a geologist with 35 years' experience in mine geology, Mineral Resource and Ore Reserve estimation, feasibility studies, project evaluation and mineral exploration.

2005 Ore Reserves

Gold and Copper Reserves	Proved Reserve Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Probable Reserve Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Gold In situ (million ounces)	Copper In situ (kilo-tonnes)	Competent Person
Cadia Valley Operations									
Cadia Hill Open Pit	120	0.82	0.18	2.4	0.43	0.19	3.3	220	1
Open Pit Stockpiles	12	0.44	0.15	–	–	–	0.17	19	1
Ridgeway Underground	26	1.7	0.62	35	1.5	0.53	3.1	350	2
Underground Stockpiles	0.056	2.2	0.77	–	–	–	0.0039	0.43	2
Cadia East Underground	–	–	–	165	1.1	0.38	6.0	630	3
Subtotal	**160**	**0.95**	**0.25**	**200**	**1.20**	**0.41**	**12**	**1,200**	
Telfer*									
Open Pit	150	1.3	0.16	170	1.4	0.13	14	430	4
Telfer Deeps Underground	–	–	–	39	2.7	0.50	3.4	200	5
Open Pit Stockpiles	7.5	1.0	0.19	–	–	–	0.24	14	4
Subtotal	**150**	**1.3**	**0.16**	**210**	**1.6**	**0.20**	**17**	**640**	
Boddington									
Boddington Expansion	28	0.94	0.12	59	0.84	0.13	2.4	110	6
Subtotal	**28**	**0.94**	**0.12**	**59**	**0.84**	**0.13**	**2.4**	**110**	
Gosowong									
Toguraci Open Pit (Inc Stockpiles)	0.038	7.0	–	0.12	40	–	0.17	–	8
Kencana Underground	–	–	–	0.53	42	–	0.71	–	8
Subtotal	**0.04**	**7.0**	**–**	**0.65**	**42**	**–**	**0.88**	**–**	
Cracow									
Royal Shoot (Inc Stockpiles)	0.02	12	–	0.53	12	–	0.21	–	7
Subtotal	**0.02**	**12**	**–**	**0.53**	**12**	**–**	**0.21**	**–**	
Total Gold and Copper							**33**	**2,000**	

1. K. Smith, 2. G. Dunstan, 3. A. Logan, 4. G. R. Howard, 5. A. G. L. Pratt, 6. S. Williams, 7. J. Woodward, 8. C. F. Moorhead.

Rounding, conforming to the JORC Code, may cause some computational discrepancies. The gold and copper grades totals in the reserves are weighted averages.

Information in this Report which relates to Ore Reserves is based on and accurately reflects reports prepared by the Competent Person named beside the information. All these persons are full-time employees of Newcrest Mining Limited or the relevant subsidiary, except S. Williams, who is an employee of Newmont Australia Limited, and consent to the inclusion of material in the form and context in which it appears. P. W. Thompson, Group Technical Manager, Newcrest Mining Limited is the Competent Person who has compiled this reserve statement. All the Competent Persons are Members of The Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

AMC Consultants Pty Ltd was engaged to conduct audits on the process used for Ore Reserve estimation for Cadia Hill, Ridgeway, Cadia East Underground, Telfer open pit depletion, Toguraci, Kencana and Cracow. AMC Consultants is not aware of any issues with the process used which may materially affect the reported Ore Reserve. Ore Reserves quoted for Telfer Deeps and Boddington are unchanged from the 2004 Report.

* Copper grades and in situ copper tonnes are for concentrator ore only whereas dry tonnes, gold grades and in situ gold ounces also include dump leach ore. A small proportion (approximately 5 percent) of the Telfer open pit reserves fall within pit increments which are dependent on the inclusion of Inferred Resources to meet the economic criteria for production. Newcrest has every expectation that further drilling that is planned will upgrade these Inferred Resources.

Water | a Valuable Commodity

Left: Drilling a water bore at Telfer.

As the remote Telfer mine, in north-western Australia, is located in the Great Sandy Desert, obtaining sufficient water for its needs is a significant challenge. The site uses an average of 37 megalitres per day. The main water consumers are the processing plant, which uses approximately 53 percent of the daily requirement, dust suppression around the mine, underground mining and power station water supply.

Almost all of the raw water required by the mining operation is obtained from a combination of groundwater, collection and recycling of inflows into the underground mine and recycled water from the tailings dam.

The groundwater at Telfer, which is the principal source of the mine's raw water, generally lies 40 to 60 metres below the surface and is accessed via 47 bores located around the mine site. Bore water is pumped from the production bores and stored in holding dams and storage tanks.

Groundwater is a finite resource so minimising its use is imperative to the longevity of the Telfer operation. A strategy of maximising the use of internal water through recycling ensures that most of the tailings dam water is returned to the processing plant. Despite significant evaporation, it is currently estimated that recycling provides approximately 15 percent of the mine's daily requirement.

A comprehensive groundwater monitoring program has been established at Telfer to monitor and manage the impact of groundwater extraction and mining. Its focus is to assess the drawdown effects of groundwater extraction and to ensure that groundwater quality is not changing from its original condition. Studies are also being undertaken to ensure that sufficient groundwater is identified and available to meet raw water demands.

Newcrest has been managing the use of the groundwater resources in the Telfer area since mining began in 1977. The monitoring program has revealed no adverse impacts on the environment, other groundwater users, or the vegetation in the local area. Water levels in the majority of the groundwater (aquifer) system have continued to rise in response to recharges associated with the higher than average rainfall in recent years, particularly Cyclone Fay in 2004. Groundwater studies have found that the levels have remained relatively stable with only a slight decline since the processing plant began operation in November 2004.

Telfer has a sustainable groundwater resource that not only is essential to Telfer's operation, it is being managed to ensure that it lasts beyond the mine's life by controlling abstraction rates, minimising water use and recycling of tailings dam water.

5 Section

Sustainability

Health and Safety

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

Target Zero – Strategy

Newcrest embarked on the *Target Zero* initiative during 2003–04 to ensure that we achieve world's best practice in health and safety. It was recognised that responsibility for safety had to be shared broadly within Newcrest with the involvement of all employees if we were to improve our performance. It was clear that systems development and policies alone were not sufficient. Real and sustainable improvements in safety are achieved only with ongoing commitment to a change in behaviour and attitude by every employee and contractor.

Target Zero – Implementation

The *Target Zero* project has now been fully implemented across the Group with the following key components of the strategy implemented at our sites over the last 12 months:

- establishing firm reduction targets for total recordable injury frequency rates
- training all line managers in safety leadership to highlight the importance of behaviour and commitment to achieving our goal
- training all employees in safety skills designed to improve their knowledge of how to work safely
- introducing a safe behaviour observation program to give line managers new skills in how to manage the process of behavioural change
- establishing a safety working group structure to involve a broader cross-section of employees, line managers and contractors in improving safety performance
- formulating a new contractor management program for roll-out during the coming year
- developing a program to increase the reporting of significant potential near miss incidents.

An essential focus of the program this year has been to equip our line managers, employees and contractors with the skills and structures necessary to attain ongoing improvements in our safety performance.

Newcrest's commitment to improved safety continued with the implementation of *Target Zero* during 2005.

2004–05 Health and Safety Performance

Newcrest's *Target Zero* initiatives are not fully reflected in all safety and health performance indicators. Improvement against some indicators was recorded but there was deterioration against other indicators.

- Most importantly there were no fatalities at any Newcrest operation during the last 12 months.
- Lost Time Injury Frequency Rate (LTIFR) increased slightly from 1.9 to 2.2 LTIs per million exposure hours. While this indicator still compares favourably to the most recent industry benchmark (Australian Metalliferous Mining Industry LTIFR of 5 for 2003–04), it is not acceptable to Newcrest.
- Total Recordable Injury Frequency Rate (TRIFR) reduced from 14.7 to 13.6.
- The number of Serious Potential Incidents (SPIs) increased from 18 to 31. This was substantially due to the reporting of a number of significant potential near miss incidents and the increase in activity at Cracow, Gosowong and Telfer.

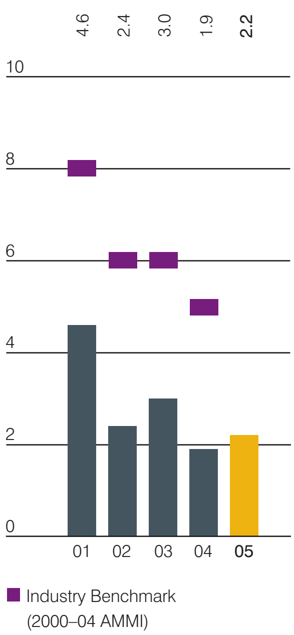
The following key initiatives identified in the *Target Zero* strategy will continue to be implemented during the coming year:

- establish robust safety management systems at our newer operations – Telfer, Cracow and Kencana
- drive a substantial development in employee and line management involvement through the safety working group structures to improve safety performance
- establish a Company-wide safety improvement recognition program
- roll out the new contractor safety management program to line managers.

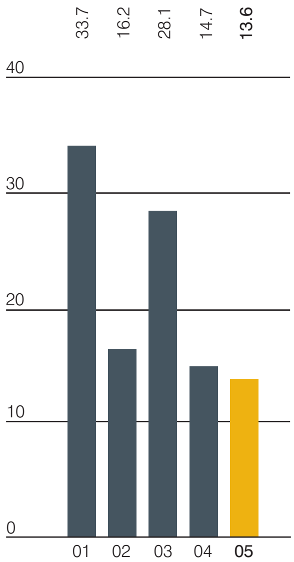
Page 41: Adrian Bullen,
Trainee, Day Crew at Telfer.

Above: Frank Reid and Sam Booth inspect the Semi-Autogenous Grinding Mill at Telfer.

LTIFR – Total Group



TRIFR – Total Group



Site Safety Performance

	LTIFR		TRIFR	
Site	**2005**	**2004**	**2005**	**2004**
Cadia Valley Operations	1.8	1.1	16.1	15.8
Cracow	7.8	na	39.2	na
Gosowong	0.0	0.8	8.1	12.8
Telfer	3.3	2.6	10.5	14.6
Exploration	1.2	3.8	28.9	20.3
Total Newcrest	**2.2**	**1.9**	**13.6**	**14.7**

Environment

Newcrest is proud of its environmental performance. We have integrated care of the environment into our business culture; it is part of the way we work. However, it is not enough that we perform to high environmental standards, we must also make sure that our key stakeholders are aware that this is the approach at Newcrest. Historically, public sustainability reporting has not been our strength. This began to change last year when we produced our first Global Reporting Initiative (GRI)-based Sustainability Report.

The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. The guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world.

Our first GRI-based Sustainability Report covering the 2003–04 financial year was released at the end of 2004. The Report is hosted on our website and provides a comprehensive overview of our economic, social and environmental performance. We chose to present our Report in electronic format so that we could provide links to important additional material necessary for an understanding of our overall performance. We are committed to public sustainability reporting, and will continue to develop and refine the Report in coming years to cater for the diverse requirements of our key stakeholder groups.

Significant Aspects of the Year's Activities

The number of reported environmental incidents rose significantly compared with the previous year (71 in 2005; 22 in 2004). A large number of the incidents (28) were relatively small process spills at Telfer during the commissioning of the process plant. As we move from commissioning to operations we are seeing a reduction in these incidents. There were no Category IV or V incidents in 2005. A more accurate year-on-year comparison can be made by using the number of hours worked during the year as an indicator of overall Group activity. On this basis there was an increase in environmental incidents per million hours worked from 2.93 in 2004 to 7.12 in 2005.

In late 2004, the Minerals Council of Australia decided to replace the Code for Environmental Management with a more comprehensive code called Enduring Value. Enduring Value is a sustainability code based on the International Council on Mining and Metals (ICMM) Framework for Sustainable Development. Enduring Value adopts the ICMM Framework principles and elements and provides implementation guidance in an Australian context. It reflects the three pillars of sustainability (economic, social and environmental), with a strong governance framework. Newcrest became a signatory to Enduring Value in May 2005. As a signatory we have three commitments:

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

We have continued our commitment to progressive rehabilitation. Our Cadia Valley Operations have progressed to the point where there are significant areas available for rehabilitation, and this work is currently underway. We have also commenced rehabilitation trials on a representative area of tailings. At Gosowong, rehabilitation on the original Gosowong pit and waste dump is over 80 percent complete, and rehabilitation has commenced on the Toguraci waste dumps. In recognition of this excellent work, Gosowong was given an award for environmental performance by the Indonesian Departemen Energi dan Sumber Daya Minerals (Department of Energy and Minerals Resource of the Republic of Indonesia).

Top: Sediment pond at the toe of the rehabilitated Gosowong waste dump.

Above: Bird nesting on a marker pole in the sediment pond.

Left: Seedling planting at Toguraci is undertaken to return disturbed ground to its natural state.

Human | Resources

Overview

Our people are fundamental to the achievement of Newcrest's long-term business strategy.

People play a critical role in Newcrest's ongoing evolution, which has seen the development of the current portfolio of mines and a large increase in the value of the Company in recent years. Our people have a track record of doing difficult things well and, as a result, have built a reputation for excellence and innovation in exploration, development and operations.

The past year has seen a significant change in the workforce with a 30 percent increase in the number of employees and a 9 percent reduction in contractors. The major drivers for this changing profile were:

- commissioning of the Telfer open pit operation, which necessitated an increase in the Company's operational workforce
- demobilisation of a major proportion of the Telfer construction team
- commencement of owner mining at Ridgeway in April 2005, which resulted in a significant increase in the number of employees and a corresponding reduction in the number of contractors
- commencement of the Kencana underground project, which necessitated an increase in both employees and contractors at Gosowong.

These changes to the workforce have been made in the context of the resources sector boom, which has been fuelled by China's strong demand growth for raw materials, and so demand for labour in exploration, mining and projects has risen sharply. Supply in these areas is relatively fixed, at least in the short-term, with significant shortages in trades and in the professions of mine engineering, metallurgy, geology and geotechnical disciplines.

People Strategy

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

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

Engaging Our People

Over the year, engagement with Newcrest employees has focussed on Company values, leadership and ensuring that roles in Newcrest are clearly defined and add value. This effort has built on our highly productive relationship with our employees, which in turn is built on flexible and efficient workplace arrangements. In November 2004, the Executive Committee developed the Newcrest's People Framework, which outlines what is fundamental to the Company's values and its relationship with its employees – ethically-based leadership, Newcrest's values, a focus on the right work at every level and clearly defined roles.

This approach and the following actions continue the work of shaping the Company's culture and organisation to sustain the implementation of Newcrest's business strategy.

Embedding Company Values

The Newcrest values were originally developed by employees at Cadia Valley Operations and have found strong acceptance around the rest of the Company. The values are central to the cultural change the Company is making. The Newcrest Values are:

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

The values have been reflected in many initiatives, especially in the priority given to health and safety in the *Target Zero* program. The work of extending the values throughout Newcrest continues.

Implementing Newcrest's People Framework

The following initiatives accelerated the implementation of the framework in the second half of 2004–05:

- the Newcrest Leadership Program, a four-day development course for all leaders and professional staff, which focussed on Newcrest's values, Company strategy, key people systems, leadership and leadership tools. The program commenced with the Executive Committee in March 2005 and by August 2005 all General Managers, Managers, Superintendents and people in senior professional roles had undertaken the course. The program will eventually cover all Supervisors
- the redesigned Work Performance System as an online tool for improving performance through work planning and feedback
- approval from Newcrest's Board for a redesigned remuneration system that reinforces the direction of Newcrest's ethically-based high performance culture and improves retention. These changes, which will take full effect in 2005–06, will create a much stronger link between personal work performance and remuneration, including a closer timing between performance appraisal and pay adjustments.

Top left: Marcia Lac, Principal Business Improvement Advisor at CVO.

Top centre: Nedra Burns, Community and Environmental Liaison Officer at CVO.

Top right: Terry Pilch, Manager External Services at Gosowong with Rachel Benton, Project Manager, Gosowong Exploration.

Bottom left: Marco Zolezzi, Telfer General Manager.

Bottom centre: Noel Rollo, Manager Mining at Gosowong.

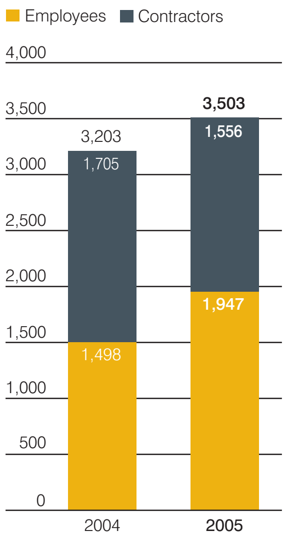
Bottom right: Don Runge, Cracow General Manager.

Having the Right People

Employing people with the appropriate talent and skill sets within the current labour market has proved challenging. In some respects Newcrest is in a slightly better position than companies embarking on major investment projects at a time when the resources investment boom is intensifying. Meeting this challenge has focussed close attention on retention and recruitment. Additional actions taken include:

- implementing a systematic approach to identifying and investing in the Company's talent
- ensuring remuneration, working conditions and career development and opportunities are attractive and competitive, and that Newcrest's employees are the Company's best advocates
- ramping up Newcrest's graduate program, following a successful first year in 2004
- establishing a scholarship program for university students in the third year of their degree
- increasing the number of apprentices.

Employee Statistics



Section 6 Corporate Governance

Board | of Directors

Ian R. Johnson
Non-Executive Chairman

Bachelor of Science (Hons) from the University of New England.

Mr Johnson is a former Chief Executive Officer of Newcrest Mining Limited and former Group Executive of CRA Limited. A Fellow of AusIMM and a Fellow of the Australian Institute of Company Directors, Mr Johnson was appointed to the Board on 2 September 1998 and elected Chairman on 28 October 1998. He is Chairman of the Remuneration Committee and a member of the Nomination, Governance and Ethics Committee.

Other Directorships:

Director of Leighton Holdings Limited from September 1997 to June 2004.

Anthony J. Palmer
Managing Director and Chief Executive Officer

Bachelor of Engineering (Hons) from the University of NSW.

Mr Palmer is a former General Manager with WMC Ltd with responsibility for the Olympic Dam project and former Managing Director of Normandy Mining Ltd and Danae Resources. He commenced as MD and CEO of Newcrest on 1 December 2001 and is a member of the Remuneration Committee. Mr Palmer is a member of the Australian Institute of Company Directors, a member of AusIMM and President of Australian Mines & Metals Association Inc.

R. Bryan Davis
Non-Executive Director

Bachelor of Science Technology (Mining) from the University of NSW.

Mr Davis is a former Executive Director of Pasminco Limited. A Fellow of AusIMM and a member of the Australian Institute of Company Directors, Mr Davis was appointed to the Board in March 1998. He is Chairman of the Safety, Health and Environment Committee and a member of the Audit and Remuneration Committees.

Other Directorships:

Chairman of Bendigo Mining Limited from September 2004, Director of OneSteel Limited from December 2004 and Director of Coal & Allied Industries Ltd from September 2000. Previously Chairman of Indophil Resources N.L. from November 2000 to April 2005.

Ronald C. Milne
Non-Executive Director

Member of Certified Practising Accountants Australia.

Mr Milne was appointed to the Board in November 1995 with a management career extending through the manufacturing, merchant banking and oil exploration industries. He is Chairman of the Finance Committee and a member of the Remuneration, Audit and Safety, Health and Environment Committees.

Other Directorships:

Director of Brambles Industries Limited from June 1985 to November 2004 and of Brambles Industries plc from August 2001 to November 2004.

Michael A. O'Leary
Non-Executive Director

Bachelor of Science (Technology) from the University of NSW.

Mr O'Leary is a former Chairman and Managing Director of Argyle Diamond Mines and Hamersley Iron and former Director of CRA Limited and Rio Tinto plc. A Fellow of AusIMM and Fellow of the Australian Institute of Company Directors, he was appointed to the Board in September 2003. Mr O'Leary is a member of the Remuneration, Finance and Safety, Health and Environment Committees.

Other Directorships:

Director of Santos Limited from October 1996 and former Director and Deputy Chairman of Bank West Ltd from May 1996 to September 2004.

Ian A. Renard
Non-Executive Director

Bachelor of Arts and Master of Laws Degrees from the University of Melbourne.

Mr Renard is Chancellor of the University of Melbourne. A Fellow of the Australian Institute of Company Directors, he was appointed to the Board in May 1998. Mr Renard is Chairman of the Audit Committee and a member of the Remuneration and Nomination, Governance and Ethics Committees.

Other Directorships:

Director of CSL Limited from August 1998, Hillview Quarries Pty Ltd from August 1998 and SP Australia Networks (Transmission) Pty Ltd and SP Australia Networks (Distribution) Pty Ltd from June 2005. Past Director of AMP Limited from August 1998 to August 2003.

Nora L. Scheinkestel
Non-Executive Director

Bachelor of Laws (Hons) and PhD from the University of Melbourne.

Dr Scheinkestel is an Associate Professor at the Melbourne Business School at the University of Melbourne and a Fellow of the Australian Institute of Company Directors. She was appointed to the Board in August 2000 with a management background in international banking and project finance. Dr Scheinkestel is Chairman of the Nomination, Governance and Ethics Committee and a member of the Remuneration and Finance Committees.

Other Directorships:

Director of PaperlinX Limited since February 2000, AMP Ltd since September 2003 and Mayne Group Limited since July 2005. Former Chairman of South East Water Ltd from July 2002 to August 2005.

Corporate Governance

Newcrest's vision is to maintain its position as a leading producer of gold and copper, creating shareholder wealth in a manner that also benefits our employees and the communities and environment in which we operate. The Newcrest Board believes that adherence by the Company and its people to the highest standards of corporate governance is critical in order to achieve this vision.

Following is a summary of Newcrest's corporate governance practices during the year to 30 June 2005, in accordance with the Principles of Good Corporate Governance issued by the Australian Stock Exchange (ASX).

Principle 1 – Lay Solid Foundations for Management and Oversight

On behalf of the shareholders, the Board:

- sets the Company's strategic goals and objectives
- oversees the management and performance of the Company's business
- determines broad issues of policy
- sets an appropriate framework of corporate governance for management.

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

The Board Charter defines the Board's role and responsibilities in relation to strategic, financial, operational and governance matters. It makes it clear that the role of the Board is not to manage the Company but to set, on behalf of the owners, the strategic direction of the Company and to review, oversee and monitor the management and performance of the business by the Company's management team.

To facilitate the execution of its responsibilities, the Board's Committees provide a forum for a more detailed analysis of key issues. All Directors receive all Committee papers and minutes. Each Committee reports its deliberations to the next Board Meeting. The current Committees of the Newcrest Board, their membership and functions are as follows.

Audit Committee

Members: Ian A. Renard (Chairman), R. Bryan Davis, Ronald C. Milne

Function: ensures compliance with all accounting and financial reporting obligations of the Group and reviews internal financial controls and the role of the internal and external auditors, including the independence of the external auditors, and the Company's risk management activities.

Remuneration Committee

Members: Ian R. Johnson (Chairman), all Directors

Function: deals with all matters relating to the Company's remuneration policy, executive and employee remuneration levels and remuneration matters generally.

Finance Committee

Members: Ronald C. Milne (Chairman), Nora L. Scheinkestel, Michael A. O'Leary

Function: formulates and monitors policies and procedures for treasury practices and considers the Company's funding requirements.

Nomination, Governance and Ethics Committee

Members: Nora L. Scheinkestel (Chairman), Ian R. Johnson, Ian A. Renard

Function: considers candidates for the Board, reviews corporate governance, compliance processes and human resources (excluding remuneration) and monitors the ethical standards of the Company.

Safety, Health and Environment Committee

Members: R. Bryan Davis (Chairman), Ronald C. Milne, Michael A. O'Leary

Function: monitors the Company's safety, health and environmental management practices and ensures that the Company has appropriate policies in place.

Charters for all Board Committees can be found at www.newcrest.com.au//corporate.asp.

The Managing Director, although a member of the Remuneration Committee, absents himself from all discussions relating to his remuneration. He is invited to attend all other Committee meetings. All Directors are welcome to attend any Committee meetings.

All Directors have direct access to the Company's senior managers. The Board has adopted a formal policy which ensures that Directors also have access to independent external advisers when necessary. All Directors are encouraged to visit the Company's operating sites annually.

Principle 2 – Structure the Board to Add Value

Newcrest's Board currently comprises seven Directors – the Managing Director and six Non-Executive Directors. Details of each Director's skills, experience and relevant expertise are set out on page 49.

The Board has determined that all Non-Executive Directors, including the Chairman, are independent and free of any relationship which might conflict with the interests of the Company. In doing so the Board adopted the definition suggested in the ASX Best Practice Recommendations and formed the view that the materiality thresholds set out in the ASX definition would be breached only if a Director received, as a consultant to the Company, fees exceeding $250,000 per annum, was a principal or partner of a professional adviser that billed more than $3 million per annum during the last three years, or was a Director or Officer of a supplier or customer that held contracts with the Company for an aggregate value exceeding 10 percent of Newcrest's annual revenue. Although Mr Johnson acted in the role of Executive Chairman for three months during 2001 pending the appointment of a new Managing Director, the Board considers that the interim nature and shortness of that appointment has not compromised his independence. The Board will continue monitoring the independence of each Director and the materiality thresholds that it has set to ensure that they remain appropriate.

The Board regularly reviews its membership to ensure that it offers the range of business skills and expertise demanded by the Company's operations.

When a Board position becomes vacant or additional Directors are required candidates are identified, with professional advice taken if necessary. Candidates are initially considered by the Nomination, Governance and Ethics Committee and then by the full Board. Appointment of the Managing Director is made by the full Board, with professional advice taken if necessary. All Board appointments are subject to shareholder approval. As a general rule, a Non-Executive Director who has served on the Board for 12 years or more will not seek re-election.

All Directors of the Newcrest Board are required, as a matter of Board Policy, to own a minimum of 3,000 shares in the Company. In addition, all Non-Executive Directors are required to allocate at least 10 percent of their Director's fees to the purchase of Company shares at market prices. The Newcrest Directors are also permitted to seek independent professional advice as reasonably required at the expense of the Company.

Principle 3 – Promote Ethical and Responsible Decision-making

Ethics and Values

The Company has a formal Code of Conduct, which all Newcrest Directors, employees and contractors are required to observe, and a comprehensive range of corporate policies which detail the framework for acceptable corporate behaviour. These set out procedures employees are required to follow in a range of areas including share trading, employment practices and compliance. The Company policies are reviewed periodically.

Newcrest has formulated and adopted five key values to guide its employees in the conduct of the Company's activities.

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

An extensive training program has been conducted to educate employees in the Newcrest values and to encourage them to do the right thing in accordance with these values.

Directors' and employees' shareholdings are subject to the Company's Share Trading Policy, which restricts the times when a Director or employee can purchase or sell Company stock and prohibits short-term trading.

Principle 4 – Safeguard Integrity in Financial Reporting

Newcrest's Chief Executive Officer and Executive General Manager Finance provide written statements to the Newcrest Board, in relation to the half year to 31 December and the financial year, that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The Audit Committee is given further assurance regarding the integrity of the Company's control systems by the internal audit team, led by the General Manager Risk and assisted by KPMG, who provide a majority of the internal audit reports.

The Newcrest Audit Committee comprises three Non-Executive independent Directors. The Committee's Charter is set out on the Company's website.

Ernst & Young provides the Audit Committee with a confirmation of its independence for each financial year. During the reporting year Ernst & Young did not perform any non-audit services. The Newcrest policy on auditor independence sets out guiding principles to avoid circumstances where the independence of the Company's auditors may be impaired, namely where:

Principle 4 – Safeguard Integrity in Financial Reporting (continued)

- the non-audit services would normally be subject to scrutiny as part of the external audit process
- the fees for the non-audit services would be considered significant compared to the audit fees
- the non-audit services could be considered to be in conflict with the role of the external auditor, by their nature or by their means of compensation.

Principle 5 – Make Timely and Balanced Disclosure

The Board recognises the importance of keeping the market fully informed of the Company's activities and of communicating openly and clearly with all stakeholders. A formal Continuous Disclosure Policy is in place to ensure that this occurs. Company information considered to be material is announced immediately through the ASX. Key presentations given by Company personnel to investors and institutions are also lodged with the ASX.

All key communications are placed immediately on the Company website and, when necessary, mailed directly to all shareholders. General and historical information about the Company and its operations is also available on the website.

Principle 6 – Respect the Rights of Shareholders

Newcrest's General Manager Corporate Development is charged with the responsibility to ensure effective communication with shareholders. This is achieved through:

- complying with ASX listing rules and reporting requirements
- webcasting half year and full year financial results and quarterly report presentations
- ensuring continuous disclosure
- holding an accessible and informative Annual General Meeting
- posting on the Company's website all other ASX announcements including analysts' briefings and presentations by the Company to public forums.

The Company has adopted the practice of alternating the location of its Annual General Meeting to facilitate the maximum possible attendance by shareholders. At each meeting the Company's auditors are available to answer questions relating to the auditing of the Company's financial statements. The Newcrest Chairman encourages shareholder questions at the Company's Annual General Meeting and shareholders unable to attend are given the opportunity to submit questions to the Chairman prior to the meeting.

Principle 7 – Recognise and Manage Risk

The Board recognises that risk management and compliance are fundamental to sound management and that oversight of such matters is a key responsibility of the Board. The Company has a formal Risk Management Policy approved by the Board and a comprehensive reporting system which seeks to identify, at the earliest opportunity, any significant business risks.

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

These reporting and control mechanisms underpin written certifications given by the Managing Director and Executive General Manager Finance to the Board each half year that the Company's financial reports fairly reflect its financial condition and operational results, are in accordance with relevant accounting standards, and that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8 – Encourage Enhanced Performance

The Company has in place a performance appraisal and remuneration system for Executives designed to encourage performance. Further details regarding the Newcrest performance management system for the period 2004–05 are set out in the Remuneration Report on pages 59–72. The Company also receives an annual confidential market report benchmarking Board and Company performance and standing, relative to a peer group.

Principle 9 – Remunerate Fairly and Responsibly

Board Remuneration

Total annual remuneration paid to all Non-Executive Directors may not exceed the maximum amount authorised by the shareholders in a general meeting (currently $1,000,000). Each Non-Executive Director appointed prior to 2003 entered into a deed with the Company which provides that, upon retirement, that Director will be eligible to receive a retirement benefit being an amount equivalent to the fees paid to that Director during their preceding three years. The Board determined that the practice of providing retirement benefits be discontinued, and that all benefits accrued as at December 2003 were frozen at that date.

Remuneration of the Non-Executive Directors is fixed rather than variable. It is determined so that Board membership of an appropriate calibre is maintained and is in accordance with remuneration trends in the marketplace. Remuneration levels and trends are assessed with the assistance of professional independent remuneration consultants. The Board has adopted a policy that each Director must personally hold a minimum of 3,000 shares in the Company. In addition to the minimum shareholding, each Director is required to participate in the Non-Executive Directors' Share Plan pursuant to which at least 10 percent of each Director's annual remuneration must be used to buy shares in the Company, on market and at pre-determined times. Both of these measures align Directors' personal interests with shareholders' interests.

From time to time individual Directors may be asked by the Board to undertake extra duties, usually involving their specialist skills or knowledge, to assist the Board to monitor, review or direct key aspects of the Company's business. As any Director who undertakes such extra duties does so only at the request and direction of the Board, rather than management, no conflict of interest or loss of independence arises.

Executive Remuneration

The Board has a formal Remuneration Policy in place which defines and directs the Company's remuneration practices. The Policy recognises the different levels of contribution within management to the short-term and long-term success of the Company. A key element of the Remuneration Policy is the principle of reward for performance, with a significant proportion of each senior manager's remuneration placed 'at risk' to both personal and Company performance. Every employee undergoes a formal performance appraisal each year which is used, in part, to determine that employee's remuneration in the year ahead.

The Board has established with the Managing Director appropriate and specific personal and corporate performance objectives for the short and long-term. The performance of the Managing Director is formally assessed against these objectives annually. The assessment is used to determine, in part, the level of 'at risk' remuneration paid to the Managing Director.

Details of these policies are set out in the Remuneration Report on pages 59–72.

Principle 10 – Recognise the Legitimate Interest of Stakeholders

Newcrest has a formal Code of Conduct which sets out 12 standards for appropriate ethical and professional behaviour for employees and Directors of the Company, and which confirms the values that underpin all of Newcrest's relationships with stakeholders.

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 AMI Code for Environmental Management (2000). A Sustainability Report detailing the Company's environmental and social performance is prepared each year. A copy of the Report can be found on the website at www.newcrest.com.au//sus_report.asp.

The Corporate Governance section and the underlined items can be found at www.newcrest.com.au//corporate.asp.

Concise Financial Report

For the year ended 30 June 2005

The 2005 Concise Financial Report has been derived from Newcrest Mining Limited's 2005 full Financial Report. The financial statements included in the Concise Financial Report cannot be expected to provide as full an understanding of Newcrest Mining Limited's performance, financial position and financing and investing activities as provided by the 2005 full Financial Report. A copy of the full Financial Report, together with the Independent Audit Report, is available to all shareholders upon request.

7

Section

Directors' Report

The Directors present their Report together with the Financial Report of Newcrest Mining Limited ('the Company') and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2005 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Ian R. Johnson
Non-Executive Chairman

Anthony J. Palmer
Managing Director and Chief Executive Officer

R. Bryan Davis
Non-Executive Director

Ronald C. Milne
Non-Executive Director

Ian A. Renard
Non-Executive Director

Nora L. Scheinkestel
Non-Executive Director

Michael A. O'Leary
Non-Executive Director
Acting Chairman since 1 August 2005

Appointment and Qualifications of Directors

All Directors held their position as a Director throughout the entire year and up to the date of this Report. Details of the Directors' qualifications, experience and special responsibilities appear in the Corporate Governance section on page 49.

Company Secretary

Bernard J. Lavery – Bachelor of Laws and Bachelor of Jurisprudence.

Mr Lavery has been the Company Secretary of Newcrest Mining Limited for nine years.

Principal Activities

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

Consolidated Result

The profit of the Consolidated Entity for the year ended 30 June 2005 after income tax and outside equity interest amounted to $136.1 million (2004: $122.9 million).

Dividends

The following dividends of the Consolidated Entity have been paid, declared or recommended since the end of the preceding year:

- Final fully franked dividend for 30 June 2004 of 5 cents per share, amounting to $16.5 million was paid on 15 October 2004.
- Final dividend franked to 49 percent for 30 June 2005 of 5 cents per share, amounting to approximately $16.5 million has been declared and will be paid on 14 October 2005 to shareholders registered by close of business on 23 September 2005 (refer Note 6).

Operating and Financial Review

Overview

The 2004–05 year marked the transition of Newcrest to a truly world-class gold producer with the Company's future production now underpinned by two long-life and low-cost centres, Cadia Valley and Telfer, supported by the higher grade Cracow and Gosowong fields. Importantly, Newcrest moved to a larger operating platform with the commencement of commercial production from the Telfer open pit mine and the Cracow mine.

As foreshadowed last year, significant additions were made to Newcrest's Ore Reserves inventory. Year end gold reserves stood at 33 million ounces, an increase of 18 percent as compared with corresponding gold reserves this time last year.

Corporate debt restructuring is largely complete with much improved terms and debt maturities aligned with Newcrest's business plans.

Operating Results for the Year

Large capital investment in the lead-up to the commissioning of the Telfer project and the initial copper concentrate sales were important milestones for Newcrest in 2004–05. During this period Newcrest took the opportunity to significantly restructure its borrowings to provide more flexible, lower-cost and longer-dated facilities as well as increase the amount of liquidity available to the Company.

The financial highlights for 2004–05 are summarised in the following table. Refer to the Discussion and Analysis of the Financial Statements in the Concise Accounts for a detailed review of the current year results.

	2005	2004
Net profit after tax before significant items	$148.2 million	$122.6 million
Net profit after tax	$136.1 million	$122.9 million
Basic earnings per share	41.3 cents	37.5 cents
Return on members equity (EBIT before significant items)	22.1 percent	18.6 percent
Return on members equity (Net profit after tax)	12.1 percent	12.4 percent
Gearing (net debt/net debt + equity)	55 percent	49 percent

Net profit after tax increased by 11 percent to $136.1 million and increased by 21 percent to $148.2 million when measured before significant items. This latter measure is considered to be a good indicator of the profitability of the underlying businesses. Newcrest's increase in profit resulted principally from commencement of production at Telfer and Cracow, assisted by strong copper by-product revenue. Earnings per share also rose but return on equity remained at a similar level.

Further information on the operating results are included in the Chairman's Report, Managing Director and Chief Executive Officer's Report and the Financial Review section of the Annual Report.

Review of Financial Condition

The financial standing of Newcrest changed substantially during 2004–05. The Company is positioning itself for the future with long-life operations low on the cost curve. This will provide stable cash flows for many years. However Newcrest now has a higher level of gearing than anticipated primarily due to the delay in the start up of the processing plant at Telfer. The Capital Management Plan focus in the short-term is on reducing debt to long-term target levels. With the five-year bank bilateral facilities and longer-dated US private placement issue, a more appropriate mix of long-term and short-term debt has been achieved. The repayment profile of this debt complements Newcrest's business plans. The majority of Newcrest's debt is now in US dollars, which matches the currency in which the Company receives its revenues.

The successful completion of the funding restructure has seen:

- a reduction in the margin paid by Newcrest on its funding
- the maturity profile on Newcrest's debt increased with bullet maturities between five and 15 years
- the transformation of Newcrest's banking covenants away from project style covenants to more general corporate covenants
- an increase in available liquidity in the medium term
- a diversification of Newcrest's sources of funding including banks and capital markets in Australia, the US, Europe and Japan.

The various financings that occurred during 2004–05 demonstrate that Newcrest's credit position had substantially improved to a sustainable investment grade rating. The key to maintaining this credit standing will be a reduction in gearing levels to the more modest levels being targeted by the Company. This should be achievable given the strong cash flow forecast from Telfer and other operations. Over the next few years the focus of the Capital Management Plan will be on finding the right mix between reinvestment in existing development projects, reduction of debt and returns to shareholders.

Further information on the financial condition of the Company is included in the Financial Report section of the Annual Report and the discussion and analysis section in the Concise Accounts.

Likely Developments, Business Strategies and Future Prospects

The consolidated entity will see the benefits of the commissioning of the Telfer project having a material impact with significant increases in key financial results and measures expected for the 2005–06 full financial year. The most significant areas of development, strategies and prospects for Newcrest are:

- Commissioning of Telfer is an ongoing process and the rate at which metallurgical performance can be optimised will have an effect on the anticipated level of production and the results for 2005–06. The pyrite plant is expected to be commissioned by January 2006 and the Telfer underground is expected to commence production in the fourth quarter of 2005–06.
- Kencana is expected to commence production in the fourth quarter of the 2005–06 financial year.
- Cracow production ramp-up will continue.
- Cadia Valley Operations production rates are expected to decline due to grade profile changes at depth at Ridgeway and a reduction in tonnes mined at Cadia Hill and resultant treatment of lower-grade stockpiles.
- Feasibility and development work to continue at Cadia East and Ridgeway Deeps.

- Commitment to exploration activities to continue.
- The assessment of a divestment of Newcrest's 22.22 percent interest in the Boddington Gold Mine Joint Venture will be performed.

Further information in likely developments and future prospects in the operations of Newcrest known to the date of this Report have also been covered in further detail in the Chairman's Report and the Managing Director and Chief Executive Officer's Report which are included in the Annual Report. Any further information of this nature has been omitted as it would unreasonably prejudice the interests of the consolidated entity if this report were to refer to such matters.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year were as follows:

- The 2004–05 financial year was a significant year with the operating results including sales from Telfer since the commencement of commercial production on 1 February 2005. The operating results exclude initial production from the Telfer mine. Revenue and operating costs incurred during the pre-commissioning phase which were necessary to bring the Telfer plant and equipment to a stage for its intended use are included in the capital cost of construction.
- On 5 July 2004 the Company announced that it had completed a comprehensive simplification of its gold and foreign currency hedging positions. The restructure of the hedgebook included elimination of the entire foreign currency book and all contingent products in the gold book. The overall purpose of the restructure was to provide greater revenue certainty and to facilitate greater understanding of the Company's total business. At 30 June 2005 the mark to market of derivative financial instruments was negative $582.9 million (2004: negative $478.4 million).
- Total expenditure capitalised on the Telfer project in the financial year was $519.6 million.
- During the year there was a significant debt restructure as part of the Group's overall Capital Management Plan. The Company completed its funding requirements for Telfer with the successful issue of US$350 million of long-term senior unsecured notes to the North American private placement debt market. US$844 million of available revolving bilateral debt facilities with Australian and foreign banks was also completed. These facilities were used to repay the A$575 million Telfer multi-currency syndicated loan note and other short-term debt facilities. This revised debt position has aligned Newcrest capital structure by ensuring an appropriate mix of long-term and short-term debt.

Subsequent Events

Subsequent to 30 June 2005, Newcrest Mining Limited announced that it is assessing a divestment of its 22.22 percent interest in the Boddington Gold Mine Joint Venture.

There are no other matters or circumstances which have arisen since 30 June 2005 that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Environmental Regulation

The operations of the Consolidated Entity in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted. The operation in Indonesia is subject to environmental regulation under the laws of the Republic of Indonesia and the Province in which it operates. It is the policy of the Consolidated Entity to comply with all relevant environmental regulations in the other countries in which it operates.

Each mining operation is subject to particular environmental regulation specific to the activities undertaken at that site as part of the licence or approval for that operation. There are also a broad range of industry specific environmental laws which apply to all mining operations and other operations of the Consolidated Entity. The environmental laws and regulations generally address the potential impact of the Consolidated Entity's activities in relation to water and air quality, noise, surface disturbance and the impact upon flora and fauna.

The Consolidated Entity has a uniform internal reporting system across all sites. All environmental events, including breaches of any regulation or law, are ranked according to their actual or potential environmental consequence. Five levels of incidents are recognised (based on Australian Standard AS4360): 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 Consolidated Entity.

The number of events reported in each category during the year are shown in the accompanying table. In all cases environmental authorities were notified of those events where required and remedial action undertaken. There was a significant increase in Category II (minor) incidents compared with the previous year. Most of these incidents were small process spills which occurred during the commissioning of the process plant at Telfer.

Category	II	III	IV	V
2005 – No. of incidents	66	5	–	–
2004 – No. of incidents	20	1	1	–

The Managing Director reports monthly to the Board on all environmental and health and safety incidents. The Board also has a Safety, Health and Environment Committee which reviews the environmental and safety performance of the Consolidated Entity. The Directors are not aware of any environmental matter which would have a materially adverse impact on the overall business of the Consolidated Entity.

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 Committee Meetings		Remuneration Committee Meetings		Finance Committee Meetings		Nomination, Governance & Ethics Committee Meetings		Safety, Health & Environment Committee Meetings	
	A	B	A	C	A	C	A	C	A	C	A	C
I. R. Johnson	12	13	–	–	5	5	–	–	2	3	–	–
A. J. Palmer	13	13	–	–	5	5	–	–	–	–	–	–
N. L. Scheinkestel	12	13	–	–	5	5	4	4	3	3	–	–
R. B. Davis	13	13	5	5	5	5	–	–	–	–	3	3
R. C. Milne	13	13	5	5	5	5	4	4	–	–	3	3
I. A. Renard	13	13	5	5	5	5	–	–	3	3	–	–
M. A. O'Leary	13	13	–	–	5	5	4	4	–	–	3	3

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.

The details of the functions and memberships of the Committees of the Board are presented in the Statement of Corporate Governance.

Directors' Interests

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with Section 235(1) of the Corporations Act 2001, at the date of this Report, is as follows:

	Chief Entity or Related Body Corporate	Number of Ordinary Shares	Nature of Interest	Number of Rights/ Options Over Ordinary Shares
I. R. Johnson	Newcrest Mining Limited	44,679	Direct and Indirect	–
A. J. Palmer	Newcrest Mining Limited	11,097	Direct	533,537
R. B. Davis	Newcrest Mining Limited	15,668	Direct and Indirect	–
R.C. Milne	Newcrest Mining Limited	9,462	Direct	–
I. A. Renard	Newcrest Mining Limited	16,886	Direct	–
N. L. Scheinkestel	Newcrest Mining Limited	72,836	Direct and Indirect	–
M. A. O'Leary	Newcrest Mining Limited	12,737	Direct	–

Shares, Rights and Options

During the year an aggregate of 1,819,500 options were exercised, resulting in the issue of 1,819,500 ordinary shares of the Company at an aggregate consideration of $8.5 million.

At the date of this Report there were 6,516,783 unissued shares under rights and options (7,255,056 at reporting date).

Remuneration Report

About this Report

This Report outlines the overall remuneration strategy, framework and practices for the Company. Included are specific details of the remuneration arrangements for the Company's Directors and senior Executives in accordance with the Corporations Act.

The Remuneration Committee

The Remuneration Committee (Committee) is responsible for overseeing the implementation of Newcrest's remuneration policies and practices. The Committee holds the full delegated authority of the Board, including the power of decision-making, in relation to the duties and responsibilities set out in its Charter. The Charter is available on the Company's website at www.newcrest.com.au.

References in this Report to matters considered or decided by the Committee should be taken as matters considered or decided by the Board.

The key duties and responsibilities of the Committee are to consider and make decisions in relation to:

- the broad remuneration strategies of the Company
- the remuneration of Executive officers on an annual basis, including incentive schemes
- the implementation and administration of major components of the Company's remuneration strategy such as superannuation, share plans, incentive and bonus payments
- performance management practices and outcomes
- the remuneration policies and practices of the Company including contract terms, retirement and termination entitlements of Executive officers
- the remuneration framework for Directors.

The Committee is comprised of all Non-Executive Directors and the Managing Director and is chaired by the Chairman of the Board. Other usual attendees at meetings include the Executive General Manager, Organisation Effectiveness and the Company Secretary (Committee Secretary). The Managing Director does not participate in any Committee deliberations or decisions in relation to his own position or remuneration. A minimum of two-thirds of the Committee members are required for a quorum.

The Committee meets at least three times a year to review the structure and implementation of the Company's remuneration strategy including fixed remuneration, Short Term Incentive ('STI') plans, Long Term Incentive ('LTI') plans and other bonus arrangements. Each of these components of remuneration is described later in this Report.

Specified Directors and Specified Executives

Specified Directors

Specified Directors include the Managing Director and Non-Executive Directors.

The remuneration of the Managing Director comprises fixed remuneration, and at risk remuneration. At risk remuneration includes both short-term and long-term incentives.

The remuneration of Non-Executive Directors comprises fees, of which a minimum of 10 percent must be directed to the purchase of Company shares under the Non-Executive Directors' Share Plan, and mandatory superannuation contributions. No short-term or long-term incentives are paid to Non-Executive Directors.

Specified Executives

Specified Executives include the six Executive General Managers who are members of the Company's Executive Committee. Executive General Managers, together with the Managing Director, exercise the greatest control over the management and strategic direction of the Group and are also the highest paid individuals in both the parent entity and Consolidated Entity.

The remuneration of Specified Executives comprises fixed remuneration and at risk remuneration. At risk remuneration includes both short-term and long-term incentives.

Non-Executive Directors' Remuneration

Under the Company's Constitution each Director, other than the Managing Director, is required to retire by rotation every third year, at a minimum. A Director retiring by rotation is eligible to stand for re-election if he or she chooses to do so.

As a general rule, a Non-Executive Director who has served on the Board for 12 or more years will not seek re-election.

Non-Executive Directors, including the Chairman, are paid fees for their services to the Company. The Company also pays, in addition to those fees, a 9 percent superannuation contribution. The level and structure of fees is based upon the need for the Company to be able to attract and retain Non-Executive Directors of an appropriate calibre, the demands of the role and prevailing market conditions. The Committee also obtains guidance from external advisers specialising in remuneration for Non-Executive Directors.

The aggregate amount of fees paid is within the overall amount approved by shareholders in general meeting. The last determination made was at the Annual General Meeting held on 29 October 2003, where shareholders approved an aggregate amount of $1,000,000 per annum.

Non-Executive Directors do not receive any performance related remuneration and are not entitled to participate in the Company's Executive Share Option Plan or the Executive Performance Share Plan. Each Director is required to participate in the compulsory Non-Executive Director Share Plan pursuant to which a minimum 10 percent of each Director's fees must be used to buy shares in the Company on market at the prevailing market price (with no discount). All Directors, including the Managing Director, are required to hold a minimum of 3,000 shares in the Company.

Non-Executive Directors do not receive any additional fees or allowances for Committee work, except that Mr Milne was paid an additional amount of $5,000 per annum for acting as Chairman of the Company's Superannuation Policy Committee. Under the Company's Constitution, Directors may be remunerated for extra services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties.

During 2003 the Board made a decision to discontinue, as from 31 December that year, the practice of paying Directors a retirement benefit. Each of the Directors in office at that time, whose retirement benefits are contractually established in their formal terms of engagement with the Company, has agreed to have those benefits frozen with effect from 31 December 2003 in respect of the service they have provided up to that date. Retirement benefits will not be provided to any new Director, nor to Mr O'Leary who was appointed in September 2003 after the decision had been taken. All Directors will receive on retirement any superannuation entitlements that have accrued to them at that time. Any retirement benefit payable to a retiring Director by the Company will be reduced by the amount of their Company paid superannuation entitlement as at that date. The superannuation entitlement is paid out by the Superannuation Fund.

Executive Reward Strategy

As part of the Company's overall remuneration strategy, the Company's Executive Reward Strategy deals with Newcrest's approach to remuneration for its senior managers. It covers all employees at the level of Manager, General Manager, Executive General Manager and Managing Director. The structure of remuneration arrangements for the Specified Executives and the Managing Director are in broad terms no different than for other senior managers in the Company. The main differences relate to the weighting and trigger points for the receipt of different components of their remuneration.

In formulating the Company's Executive Reward Strategy the Committee has recognised that Newcrest operates in a competitive environment, where the key to achieving sustained improvements in Newcrest's performance is through its people.

The key principles of the Executive Reward Strategy during 2004–05 were to:

- provide market competitive levels of remuneration to employees having regard both to the level of work and to the effectiveness of employees in performing their assigned roles
- allocate rewards to employees on the basis of merit and performance
- adopt performance measures for the allocation of rewards that align the interests of employees with the interests of shareholders
- adopt a remuneration structure that provides the appropriate balance in 'risk and reward sharing' between the employee and the Company.

Executive Reward Structure

During 2004–05, Newcrest operated a total remuneration system that comprised policies and programs under two general categories. The remuneration system is designed to strike an appropriate balance between fixed and variable remuneration.

- Fixed remuneration. This is commonly referred to as Total Employment Cost (TEC) and includes cash salary, superannuation and any benefits (and associated fringe benefits tax) provided under a salary sacrifice arrangement.
- Variable remuneration. This is commonly referred to as at risk remuneration and consists of two components: STI and LTI. Both are tied to various personal and corporate performance measures and, depending upon whether those performance measures are met or exceeded, are therefore at risk.

Fixed remuneration

Fixed remuneration is a level of fixed reward calculated on a total cost-to-company basis, and includes compulsory superannuation contributions.

The Committee reviews and determines the TEC for the Managing Director. The Managing Director annually reviews and recommends to the Committee the TEC for Specified Executives. The Specified Executives annually review and in turn recommend to the Managing Director the TEC for other senior executives, according to the annual cycle of performance review and salary adjustment specified under Newcrest's Work Performance System and Remuneration System.

Fixed remuneration for each employee is set by reference to appropriate industry benchmark information, taking into account an individual's responsibilities, performance, and experience. For 2004–05, Newcrest's broad objectives were to ensure that:

- For senior executives and middle managers, TEC was set at around the 62.5th percentile of the benchmark group. However, total targeted remuneration (TEC plus STI) for the

Managing Director, Specified Executives and other managers eligible to receive STI, was targeted at the 75th percentile of the benchmark group
- For other employees, TEC was set at the 75th percentile of the benchmark group.

For 2004–2005 the benchmark group was a group of comparable companies, including those companies used in the comparator group for the LTI. Management drew on the services of independent remuneration consultants in formulating recommendations on TEC to the Committee for the Managing Director, Specified Executives and other senior managers to the Committee. Where appropriate, further sector specific information was obtained where necessary from specialist remuneration consultants.

Variable remuneration

Variable remuneration comprises the STI and LTI. The Committee takes the view that these are important elements of employee remuneration that provide tangible incentives for employees to improve Newcrest's performance in both the short term and the long term, for the benefit of shareholders. These plans are designed to encourage superior performance in employees with their level of personal reward directly linked to the interests of shareholders. A further objective, stimulated by the sharp tightening of labour markets in the resources sector, has been to retain highly productive and capable employees in the face of external employment opportunities.

The percentage of variable remuneration which is earned is determined under a formula based on personal performance and Newcrest's relative performance against a comparator group of companies. The Committee considers external benchmarking data to assess Newcrest's relative performance. A particular challenge in recent years has been the disappearance of Australian gold producers of a size and complexity similar to Newcrest. This has meant the comparator group largely comprises Australian companies of broadly similar size to Newcrest, only some of which operate in the energy and resources sector. The 2004–05 peer group is set out under the 'Company performance criteria' heading in the 'Long Term Incentive' section.

Short Term Incentive

How the STI is awarded

The STI is an annual cash award contingent on successful achievement of Company performance criteria and individual performance criteria.

The extent to which Company performance and individual performance combine to determine a STI award varies according to the employee's role and capacity to influence Company performance. For the Managing Director, Company performance and individual performance is given equal weighting. However, for Specified Executives less weighting is given to Company performance as those managers are considered less able to individually influence Company performance directly.

Company performance criteria

The Company performance criteria require a pre-determined target, measured as performance relative to a designated comparator group, to be met or exceeded. The performance criteria is based on the Total Shareholder Returns (TSR) earned by the Company over the prior year period compared with the TSR earned over the same period by comparator companies. TSR is defined as the growth in the Company's share price over the performance period plus dividends notionally reinvested.

Individual performance criteria

The individual performance criteria are determined by the Committee at the start of the financial year and are set in terms of the employee's personal contribution towards the performance of the business.

The criteria are measured against a matrix of personal work objectives and key performance indicators (KPIs) were chosen as they link directly to the Company's business strategy. These measures include specific business outcomes as well as performance against safety and other Company priorities.

Rationale

Company and individual performance criteria were chosen so that each eligible employee has a clear incentive to strive for high personal performance and to contribute to high Company performance. This provides a clear alignment between the interests of shareholders and the level of reward for eligible employees. TSR was chosen as the performance hurdle because it was considered by the Committee as the most appropriate means of measuring Company performance, as it incorporates capital returns as well as dividends.

Amount

The potential amount of STI is as follows:

	Percentage of fixed remuneration	
Level	Target(i)	Maximum(ii)
Managing Director	50%	70%
Specified Executives	25%	40%

(i) Target performance requires either fourth quartile Company performance relative to the comparator group, in combination with fully competent individual performance; or third quartile Company performance relative to the comparator group, in combination with superior individual performance.

(ii) Maximum performance requires fourth quartile Company performance relative to the comparator group and outstanding individual performance.

If Company performance or individual performance falls below target levels, then the amount of STI awarded is progressively reduced. If individual performance is unsatisfactory then no STI can be awarded. STI is paid in October each year in respect of the preceding financial year's performance.

Long Term Incentive

Since 1997 the Company has had in place a LTI arrangement which has sought to align executive performance, and therefore remuneration, with the long-term interests of shareholders.

LTI in 2004–05

In August 2004 the Committee approved a new LTI plan known as the Executive Performance Share Plan. This plan better suited the evolving needs of the Company and was reflective of contemporary standards of corporate governance. The plan was implemented for the first time in November 2004 and covers all permanent employees in roles at Manager, General Manager, Executive General Manager and Managing Director levels in the Company.

How the LTI is awarded

Each year, eligible employees are issued with a conditional entitlement (a performance right) to a fully paid ordinary share in the Company. The entitlement is contingent on achieving a performance hurdle over a performance period. The performance hurdle and period is determined by the Board at the time of issue. The conditional entitlements are issued after each Annual General Meeting.

At the end of the performance period, the performance hurdle is tested. To the extent that the performance hurdle is achieved each conditional entitlement can be converted into an ordinary share. If the performance hurdle has not been achieved at the end of the performance period, the entitlements lapse. There is no ability to retest after the performance period.

Company performance criteria

The performance hurdle is based on the Total Shareholder Returns (TSR) earned by the Company over the three-year period compared with the TSR earned over the same period by comparator companies. TSR is defined as the growth in the Company's share price over the performance period plus dividends notionally reinvested.

The comparator group for the 2004–05 LTI plan is comprised of:

Australian Gas Light	Boral
Coal and Allied Industries	CSL
CSR	Gunns
Iluka	James Hardie
Leighton Holdings	Lend Lease
Lihir Gold	Lion Nathan
Mirvac Group	Oil Search
Orica	Origin Energy
Oxiana	PaperlinX
Santos	Sims Group
Smorgon Steel	Toll Holdings
Transurban	

In relation to previous LTI options or grants, and in respect of which rights remain current, the relevant comparator group or index is set out in Table 8.

Rationale

TSR was chosen as the performance hurdle because it was considered by the Committee as the most appropriate means of measuring Company performance, as it incorporates capital returns as well as dividends. This has been considered a more appropriate measure of performance than any earnings-based measure during the strong growth and redevelopment stage that the Company has been in since 1998.

The comparator group has been selected by the Committee as being a group of companies of broadly similar size to Newcrest, including several that are engaged in industries that bear some relation to the activities of the Company. These activities include mining, exploration, construction and commodity marketing. The Committee will review the comparator group from time to time to ensure that it remains adequate and relevant to the purposes to which it is applied.

For previous grants, the Committee selected the relevant comparator group or index on the basis that it appropriately represented a group of companies either broadly similar in size to Newcrest, competing for capital with Newcrest or engaged in industries relevant to the activities of the Company.

Measuring performance criteria

The TSR results are obtained by an independent third party, Equity Strategies Pty Ltd, from data provided by Standard & Poor's who measure Newcrest's TSR performance over the relevant period against the comparator group.

Providing all the above criteria prescribed by the Board are met, the performance hurdle provides a sliding scale for converting the conditional entitlements into ordinary shares according to:

- zero percent conversion if Newcrest TSR are below the threshold 50th percentile of the comparator group
- 50 percent conversion if Newcrest TSR are at the 50th percentile of the comparator group
- 100 percent conversion when 75th percentile performance is achieved
- straight line conversion between 50th and 75th percentile.

Lapsing of entitlements

Where the performance criteria have not been satisfied, the entitlements will lapse.

Entitlements will generally lapse on resignation or dismissal. The LTI plan provides for the preservation of the conditional entitlements on a pro-rata basis in circumstances of incapacity due to ill-health, retirement or retrenchment.

In the case of a change of control of the Company, the Board shall, notwithstanding any other provisions of the rules of the LTI plan, determine whether the performance hurdle would have been satisfied over the period ending at a date when the Board considers that change of control is likely to occur.

Amount

The potential amount of LTI is based on a percentage of fixed remuneration. The table below details these percentages.

Level	Percentage of fixed remuneration
Managing Director	75%
Specified Executives	30%

The number of conditional entitlements is determined by the value of the LTI component of the employee's remuneration package divided by the prevailing Company share price at the time of issue of the conditional entitlement.

LTI in prior years

Between 1997 and 2003 the LTI arrangement for the Company's senior managers was known as the Executive Option Plan ('EOP'). Under the EOP eligible managers, which included Specified Executives and the Managing Director, were allocated five year options with performance hurdles and exercise conditions. Options issued may not be exercised until after the second anniversary of the grant date and can only be exercised to a maximum of 25 percent of the options granted in each subsequent year to the exercise date, subject always to the performance hurdles being satisfied. There is no retesting of performance hurdles.

Details of the performance hurdles for those options are set out at Table 1.

Details of the vesting of options are set out in Tables 7 and 8. Options from tranches that vested during 2004–05 comprised:

- 25 percent tranche of option grant of 3 November 2000
- 25 percent tranche of option grant of 2 April 2001
- 25 percent tranche of option grant of 8 November 2001 (Parcels A and B)
- 25 percent tranche of option grant of 6 February 2003.

In each of the above cases the performance hurdles for the tranches were met.

Table 1: Executive share/option plan performance hurdles 1999–2004

Year	Grant Date	Performance Hurdle
2004	5 Nov 2004	The performance hurdle is based on the TSR Ranking of Newcrest. If at a Performance Date the TSR Ranking of Newcrest is: (a) less than the 50th percentile, the number of rights which vest is zero. (b) equal to the 50th percentile, the number of rights which vest is 50 percent of the rights comprised in the grant. (c) equal to or greater than the 75th percentile, the number of rights which vest is 100 percent of the rights comprised in the grant. (d) greater than the 50th percentile and less than the 75th percentile, then in addition to the rights exercisable under paragraph (b) above, further rights vest the number being calculated on the basis that for each whole percentile point above the 50th percentile a further 2 percent of rights comprised in the parcel vest.
2003	2 Dec 2003 6 Feb 2003	The performance hurdle is based on the TSR Ranking of Newcrest. If at a Performance Date the TSR Ranking of Newcrest is: (a) less than the 50th percentile, the number of options comprised in the relevant tranche which may be exercised is zero. (b) equal to the 50th percentile, the number of options which may be exercised is 50 percent of the total number of options comprised in the relevant tranche. (c) equal or greater than the 75th percentile, the number of options which may be exercised is 100 percent of the total number of options comprised in the relevant tranche. (e) greater than the 50th percentile and less than the 75th percentile, the number of options which may be exercised is calculated on a pro rata, straight line basis between 50 percent to 100 percent of the total number of options comprised in the relevant tranche.
2001	8 Nov 2001(A) 8 Nov 2001(B)	**Parcel 'A' Options** – TSR growth of Newcrest Mining Limited ('Newcrest') must have at least equalled the median TSR growth of the companies in the group of companies (excluding Newcrest) at the Grant Date comprised in the S&P/ASX 200 and classified in the Global Industry Classification Standard Gold Sub-Industry within the Materials Accumulation Index ('Gold Index'). Any company removed from the Gold Index at any time after Grant Date shall not thereafter be included in the comparator group. **Parcel 'B' Options** – TSR growth of Newcrest over the period from Grant Date to the Performance Date must exceed 10 percent per annum compound growth.
1999–2001	2 Apr 2001 3 Nov 2000 7 Sep 1999	TSR growth of Newcrest must have at least equalled the median TSR Growth of companies in the group of companies (excluding Newcrest) included in the Gold Accumulation Index published by the Australian Stock Exchange (ASX) ('Comparator Group').

Relationship of Incentives to Newcrest's Financial Performance

Both the STI and the LTI outcomes are tied to Company performance. Over the period from June 2001 to June 2005 Newcrest has created substantial value for shareholders by defining, developing and bringing into operation a succession of new mining projects. This wealth creation has been financed by a combination of internal cash flow and borrowings. Over this period of rapid growth, the performance of the Company has most appropriately been measured by TSR and Table 2 shows the strong performance in TSR. STI and LTI outcomes for eligible executives have been aligned to this TSR performance.

Whilst the Committee has relied upon TSR as a measure of Company performance for the purpose of assessing entitlement to STI and LTI components of remuneration, other measures of financial performance over the same period reinforce the view that the Company has achieved a substantial increase in shareholder wealth over that timeframe. Details of those other measures for the period are also shown in Table 2.

Table 2: Newcrest financial performance

Year Ended 30 June	2001	2002	2003	2004	2005
Basic EPS* (cents)	15.6	(19.2)	29.6	37.5	41.3
Dividends (cents)	5.0	5.0	5.0	5.0	5.0
Share Price Increase** ($)	(0.01)	3.09	0.07	6.13	3.60
Total Shareholder Returns^ (%)	1.8	49.2	16.5	82.4	32.8

* Basic EPS is calculated as net profit after tax divided by the weighted average number of ordinary shares.

** Share price movement during the financial year.

^ Defined as the growth in the share price over the financial year ending 30 June plus dividends notionally reinvested. The share price is measured as the volume weighted average share price for the six months ending 30 June compared with the same period a year earlier.

During the period June 2001 to June 2005 the Company's TSR performance (relative to the comparator group or index chosen for each financial year) was better than average for the comparator group or index.

Consequently, awards were made under the STI Plan and the amount of STI awarded varied according to a combination of individual and Company performance criteria.

In relation to LTI, the TSR performance achieved and the percentage of options vested is set out in Table 8.

Historically for the STI, Company performance has been measured using the TSR relative to the Australian Gold Index. However, since the delisting of Normandy Mining following its takeover by Newmont in 2003, the Australian Gold Index has been discontinued. Accordingly in late 2004 the Committee reviewed a wide range of measures of relative company performance for 2003–04, and agreed on TSR of the Company compared with a designated group of comparator companies for STI. This group is the same group of comparator companies used for the 2004–05 LTI Plan.

In 2004–05, Newcrest's performance was in the third quartile of the comparator performance (i.e. between the 50th and the 75th percentiles), which meant for Specified Executives that the STI award for fully competent performance was 20 percent of TEC rising to a maximum of 30 percent of TEC for outstanding personal performance.

Managing Director's Remuneration

The Managing Director, Mr Tony Palmer, commenced his employment with the Company on 1 December 2001.

Service Agreement

Upon his appointment he entered into a Service Agreement with the Company. The Agreement, which is not fixed term, outlines:

- duties and responsibilities
- remuneration arrangements upon appointment
- LTI entitlement for his first three years of service
- requirements in relation to any external activities and directorships
- entitlements upon termination
- other customary provisions.

Under the Agreement, in the event of termination by the Company with notice, Mr Palmer is entitled to 24 months' notice or payment in lieu of notice. Under the Agreement Mr Palmer must give the Company not less than six months' written notice. Other than his entitlement to be paid in lieu of notice and to receive any superannuation benefits due to him, Mr Palmer is not entitled to any additional termination payments under the Agreement.

STI

In relation to the 2004–05 period, Mr Palmer was awarded an STI of $440,000 being an amount equivalent to 55 percent of his STI at target performance. This payment will be paid in October 2005. In making the award, the Committee assessed Mr Palmer's performance against his individual objectives and Company performance for the 2004–05 period. The Committee recognised the Company performance was impacted by the delay in the commencement of the Telfer project.

LTI

Mr Palmer's initial remuneration arrangements were structured by the Committee to provide a clear incentive to oversee the timely and proper delivery into production of the large Telfer project, by way of granting him options under the EOP during the first three years of his employment. When Mr Palmer was appointed, the timely and proper delivery of the Telfer project was a fundamental strategic requirement for the Company.

In March 2005 the Board formed the view that the development, construction and commissioning of the first stage of the Telfer project, namely the open pit mining operation, had not been achieved within the timeframe and budget that had been approved for that development.

As a consequence the Board advised Mr Palmer that the performance hurdle for 500,000 of the one million options granted to him could not be considered to have been achieved, and therefore those options lapsed. Full details of the options held by the Mr Palmer, and the performance hurdles applicable to them, are set out in Table 7.

Review of arrangements

At the time of Mr Palmer's appointment the Company had a market capitalisation of $1.2 billion and was ranked lower than 80th on the ASX All Ordinaries Index.

By late 2004 the Company's market capitalisation had risen to $5.8 billion and it was firmly ranked amongst Australia's Top 50 listed companies. As a result, the Committee undertook a complete review of the structure and the amount of Mr Palmer's remuneration. As part of the review the Committee considered research from an external specialist remuneration consultant to ensure Mr Palmer's remuneration remained appropriate for a company of Newcrest's increased size and complexity and in line with market trends.

As a result of that review Mr Palmer's fixed remuneration (TEC) was increased, with effect from 1 January 2005, from $1.1million to $1.6 million per annum. It was also recognised that contemporary remuneration practice indicated a higher proportion of at risk remuneration was warranted. The Committee determined the level of STI payment for Mr Palmer should be increased from 30 percent to 50 percent of TEC for 'at target' performance and the value of his annual LTI participation should be increased from 50 percent to 75 percent and is to be applied to the year ending 30 June 2005.

At the same time the Board recognised that during the previous three years, since Mr Palmer had taken up his appointment, a number of substantial and long-term improvements had been achieved at Newcrest under his leadership, resulting in significant growth in the value of the Company as reflected in the share price. Customarily some component of Mr Palmer's LTI arrangements would have given scope for recognition of those achievements and would have resulted in the conferring of some benefit upon him over and above his annual remuneration.

In Mr Palmer's case the LTI provided to him during his first three years of service had been structured so that they were solely based on the delivery of the Telfer project. The Committee recognised that certain long-term achievements in areas other than Telfer, and as reflected in Newcrest's financial performance over this period (refer Table 2), had not been adequately recognised in Mr Palmer's remuneration. On that basis the Committee resolved to pay Mr Palmer a one-off cash bonus of $2 million in the 2004–05 period to recognise his contribution to the growth in shareholder value during the period from 2001–02 to 2004–05.

Service Agreements

Newcrest has entered into a service contract with the Managing Director and each Specified Executive. The contracts are not fixed term and generally provide for the following:

1. remuneration and employment conditions
2. powers and duties
3. external activities
4. a requirement that the Company provides two years' written notice of termination (except in matters covered by summary termination)
6. a requirement that the employee provides three months' written notice of termination.

In addition to any entitlements conferred on them by their service contract, the Managing Director and each Specified Executive are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave together with any superannuation benefits. The Managing Director and each Specified Executive are not entitled to receive any other additional termination payments, other than those previously mentioned.

Remuneration Details

Specified Directors

Details of the nature and amount of each major element of the remuneration of each Specified Director of Newcrest is as follows:

Table 3: Specified Directors' Remuneration

	Primary Benefits				Post Employment		Equity Compensation			
$'000	Salary/ Base Fee (A)	Short Term Incentive (B)	Cash Bonus (C)	Other Benefits/ Services (D)	Superannuation Contributions (E)	Movement in Accrued Retirement Provision (F)	Value of Options (G)	Value of Performance Rights (H)	Total	Equity Compensation Value % (I)
2004–05										
Executive Director										
A. J. Palmer (Chief Executive Officer and Managing Director)	1,338	440	2,000	15	12	–	380	69	4,254	10.6
Non-Executive Directors										
I. R. Johnson (Chairman)	313	–	–	3	28	–	–	–	344	
R. B. Davis	125	–	–	2	11	–	–	–	138	
R. C. Milne	125	–	–	13	12	–	–	–	150	
I. A. Renard	125	–	–	–	11	–	–	–	136	
N. L. Scheinkestel	125	–	–	–	11	–	–	–	136	
M. A. O'Leary	125	–	–	5	11	–	–	–	141	
	2,276	440	2,000	38	96	–	380	69	5,299	n/a
2003–04										
Executive Director										
A. J. Palmer	832	330	–	34	11	–	445	–	1,652	26.9
Non-Executive Directors										
I. R. Johnson	253	–	–	–	20	38	–	–	311	
R. B. Davis	113	–	–	–	9	32	–	–	154	
R. C. Milne	113	–	–	5	10	17	–	–	145	
I. A. Renard	113	–	–	–	9	17	–	–	139	
N. L. Scheinkestel	113	–	–	–	9	32	–	–	154	
M. A. O'Leary	91	–	–	–	7	–	–	–	98	
	1,628	330	–	39	75	136	445	–	2,653	n/a

Specified Executives

Details of the nature and amount of each major element of remuneration for Newcrest's Specified Executives in 2004–05 is as follows:

Table 4: Specified Executives' Remuneration

	Primary Benefits			Post Employment	Equity Compensation		Other Benefits		
$'000	Base Remuneration (A)	Short Term Incentive (B)	Non-Monetary Benefits (D)	Superannuation Contributions (E)	Value of Options (G)	Value of Performance Rights (H)	Termination Payment (J)	Total	Equity Compensation Value % (I)
2004–05									
J. Smith Executive General Manager Finance	602	157	–	12	82	22	–	875	11.9
T. O'Neill Executive General Manager Operations and Marketing	520	136	4	12	144	20	–	836	19.6
D. Wood Executive General Manager Exploration	520	136	3	12	144	20	–	835	19.6
B. Lavery Executive General Manager Corporate Services	448	94	4	12	144	17	–	719	22.4
M. Butlin Executive General Manager Organisation Effectiveness (Commenced 3 May 2004)	458	98	4	12	–	17	–	589	2.9
B. Price Executive General Manager Development and Projects (Employment ceased 10 December 2004)	255	–	51	12	144	–	2,138	2,600	5.5
P. Hallam Executive General Manager Development and Projects (Commenced 14 February 2005)	194	45	2	12	–	20	–	273	7.3
	2,997	666	68	84	658	116	2,138	6,727	n/a
2003–04									
J. Smith	522	240	34	11	38	–	–	845	4.5
T. O'Neill	416	130	5	11	98	–	–	660	14.8
D. Wood	420	208	3	11	104	–	–	746	13.9
B. Lavery	394	113	5	11	104	–	–	627	16.6
B. Price	462	150	56	11	104	–	–	783	13.3
	2,214	841	103	55	448	–	–	3,661	n/a

Notes to Tables 3 and 4:

(A) Base remuneration comprises cash salary and available salary package options grossed-up by related fringe benefits tax where applicable. Newcrest's superannuation contributions made on behalf of Specified Executives are disclosed separately.

(B) The short-term incentive relates to the Managing Director's and Specified Executives' performance in the 30 June 2005 year and for comparatives, the 30 June 2004 year.

(C) Cash bonus awarded to the Managing Director as described earlier in the Report.

(D) Includes travel, parking, insurance and applicable fringe benefits tax payable on benefits.

(E) Includes superannuation in accordance with applicable legislation.

(F) Represents amounts accrued during the year in respect of Non-Executive Directors' retirement benefits.

(G)(H) The total value of options and rights included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities' as amended by Accounting Standard AASB 1046A. This required the following:

- The fair value of options is calculated at the grant date using an option pricing model which combines both Black-Scholes and binomial methodologies. To determine the amount disclosed as remuneration, the fair value is allocated evenly over the period from the grant date to the vesting date.
- The fair value of rights, comprising rights over unissued shares, granted under the Executive Performance Share Plan has been valued as American call options using a Monte Carlo simulation option pricing model and binomial tree models. To determine the amount disclosed as remuneration, the fair value is allocated evenly over the period from the grant date to the vesting date.
- The following factors and assumptions were used in determining the fair value of options and rights on the grant date:

	Rights – Nov 2004	Options – Dec 2003	Options – Feb 2003	Options – Nov 2001
Fair value	$10.55	$4.11	$2.06	$0.70
Exercise price	–	$12.29	$6.62	$3.36
Estimated volatility	33%	37%	43%	46%
Risk-free interest rate	5.25%	6.33%	4.97%	4.80%
Dividend yield	0.40%	0.39%	0.75%	1.5%
Expected life of award/option	3 years	5 years	5 years	5 years

(I) Represents the value of options and rights included in remuneration as a percentage of total remuneration.

(J) Termination payment includes payment in lieu of notice and applicable STI and LTI payments statutory and accrued annual leave and long service leave entitlements.

Options and Rights Held by Specified Directors and Specified Executives

Options

All options refer to options over ordinary shares of Newcrest, which are exercisable on a one-for-one basis under the Executive Share Option Plan.

The movements during the year in the number of options over ordinary shares in Newcrest, held directly, indirectly or beneficially, by each Specified Director and Specified Executive, including their personally related entities are as follows:

Table 5: Movement in Options for Specified Directors and Specified Executives 2004–05

				Movement During the Year							
Specified Director/ Executives	Grant Date	Expiry Date	Exercise Price	Balance at 1 July 2004	Options Exercised	Amount Paid to Exercise Options	Options Lapsed	Balance at 30 June 2005	Options Vested During the Year	Vested and Exercisable at 30 June 2005	Non-Vested
A. Palmer	8-Nov-01	8-Nov-06	$3.36	500,000	–	–	375,000	125,000	–	–	125,000
	6-Feb-03	6-Feb-08	$6.62	250,000	–	–	125,000	125,000	–	–	125,000
	2-Dec-03	2-Dec-08	$12.29	250,000	–	–	–	250,000	–	–	250,000
Total				*1,000,000*	–	–	*500,000*	*500,000*	–	–	*500,000*
J. Smith	2-Dec-03	2-Dec-08	$12.29	100,000	–	–	–	100,000	–	–	100,000
T. O'Neill	8-Nov-01 Parcel A	8-Nov-06	$3.36	100,000	–	–	–	100,000	25,000	50,000	50,000
	8-Nov-01 Parcel B	8-Nov-06	$3.36	50,000	–	–	–	50,000	12,500	25,000	25,000
	6-Feb-03	6-Feb-08	$6.62	100,000	–	–	–	100,000	25,000	25,000	75,000
	2-Dec-03	2-Dec-08	$12.29	100,000	–	–	–	100,000	–	–	100,000
Total				*350,000*	–	–	–	*350,000*	*62,500*	*100,000*	*250,000*
D. Wood	7-Sep-99	7-Sep-04	$3.73	25,000	(25,000)	$93,250	–	–	–	–	–
	3-Nov-00	3-Nov-05	$3.87	100,000	–	–	–	100,000	25,000	75,000	25,000
	8-Nov-01 Parcel A	8-Nov-06	$3.36	100,000	–	–	–	100,000	25,000	50,000	50,000
	8-Nov-01 Parcel B	8-Nov-06	$3.36	50,000	(10,000)	$33,600		40,000	12,500	15,000	25,000
	6-Feb-03	6-Feb-08	$6.62	100,000	–	–	–	100,000	25,000	25,000	75,000
	2-Dec-03	2-Dec-08	$12.29	100,000	–	–	–	100,000	–	–	100,000
Total				*475,000*	*(35,000)*	*$126,850*	–	*440,000*	*87,500*	*165,000*	*275,000*
B. Lavery	7-Sep-99	7-Sep-04	$3.73	100,000	(100,000)	$373,000	–	–	–	–	–
	3-Nov-00	3-Nov-05	$3.87	100,000	–	–	–	100,000	25,000	75,000	25,000
	8-Nov-01 Parcel A	8-Nov-06	$3.36	100,000	–	–	–	100,000	25,000	50,000	50,000
	8-Nov-01 Parcel B	8-Nov-06	$3.36	50,000	–	–	–	50,000	12,500	25,000	25,000
	6-Feb-03	6-Feb-08	$6.62	100,000	–	–	–	100,000	25,000	25,000	75,000
	2-Dec-03	2-Dec-08	$12.29	100,000	–	–	–	100,000	–	–	100,000
Total				*550,000*	*(100,000)*	*$373,000*	–	*450,000*	*87,500*	*175,000*	*275,000*
B. Price	7-Sep-99	7-Sep-04	$3.73	25,000	(25,000)	$93,250	–	–	–	–	–
	3-Nov-00	3-Nov-05	$3.87	75,000	(75,000)	$290,250	–	–	–	–	–
	8-Nov-01 Parcel A	8-Nov-06	$3.36	100,000	(100,000)	$336,000	–	–	–	–	–
	8-Nov-01 Parcel B	8-Nov-06	$3.36	50,000	(50,000)	$168,000	–	–	–	–	–
	6-Feb-03	6-Feb-08	$6.62	100,000	(100,000)	$662,000	–	–	–	–	–
	2-Dec-03	2-Dec-08	$12.29	100,000	(100,000)	$1,229,000	–	–	–	–	–
Total				*450,000*	*(450,000)*	*$2,778,500*	–	–	–	–	–

Rights

All conditional entitlements refer to rights over ordinary shares of Newcrest, which are exercisable on a one-for-one basis under the Executive Performance Share Plan. The movements in the year in the number of rights over ordinary shares in Newcrest, held directly, indirectly or beneficially, by each specified Director and Specified Executive, including their personally related entities are as follows:

Table 6: Movement in Performance Rights for Specified Directors and Specified Executives 2004–05

Specified Director/Executives	Balance at 1 July 2004	Grant Date	Share Price at Grant Date	Rights Granted	Rights Exercised	Rights Lapsed	Balance at 30 June 2005	Vested and Exercisable at 30 June 2005	Non-Vested
A. Palmer	–	5-Nov-04	$17.30	33,537	–	–	33,537	–	33,537
J. Smith	–	5-Nov-04	$17.30	10,976	–	–	10,976	–	10,976
T. O'Neill	–	5-Nov-04	$17.30	9,512	–	–	9,512	–	9,512
D. Wood	–	5-Nov-04	$17.30	9,512	–	–	9,512	–	9,512
B. Lavery	–	5-Nov-04	$17.30	8,232	–	–	8,232	–	8,232
M. Butlin	–	5-Nov-04	$17.30	8,232	–	–	8,232	–	8,232
P. Hallam	–	5-Nov-04	$17.30	9,942	–	–	9,942	–	9,942
B. Price	–	5-Nov-04	$17.30	10,976	–	(3,658)	7,318	–	7,318

Performance Conditions for Options and Rights

Performance conditions for options and rights are set out in Tables 7 and 8.

Table 7: Managing Director – Options and Rights Granted between 8 November 2001 and 2 December 2003, and during the year ended 30 June 2005

Grant Date	Expiry Date	Performance Hurdle	Strike Price	Performance Date	Percentage Exercisable	Performance Achieved	Percentage Vested
5 Nov 2004	5 Nov 2009	Select Group referred to in the performance condition (TSR ranking on sliding scale)	Nil	5 Nov 2007	100% (33,537)	To be determined	n/a
2 Dec 2003	2 Dec 2008	Single Event (development of Telfer underground on time and on budget)	$12.29	Date condition precedent to exercise met	100% (250,000)	To be determined	n/a
6 Feb 2003	6 Feb 2008	Two Events (development of Telfer open pit on time and on budget (tranche 1) and underground on time and on budget (tranche 2)	$6.62	Date condition precedent to exercise met	50% (125,000) 50% (125,000)	Not achieved To be determined	Nil n/a
8 Nov 2001	8 Nov 2006	Two Events (development of Telfer open pit on time and on budget (tranche 1) and underground on time and on budget (tranche 2)	$3.36	Date condition precedent to exercise met	75% (375,000) 25% (125,000)	Not achieved To be determined	Nil n/a

Table 8: Specified Executives – Options and Rights granted between 3 November 2000 and 2 December 2003, and during the year ended 30 June 2005

Grant Date	Expiry Date	Comparator Group	Strike Price	Performance Date	Performance Achieved	Percentage Vested
5 Nov 2004	5 Nov 2009	Select Group referred to in the performance condition (TSR ranking on sliding scale)	Nil	5 Nov 2007	To be determined	n/a
2 Dec 2003	2 Dec 2008	S&P/ASX 100 Index (TSR ranking on sliding scale)	$12.29	2 Dec 2005	To be determined	n/a
				2 Dec 2006	To be determined	n/a
				2 Dec 2007	To be determined	n/a
				4 Sep 2008	To be determined	n/a
6 Feb 2003	6 Feb 2008	S&P/ASX 100 Index (TSR ranking on sliding scale)	$6.62	6 Feb 2005	>75th percentile	100%
				6 Feb 2006	To be determined	n/a
				6 Feb 2007	To be determined	n/a
				9 Nov 2007	To be determined	n/a
8 Nov 2001 Parcel B	8 Nov 2006	Newcrest TSR (compound growth per annum)	$3.36	8 Nov 2003	>75th percentile	100%
				8 Nov 2004	>75th percentile	100%
				8 Nov 2005	To be determined	n/a
				10 Aug 2006	To be determined	n/a
8 Nov 2001 Parcel A	8 Nov 2006	S&P/ASX 200 GICS gold companies (TSR growth vs comparator group)	$3.36	8 Nov 2003	>75th percentile	100%
				8 Nov 2004	>75th percentile	100%
				8 Nov 2005	To be determined	n/a
				10 Aug 2006	To be determined	n/a
2 Apr 2001	2 Apr 2006	ASX Gold Index (TSR growth vs comparator group)	$3.72	2 Apr 2003	>75th percentile	100%
				2 Apr 2004	>75th percentile	100%
				2 Apr 2005	>75th percentile	100%
				4 Jan 2006	To be determined	n/a
3 Nov 2000	3 Nov 2005	ASX Gold Index (TSR growth vs comparator group)	$3.87	3 Nov 2002	>75th percentile	100%
				3 Nov 2003	>75th percentile	100%
				3 Nov 2004	>75th percentile	100%
				5 Aug 2005	To be determined	n/a

Table 9: Value of Options and Performance Rights

	(A)	(B)	(C)	(D)
Specified Director/ Executives	**Value at Grant Date $'000**	**Value at Exercise Date $'000**	**Value at Lapse Date $'000**	**Total of Columns A–C $'000**
A. Palmer	354	–	(6,618)	(6,264)
J. Smith	116	–	–	116
T. O'Neill	100	–	–	100
D. Wood	100	428	–	528
B. Lavery	87	1,049	–	1,136
M. Butlin	87	–	–	87
P. Hallam	105	–	–	105
B. Price	116	4,622	(58)	4,680

Table 9 shows the total value of any performance rights or options granted, exercised and lapsed in the year in relation to Specified Directors and Executives based on the following assumptions.

(A) The value of performance rights granted in the year reflects the value of a performance right (determined in accordance with AASB 1046 'Director and Executives disclosures by Disclosing Entities') times the number of performance rights granted during 2005.

(B) The value at exercise date has been determined by the share price at the close of business on the exercise date less the option exercise price times the number of options exercised during 2005.

(C) The value at lapse date has been determined by the share price at the close of business on the date the performance right or option lapsed less the exercise price times the number of performance rights or options that lapsed during the year.

Table 10: Short Term Incentive and allocation of the 2005 Equity Grant

	Short Term Incentive (A) (as a percentage of Target)		Long Term Incentive (B) (Estimates of the maximum remuneration amounts which could be received under the 2005 performance rights grants in future years)			
Specified Director/ Executives	Percentage Awarded	Percentage Forfeited	2005–06 $'000	2006–07 $'000	2007–08 $'000	Maximum Total $'000
A. Palmer	55	45	118	118	41	277
J. Smith	100	–	39	39	14	91
T. O'Neill	100	–	33	33	12	79
D. Wood	100	–	33	33	12	79
B. Lavery	80	20	29	29	10	68
M. Butlin	80	20	29	29	10	68
P. Hallam	80	20	35	35	12	82

(A) To have been awarded an STI of 100 percent an Executive has to have met target performance.

(B) The maximum value in future years has been determined in relation to the grant of performance rights in 2005 based on the valuation performed at grant date and amortised in accordance with applicable accounting standard requirements. The minimum value of the grant is $nil if the performance conditions are not met. No options were granted in 2005.

Shares Held by Specified Directors and Specified Executives

Table 11: Specified Directors' Shareholdings

Specified Directors	Balance at 1 July 2004	Received as Remuneration	Acquired Pursuant to Non-Executive Directors' Share Plan	Options Exercised	Net Change Other	Balance at 30 June 2005
A. J. Palmer	11,060	–	–	–	37	11,097
I. R. Johnson	38,127	–	1,750	–	4,145	44,022
R. B. Davis	14,658	–	780	–	49	15,487
R. C. Milne	8,501	–	780	–	–	9,281
I. A. Renard	15,871	–	780	–	54	16,705
N. L. Scheinkestel	70,635	–	780	–	1,240	72,655
M. A. O'Leary	5,775	–	1,562	–	5,038	12,375
Total	164,627	–	6,432	–	10,563	181,622

See page 58 of the Directors' Report for the Directors' shareholdings as at the date of this Report.

Table 12: Specified Executives' Shareholdings

Specified Executives	Balance at 1 July 2004	Received as Remuneration	Acquired on Exercise of Options	Net Change Other	Balance at 30 June 2005
J. Smith	–	–	–	–	–
T. O'Neill	–	–	–	–	–
D. Wood	86,325	–	–	–	86,325
B. Lavery	18,438	–	100,000	–	118,438
M. Butlin	–	–	–	1,450	1,450
P. Hallam	–	–	–	–	–
B. Price	100,000	–	–	(100,000)	–
Total	204,763	–	100,000	(98,550)	206,213

The Way Forward – 2005–06

A key feature of organisational initiatives in 2004–05 has been the redevelopment and implementation of management systems to lift performance through active planning, review and appraisal and also to strengthen the Company's succession and talent development. These initiatives increase the attention paid to managing for performance and emphasise the importance of a remuneration system that encourages and rewards performance.

A further consideration has been the continued external environment of sustained excess demand across the world for skilled and capable mining employees. The difficulty of attracting new employees has increased significantly, especially in mining professions and experienced mining management. These labour market conditions are unlikely to change significantly in the medium term, and for a company like Newcrest with a relatively small workforce, retention of capable employees is a strategically important matter for the overall performance of the Company.

Against the background of these circumstances, the Committee is completing a review of the Company's remuneration system to ensure that it remains appropriate to the Company's evolving needs. One element of the new remuneration system will be the introduction of a bonus incentive scheme, which will replace the previous long-term incentive arrangements that operated in the 2004–05 period.

As a matter of good corporate governance shareholder approval of the proposed new bonus incentive scheme will be sought at the 2005 Annual General Meeting. Shareholder approval will also need to be obtained at the Meeting for any grant of shares or rights under the new scheme to the Managing Director. Details of the new bonus incentive scheme are being finalised and will be set out in the 2005 Notice of Annual General Meeting.

Auditor Independence and Non-Audit Services

A copy of the auditor's independence declaration as required under section 370C of the Corporations Act 2001 is attached. There were no non-audit services provided by the auditor during the financial year.

Indemnification and Insurance of Directors and Officers

During or since the financial year the Company has paid an insurance premium in respect of a contract insuring against liability of Directors and Officers in accordance with the Company's Constitution and the Corporations Act 2001.

The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liability insured against. Each Director of Newcrest Mining Limited has paid the insurance premium in respect of cover which may apply in relation to liabilities of the type referred to in Section 199B of the Corporations Act 2001.

Rounding of Amounts

Newcrest Mining Limited is a company of the kind referred to in the Australian Securities and Investments Commission class order 98/100, dated 10 July 1998 and issued pursuant to section 341(1) of the Corporations Act 2001. As a result, amounts in this Financial Report are rounded to the nearest $100,000, except where otherwise indicated.

This Report is signed in accordance with a resolution of the Directors.

Michael A. O'Leary Acting Chairman	Anthony J. Palmer Managing Director and Chief Executive Officer

6 September 2005
Melbourne

Auditor's Independence Declaration Statement 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 2005, to the best of my 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

P I Buzzard
Partner

Melbourne
6 September 2005

Discussion and Analysis of the Financial Statements

This discussion and analysis is provided to assist readers in understanding the Concise Financial Report. The Concise Financial Report has been derived from the full 2005 Financial Report of Newcrest Mining Limited.

The Newcrest Mining Limited Consolidated Entity consists of Newcrest Mining Limited and its controlled entities. The principal activities of the Consolidated Entity during the financial year comprised exploration, development, mining and the sale of gold and gold/copper concentrate.

Summary of Year's Operating Results

The 2004–05 year was a significant year for the Consolidated Entity with operating results including sales from Telfer since the commencement of commercial production on 1 February 2005 and the requirement to raise additional funding for the Telfer project. The Telfer funding plan also relied heavily on the Cadia Valley mines to generate significant cash flows. Ridgeway continued to perform strongly with the higher copper price assisting in the provision of substantial cash flows to the Group.

The operating results exclude initial production from the Telfer mine. Revenue and operating costs incurred during the pre-commissioning phase have been offset against the capital cost of construction. The commencement of commercial production from Telfer will result in a significant increase in key financial measures for the 2005–06 full year.

The financial highlights of the 2004–05 year are summarised in the following table:

	2005	2004
Net profit after tax before significant items	$148.2 million	$122.6 million
Net profit after tax	$136.1 million	$122.9 million
Basic earnings per share	41.3 cents	37.5 cents
Return on members' equity (EBIT before significant items)	22.1 percent	18.6 percent
Return on members' equity (net profit after tax)	12.1 percent	12.4 percent
Gearing (net debt/net debt + equity)	55 percent	49 percent

Profit after tax but before significant items increased $25.6 million in 2004–05. This measure is considered a good indicator of the profitability of the underlying businesses. The increase in profit resulted principally from higher production from the new Telfer mine, Toguraci's first full year of operations and continued low cash costs assisted by strong copper by-product revenue.

Statement of Financial Performance

Major factors impacting the operating result for the current year are:

Gold Sales Revenue

- Total gold revenue increased by $173.6 million to $610.9 million due to an increase in sales ounces. The achieved gold price received was $576 per ounce (2004: $579 per ounce). Gold hedging gains included in revenue contributed $16.2 million to the Group result and the hedge book delivered as expected according to the restructure undertaken in July 2004.
- Total gold sales ounces were 1,060,196 (2004: 754,745). This increase of 305,451 ounces was derived from:
  - increase of 146,786 ounces from commencement of operations at Telfer
  - increase of 139,401 ounces from a full year of operations at Toguraci
  - increase of 62,228 ounces from increased throughput and grade at Cadia Hill
  - increase of 23,785 ounces from commencement of operations at Cracow
  - decrease of 66,749 ounces from lower grade at Ridgeway.

Copper and Silver Sales Revenue

- Net by-product revenue increased significantly by $100.5 million to $374.6 million as a result of the increase in the spot copper price and copper tonnes sold increasing to 87,539 tonnes (2004: 84,231 tonnes). The achieved copper price received of A$1.85 per pound (2004: A$1.44 per pound) was after taking into account copper hedge losses of $29.4 million. Silver revenue was $8.7 million (2004: $7.4 million).

Other Revenue Factors

- Revenue and profit in the year were adversely impacted by the build up of inventory. At year end there were 77,519 ounces of gold and 8,166 tonnes of copper which will be sold and realised in the 2005–06 financial year.

	Gold (ounces)	Copper (tonnes)
Opening Finished Goods – 1 July 2004	12,010	1,122
Production (excluding commissioning production)	1,125,705	94,583
Sales (excluding commissioning sales)	(1,060,196)	(87,539)
Closing Finished Goods – 30 June 2005	77,519	8,166

- Main items included in other revenue comprised interest received and proceeds from asset disposals and property settlements.

Costs

- Gross mine costs (excluding copper by-product revenue) increased due to higher production volume.
- Depreciation and amortisation on fixed assets totalled $126.3 million which is equal to $119 per ounce sold (2004: $147 per ounce). Depreciation is lower per ounce mainly due to the plant and equipment at Toguraci being fully depreciated at the time operations at Gosowong were placed on care and maintenance and the inclusion of the Cadia East mining reserve into the life-of-mine depreciation calculation for Cadia Hill.
- $30.3 million (2004: $12.1 million) of borrowing costs were expensed with the increase incurred following the commissioning of the Telfer project. Net borrowing costs capitalised to the Telfer project were $37.0 million (2004: $36.5 million).
- Administration costs increased in line with the growth of the Company resulting in an increase in the Operations and Development divisions' activities to assist the Group's

expanded operating base and the development of new information technology infrastructure and systems to match the expanded base. The increase was also due to restructuring the Development division and included payments to employees whose services were terminated.

- Total exploration expenditure for the period was $46.0 million (2004: $45.4 million) with $39.2 million (2004: $32.1 million) being expensed. Exploration expenditure capitalised in the period related to Ridgeway Deeps and Kencana.
- Other expenses mainly comprise foreign exchange losses on concentrate shipments and care and maintenance costs.

Significant Item – Provision for Hedging Restructures

- In July 2004 Newcrest Mining Limited announced that it had completed a comprehensive simplification of its legacy gold and foreign currency hedging positions. The hedge book following the restructure consists simply of a series of Australian and US dollar gold forward contracts. The restructure of the hedge book required the gains and losses of the hedge restructure to be accounted for as at the date the original transactions were designated. This resulted in a provision profile as noted below (that was reported as part of the hedge restructure) and $17.3 million has been recorded as an expense which also includes the ongoing accounting treatment of previous years' hedging restructures.

Year	Adjustment from Hedge Book Restructure	Adjustment from Prior Years' Restructures	Net (Expense)/ Revenue
2005 A$M	(11)	(6)	(17)
2006 A$M	(22)	11	(11)
2007 A$M	(12)	18	6
2008 A$M	(1)	1	–
2009 A$M	2	16	18
2010 A$M	15	3	18
2011 A$M	21	1	22
2012 A$M	1	–	1

Statement of Financial Position

During the year there was a significant debt restructure as part of the Group's Capital Management Plan. The Company completed its funding requirements with the successful issue of $US350 million of long-term senior unsecured notes to the North American private placement debt market. $US844 million of available revolving bilateral debt facilities with Australian and foreign banks was also completed. These facilities were used to repay the A$575 million Telfer multi-currency syndicated loan note and other short-term debt facilities. This revised debt position has aligned Newcrest's capital structure by ensuring an appropriate mix of long and short-term debt.

At 30 June 2005 total assets have increased to $3.029 billion, an increase of $463 million. The majority of this increase represents the capital expenditure associated with the Telfer project. Total liabilities at 30 June 2005 were $1.897 billion, an increase of $331 million as a result of the finalisation of the debt raising. Newcrest Mining Limited concluded the year with gearing (measured as net debt to net debt-plus-equity) at 55 percent.

Contributed equity increased by $10.9 million during the year from the issue of shares on conversion of employee options and the Dividend Reinvestment Plan.

Statement of Cash Flows

Cash Flow – Operating Activities

Cash flow from operating activities decreased to $259.0 million (2004: $266.8 million) due mainly to the increase in debtors and the build up in inventories.

Cash Flow – Investing Activities

Major areas of expenditure in the period were:

- Telfer mine development (including pre-commissioning operating costs and capitalised borrowing costs) – $519.6 million
- Cadia, Ridgeway, Cadia East expenditure – $66.6 million
- Cracow mine development – $28.2 million
- Indonesia capital expenditure – $20.0 million
- Total exploration – $46.0 million.

Borrowings

Capital expenditure programs were largely financed by a restructure in the debt profile of the Company. Major movements in cash flows from financing activities include:

- $459.0 million proceeds received through US$350 million private placement debt
- $333.7 million net drawdown from bilateral debt facilities
- $177.3 million proceeds from stand-by facilities
- ($538.1 million) full repayment of the Telfer syndicated loan note facility
- ($41.2 million) repayment of the gold loan
- ($19.4 million) repayment of Nippon USD borrowing
- ($17.3 million) repayment of finance leases
- ($6.5 million) repayment of other loans.

Other Financing Activities

$8.4 million of funds were received from the exercise of share options.

Dividend Payment

A final dividend payment of 5 cents per share amounting to $16.5 million was paid to shareholders on 15 October 2004 in respect of the 30 June 2004 financial year. The Dividend Reinvestment Plan reduced the actual cash amount paid to $14.0 million. A dividend of $5.0 million was paid to outside equity interests.

Statement of Financial Performance

For the year ended 30 June 2005	Note	Consolidated 2005 $M	2004 $M
Sales revenue	2	**985.5**	711.4
Cost of sales		**(657.1)**	(474.5)
Gross profit		**328.4**	236.9
Other revenues from ordinary activities	2	**14.0**	5.1
Exploration costs		**(39.2)**	(32.1)
Corporate administration costs		**(38.6)**	(20.3)
Borrowing costs	3	**(30.3)**	(12.1)
Net foreign exchange gain/(loss)	3	**(5.6)**	5.7
Other expenditure		**(6.0)**	(7.5)
Written-down value of assets sold	3	**(0.2)**	(1.1)
Reversal of provision for surplus foreign exchange and gold contracts	4	**–**	10.2
Provision for hedging contract restructures	4	**(17.3)**	(9.8)
Profit from ordinary activities before income tax expense		**205.2**	175.0
Income tax expense relating to ordinary activities	5	**(62.4)**	(51.1)
Profit from ordinary activities after related income tax expense		**142.8**	123.9
Net profit attributable to outside equity interest		**(6.7)**	(1.0)
Net profit attributable to members of the parent entity		**136.1**	122.9
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the parent entity		**136.1**	122.9
Basic earnings per share (cents per share)	7	**41.3**	37.5
Diluted earnings per share (cents per share)	7	**40.8**	37.0

The Statement of Financial Performance is to be read in conjunction with the discussion and analysis and the accompanying notes to the financial statements.

Statement of Financial Position

At 30 June 2005	Consolidated 2005 $M	2004 $M
CURRENT ASSETS		
Cash assets	**64.6**	157.0
Receivables	**154.5**	109.9
Other financial assets	**1.2**	0.3
Inventories	**103.3**	40.2
Deferred foreign exchange contract loss	**–**	10.8
Other	**34.7**	20.5
Total Current Assets	**358.3**	338.7
NON-CURRENT ASSETS		
Receivables	**9.1**	34.6
Inventories	**4.8**	7.9
Property, plant and equipment	**1,309.8**	537.9
Exploration, evaluation and development	**1,079.2**	1,411.6
Deferred foreign exchange contract loss	**–**	30.8
Other	**267.9**	204.1
Total Non-Current Assets	**2,670.8**	2,226.9
TOTAL ASSETS	**3,029.1**	2,565.6
CURRENT LIABILITIES		
Payables	**154.7**	159.7
Interest bearing liabilities	**321.5**	86.2
Foreign exchange contract liabilities	**–**	10.8
Income tax	**8.8**	–
Provisions	**13.7**	8.1
Other	**–**	3.3
Total Current Liabilities	**498.7**	268.1
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**1,118.8**	1,027.6
Foreign exchange contract liabilities	**–**	30.8
Deferred tax liabilities	**147.3**	100.7
Provisions	**64.8**	57.3
Other	**67.4**	81.3
Total Non-Current Liabilities	**1,398.3**	1,297.7
TOTAL LIABILITIES	**1,897.0**	1,565.8
NET ASSETS	**1,132.1**	999.8
EQUITY		
Contributed equity	**802.4**	791.5
Retained profits	**319.9**	200.3
Total parent entity interest	**1,122.3**	991.8
Total outside equity interest	**9.8**	8.0
TOTAL EQUITY	**1,132.1**	999.8

The Statement of Financial Position is to be read in conjunction with the discussion and analysis and the accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended 30 June 2005	Consolidated 2005 $M	2004 $M
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	**929.0**	697.7
Cash payments in the course of operations	**(644.6)**	(419.7)
Interest received	**5.3**	2.5
Borrowing costs paid	**(23.0)**	(12.1)
Income taxes paid	**(7.7)**	(1.6)
Net cash provided by operating activities	**259.0**	266.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(51.5)**	(19.1)
Proceeds from sale of non-current assets	**1.0**	1.9
Exploration and evaluation expenditure	**(46.0)**	(45.4)
Payments in respect of mine development	**(42.9)**	(9.4)
Payments in respect of mines under construction	**(460.6)**	(647.8)
Feasibility expenditure	**(46.3)**	(18.0)
Borrowing costs paid capitalised to development projects	**(39.7)**	(15.6)
Net cash used in investing activities	**(686.0)**	(753.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings:		
• US Private placement notes	**459.0**	–
• US Bilateral debt	**333.7**	–
• US 364-day loan	**177.3**	–
• Bank loan note	**–**	554.9
• Bank loan	**–**	85.0
Net repayment of borrowings:		
• Bank loan	**(6.5)**	–
• Bank loan note	**(538.1)**	–
• US Dollar loan	**(19.4)**	(22.8)
• Gold loan	**(41.2)**	(49.1)
Repayment of finance lease principal	**(17.3)**	(15.4)
Proceeds from share issues	**8.4**	4.2
Dividends paid	**(19.0)**	(13.4)
Net cash provided by financing activities	**336.9**	543.4
Net increase/(decrease) in cash held	**(90.1)**	56.8
Cash at the beginning of the financial year	**157.0**	101.1
Effects of exchange rates to cash	**(2.3)**	(0.9)
Cash at the end of the financial year	**64.6**	157.0

The Statement of Cash Flows is to be read in conjunction with the discussion and analysis and the accompanying notes to the financial statements

Notes to the Concise Financial Report

Note 1 Accounting Policies

This Concise Financial Report has been derived from the Consolidated Entity's full 2005 Financial Report which complies with the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Views. This Concise Financial Report has been prepared in accordance with Accounting Standard AASB1039 'Concise Financial Report', and the relevant provisions of the Corporations Act 2001.

The Concise Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full Financial Report.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

A full description of the accounting policies adopted by the Consolidated Entity may be found in the Consolidated Entity's full Financial Report. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

Note 2 Revenue from Ordinary Activities

	Consolidated	
	2005 $M	2004 $M
Sales revenue		
Gold	**610.9**	437.3
Copper	**365.9**	266.7
Silver	**8.7**	7.4
Total sales revenue	**985.5**	711.4
Other revenues		
Interest from other persons	**5.7**	3.4
Less: interest income capitalised	**(0.4)**	(1.1)
Gross proceeds from sale of non-current assets and property settlements	**6.4**	2.0
Joint venture management fees	**0.8**	0.2
Revaluation of investment	**0.7**	0.2
Other revenue items	**0.8**	0.4
Total other revenues	**14.0**	5.1
Total revenue from ordinary activities	**999.5**	716.5

Note 3 Expenses and Losses Included in Profit from Ordinary Activities Before Income Tax Expense

	Consolidated 2005 $M	Consolidated 2004 $M
Depreciation of:		
Property, plant and equipment	**70.8**	62.8
Amortisation of:		
Plant and equipment under finance leases	**12.0**	8.1
Mine development	**47.2**	39.0
Feasibility	**2.2**	–
Mine leases	**0.3**	0.3
Deferred mining	**0.9**	0.9
Cadia royalty	**0.9**	1.0
(Less)/add: capitalised to inventory on hand	**(8.0)**	(1.2)
Total depreciation and amortisation	**126.3**	110.9
Borrowing costs:		
Interest costs:		
Interest on loans	**54.1**	28.6
Finance leases	**7.5**	7.0
Other:		
Other borrowing costs	**5.7**	13.0
Foreign exchange (gains)/losses on USD borrowings and cash	**(48.5)**	8.5
	18.8	57.1
Add: Capitalised foreign exchange on USD borrowings and cash	**48.5**	(8.5)
Less: Capitalised borrowing costs	**(37.0)**	(36.5)
Total borrowing costs expensed	**30.3**	12.1
Other items:		
Operating lease rentals	**7.6**	7.5
Government royalties	**28.9**	17.7
Research and development expenditure	**0.6**	0.4
Provision for:		
Employee benefits	**9.5**	5.4
Restoration and rehabilitation	**4.4**	3.1
Stores obsolescence	**0.8**	0.4
Other	**(0.2)**	1.6
Gains/(losses):		
Net foreign exchange gain/(loss)	**(5.6)**	5.7
Sales of assets		
Sales of assets have given rise to the following profits:		
Proceeds from sale of plant and equipment	**2.3**	2.0
Carrying value of plant and equipment sold	**(0.2)**	(1.1)
Profit on sale of plant and equipment	**2.1**	0.9

Note 4 Individually Significant Items (Charged)/Credited in Operating Profit from Ordinary Activities Before Income Tax Expense

	Consolidated 2005 $M	Consolidated 2004 $M
Provision for surplus foreign currency contracts	**–**	10.2
Losses recognised during the financial year in relation to hedge contract restructures	**(17.3)**	(9.8)
Total significant items before tax expense	**(17.3)**	0.4
Tax effect of significant items	**5.2**	(0.1)
Total significant items after tax expense	**(12.1)**	0.3

Note 5 Income Tax

The prima facie tax on profit, using tax rates applicable in the country of operation, differs from the income tax provided in the financial statements as follows:

	Consolidated 2005 $M	Consolidated 2004 $M
Prima facie tax on profit from ordinary activities at 30% (2004: 30%)	**61.6**	52.5
Tax effect of permanent differences:		
Overseas exploration	**0.1**	0.1
Non-deductible depreciation and amortisation	**0.1**	0.1
Non-deductible foreign exchange losses	**0.3**	–
Other non-deductible items	**0.6**	0.1
Research and development allowance	**(1.2)**	(0.8)
(Over)/under provision for deferred tax liability	**0.9**	(0.9)
Income tax expense attributable to ordinary activities	**62.4**	51.1

Note 6 Dividends

	Cents per share	Total amount $M	Franked/ unfranked	Date of payment
Dividends recognised in the current year by the Company are:				
2005 – Dividend paid during the year				
Final – ordinary	5.0	16.5	Franked	15 Oct 2004
2004 – Dividend paid during the year				
Final – ordinary	5.0	16.4	Franked	17 Oct 2003
Subsequent events				
Dividend proposed and not recognised as a liability: [(1)]				
Since the end of the financial year, the Directors declared the following dividends:				
Final – ordinary	5.0	16.5	49% Franked	14 Oct 2005

(1) The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports. Dividends proposed will be franked to 49 percent at the tax rate of 30 percent (2004: 30 percent).

Dividend franking account

30 percent franking credits are available to shareholders of Newcrest Mining Limited of approximately $2.9 million as at 30 June 2005 (2004: $10.2 million). The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of any current tax liability

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated Group at the year end

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The dividend declared for 30 June 2005 will be 49 percent franked utilising the $2.9 million of the franking account balance and any franking credits available from subsequent tax instalment payments.

Notes to the Concise Financial Report

Note 7 Earnings Per Share

	Consolidated 2005	2004
Basic earnings per share (cents per share)	**41.3**	37.5
Diluted earnings per share (cents per share)	**40.8**	37.0

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated 2005 $M	2004 $M
Net profit after income tax	**142.8**	123.9
Adjustments:		
Net profit attributable to outside equity interest	**(6.7)**	(1.0)
Earnings used in calculating basic earnings per share	**136.1**	122.9

	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	**329,614,969**	327,919,903
Effect of dilutive securities:		
Share options	**4,000,161**	4,015,926
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**333,615,130**	331,935,829

Note 8 Contributed Equity

	Consolidated 2005 $M	2004 $M
Opening balance	**791.5**	784.3
Share issued under:		
• Newcrest Executive Option Plan [(b)]	**8.4**	4.2
• Dividend Reinvestment Plan [(c)]	**2.5**	3.0
Total contributed equity	**802.4**	791.5

Movement in Issued Ordinary Shares for the Year

	Number of Ordinary Shares 2005	2004
Opening number of shares	**328,559,191**	326,911,171
Share issued under:		
• Employee Share Acquisition Plan [(a)]	**30,000**	29,808
• Newcrest Executive Option Plan [(b)]	**1,819,770**	1,351,500
• Dividend Reinvestment Plan [(c)]	**166,117**	266,712
Closing number of shares	**330,575,078**	328,559,191

(a) The Employee Share Acquisition Plan is a broad-based employee share plan. During the year, the Plan offered eligible employees fully paid shares for $nil consideration, with a total of 30,000 (2004: 29,808) shares issued.

(b) The Newcrest Executive Option Plan provides options for senior management, including the Managing Director.

(c) 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.

Note 9 Retained Profits

	Consolidated 2005 $M	2004 $M
Retained profits at beginning of year	**200.3**	93.8
Net profit attributable to members of the parent entity	**136.1**	122.9
Dividends recognised during the year (refer Note 6)	**(16.5)**	(16.4)
Retained profits at end of year	**319.9**	200.3

Note 10 Financial Instruments

The Consolidated Entity uses derivative financial instruments in the normal course of business for the purpose of hedging its future production and sales and managing its commodity, foreign currency and interest rate exposures.

On 5 July 2004, Newcrest Mining Limited announced that it had completed a comprehensive simplification of its gold and foreign currency hedging positions. The restructure included the elimination of the entire foreign currency book and all contingent products in the gold hedging book.

Refer to the 2005 full Financial Report for the full financial instruments note of the Consolidated Entity as at 30 June 2005.

The Aggregate Net Fair Values of Derivative Financial Instruments

The valuation of financial instruments not recognised on the Statement of Financial Position reflects the estimated net realisable value or replacement value of the instruments, assuming an orderly execution in normal market conditions at the current market rates as at reporting date. Fair value is based on either listed market prices or quotes from independent external counterparties using standard valuation techniques.

Net fair value of derivative financial instruments

	2005 $M	2004 $M
Gold hedge contracts	(426.0)	(357.8)
Copper hedge contracts	(118.2)	(42.9)
Foreign currency contracts	–	(50.9)
Gold loan swap contracts	(46.0)	(26.8)
Gold lease rate swaps	7.3	–
Total	(582.9)	(478.4)

Note 11 Segment Information

Geographical Segments (Primary Reporting Format based on location of mine sites)

2005	Cadia Valley Operations $M	Toguraci (iv) $M	Telfer (iii) $M	Boddington (ii) $M	Cracow (v) $M	Group & Unallocated $M	2005 Total $M
Sales revenue (i)	704.1	123.3	157.9	–	13.5	(13.3)	985.5
Other revenue	–	–	–	–	–	14.0	14.0
Total segment revenue	704.1	123.3	157.9	–	13.5	0.7	999.5
Segment result (i)	233.8	63.2	44.0	–	1.6	(137.4)	205.2
Income tax expense						(62.4)	(62.4)
Net profit/(loss)	233.8	63.2	44.0	–	1.6	(199.8)	142.8
Segment assets	1,036.4	79.5	1,757.2	11.1	66.1	78.8	3,029.1
Segment liabilities (vi)	377.3	27.6	1,223.4	18.7	–	250.0	1,897.0
Acquisition of segment assets	74.3	27.6	456.9	2.6	28.7	28.9	619.0
Depreciation and amortisation of segment assets	96.7	6.1	20.5	–	2.8	0.2	126.3
Other non-cash expenses	6.2	1.5	1.6	–	0.2	5.2	14.7
Significant revenues/(expenses) (refer Note 4)	–	–	–	–	–	(12.1)	(12.1)

Notes to the Concise Financial Report

Note 11 Segment Information (continued)

2004	Cadia Valley Operations $M	Toguraci(iv) $M	Telfer (iii) $M	Boddington (ii) $M	Cracow (v) $M	Group & Unallocated $M	2005 Total $M
Sales revenue (i)	639.7	42.6	–	–	–	29.1	711.4
Other revenue	0.1	0.2	1.3	0.5	–	3.0	5.1
Total segment revenue	639.8	42.8	1.3	0.5	–	32.1	716.5
Segment result (i)	188.3	20.3	–	–	–	(33.6)	175.0
Income tax expense						(51.1)	(51.1)
Net profit/(loss)	188.3	20.3	–	–	–	(84.7)	123.9
Segment assets	964.8	47.0	1,277.6	9.0	23.4	243.8	2,565.6
Segment liabilities	445.4	6.8	838.5	18.3	3.8	253.0	1,565.8
Acquisition of segment assets	28.9	13.8	631.3	1.3	20.3	23.0	718.6
Depreciation and amortisation of segment assets	105.1	4.2	–	–	–	1.6	110.9
Other non-cash expenses	7.1	0.3	–	–	–	3.1	10.5
Significant revenues/(expenses) (refer Note 4)	–	–	–	–	–	0.3	0.3

(i) Segment sales revenue and segment results by mine location includes gold and copper sales at spot prices. Mine results do not include allocation of hedging and interest costs.

(ii) Operations at Boddington were suspended in November 2001 and the mine was placed on care and maintenance. The Wandoo feasibility study is currently being updated.

(iii) Operations at Telfer commenced in February 2005, prior to this the Telfer mine was under redevelopment.

(iv) Operations at Toguraci commenced in February 2004, prior to this the mine was under care and maintenance.

(v) The Cracow Mining Joint Venture commenced operations in December 2004, prior to this time it was being constructed.

(vi) Group borrowings have been attributed to CVO and Telfer.

Geographical Segments (based on location of customers)

	Sales Revenue from External Customers 2005 $M	2004 $M
Australia – Bullion	**118.3**	96.1
Other Asia – Bullion	**123.3**	42.6
Japan – Concentrate	**690.8**	482.9
Korea – Concentrate	**66.4**	60.7
Hedge gains included in revenue	**(13.3)**	29.1
Total sales revenue	**985.5**	711.4

Business Segments (Secondary Reporting Format)

The Consolidated Entity operates predominantly in one business segment being the gold mining industry and derives its revenue from the sale of gold and gold/copper concentrate.

Note 12 Subsequent Events

Subsequent to 30 June 2005, Newcrest Mining Limited announced that it is assessing a divestment of its 22.22 percent interest in the Boddington Gold Mine Joint Venture.

There are no other matters or circumstances which have arisen since 30 June 2005 that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Note 13 Impact of Adopting Australian Equivalents to International Financial Reporting Standards

Newcrest Mining Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS') for its annual reporting period beginning on 1 July 2005. Accordingly, Newcrest Mining Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006. Adopting A-IFRS for the first time will result in the comparative financial statements being restated to amounts reflecting the application of A-IFRS to that comparative period. Most adjustments required on transition to A-IFRS will be made retrospectively, against opening retained earnings as at 1 July 2004.

Management of the A-IFRS implementation

The Company established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a steering committee, to manage the transition to A-IFRS. Regular updates are also provided at each Audit Committee meeting. The implementation project consists of the following phases:

- initial scoping and impact assessment studies to isolate key areas that will be impacted by the transition to A-IFRS
- an evaluation and design phase to identify specific changes required to existing accounting policies, information systems and business and commercial impacts
- an implementation and review phase which culminates in the collection of financial information necessary to compile A-IFRS compliant financial statements.

At the date of this financial report, Newcrest is well advanced in the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, and the determination of the likely impact on the results and financial position of the Company and the Consolidated Entity. The following A-IFRS Accounting Standards highlighted in the 'Key Differences in Accounting Policy' section are the main areas identified to date which will impact Newcrest's opening balance sheet and the first sets of accounts prepared at 31 December 2005 and 30 June 2006.

Key differences in accounting policy

Set out below are the key areas where accounting policies are expected to change on adoption of A-IFRS and our best estimate of the quantitative impact of the changes on net profit for the year ended 30 June 2005 and net assets and equity as at 30 June 2005. The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to A-IFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the A-IFRS project team; (b) potential amendments to A-IFRS and Interpretations thereof being issued by the standard-setters and the International Financial Reporting Interpretations Committee; and (c) emerging accepted practice in the interpretation and application of A-IFRS and Urgent Issues Group ('UIG') Interpretations. Therefore until the Company prepares its first full A-IFRS financial statements, the accompanying note disclosures may have to be adjusted.

The following reconciliations outline the likely impacts on the current year result and financial position of the Company and Consolidated Entity had the financial statements been prepared under A-IFRS, based on the accounting policy decisions current at the date of this financial report.

As described above, readers of the financial report should note that further developments in A-IFRS may result in changes to the accounting policy decisions and, consequently, the likely impacts outlined in the following reconciliations.

Year ended 30 June 2005	Notes	Consolidated $M
Net profit after tax as reported under AGAAP		136.1
Employee benefits expense	(a)	0.2
Share-based payment expense	(b)	(4.5)
Changes in decommissioning expenses	(c)	1.9
Changes in the fair value of derivatives	(e)	–
Changes in the fair value of designated hedges	(e)	–
Income tax benefit	(h)	0.7
Net profit after tax under A-IFRS		134.4

Note 13 Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)

As at 30 June 2005	Notes	Consolidated $M
Net assets (AGAAP)		1,132.1
Property, plant and equipment	(c)	3.8
Other assets	(d)	(4.4)
Deferred tax liabilities	(h)	0.7
Provisions	(c)	10.0
Other financial liabilities	(a)	(0.2)
Net assets (A-IFRS)		1,142.0

As at 30 June 2005	Notes	Consolidated $M
Total equity (AGAAP)		1,132.1
Change in share-based payment reserve	(b)	4.5
Change in retained earnings – adjustment on transition to A-IFRS	(a) (c) (d) (h)	7.1
Change in retained earnings – adjustment to current year profit		(1.7)
Total equity (A-IFRS)		1,142.0

The following explanatory notes relate to the reconciliations above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under AGAAP.

(a) Defined benefit superannuation plan

Under AASB 119 'Employee Benefits', Newcrest will be required to recognise an actuarially determined cost for employees in the defined benefit plan. The transitional adjustment on 1 July 2004 will be to record the deficit of the defined benefit plan of $0.4 million as a liability in the balance sheet and an adjustment to opening retained earnings. At 30 June 2005 there are only three employees remaining in the defined benefit plan, therefore the transitional and future period impacts are not expected to be material. The effect of the above requirement on the 30 June 2005 financial year, based on the valuation of the fund, will be a decrease in employee benefits expense of $0.2 million. This will result in the cumulative impact on the financial position at 30 June 2005 being an increase in the employee benefit provision of $0.2 million and a corresponding decrease to retained earnings of $0.2 million.

(b) Share-based payments

In accordance with AASB 2 'Share-based Payment', Newcrest's Executive Option Plan and Employee Share Acquisition Plan will be treated as share-based compensation. Under this approach equity-settled share-based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date is expensed on a straight line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, for the financial year ended 30 June 2005 total contributed equity would increase by $4.5 million and an additional employee benefit expense of $4.5 million would be recognised in the profit and loss account. This will result in a change to the current accounting policy as equity-settled share-based payments are not required to be expensed under current AGAAP.

(c) Provision for rehabilitation

AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' requires the rehabilitation, restoration and decommissioning obligations associated with the retirement or disposal of mine site assets to be recognised when the disturbance and obligation occurs. The provision is measured at the present value of the future expenditure and a corresponding asset is also recognised under AASB 116 'Property, Plant and Equipment'. The capitalised cost is amortised over the life of the project and a provision is increased as further disturbance occurs which creates a further obligation to rehabilitate. Associated discounting of the liability unwinds throughout the life of the provision with this unwind being recognised as an interest expense.

Currently under AGAAP, Newcrest has a rehabilitation liability which progressively increases over the life of the operation. The build up is taken to the profit and loss account as the liability is raised.

The transitional adjustment at 1 July 2004 will result in recognising a related rehabilitation asset of $4.8 million, a decrease in the rehabilitation provision of $7.2 million due to the requirement to present value the liability and a net increase to retained earnings of $12.0 million. The restated profit impact for the year ended 30 June 2005 will result in a net decrease to the rehabilitation provision of $2.8 million and an amortisation expense of $0.9 million, resulting in a net increase to profit for the 30 June 2005 financial year of $1.9 million from the reversal of the AGAAP expense and expensing the amortisation of the rehabilitation asset and the unwinding of the discounting of the liability.

(d) Property, plant and equipment

In accordance with AASB 116 'Property, Plant and Equipment' Newcrest has elected to continue to recognise non-current assets on transition to A-IFRS at cost. Consequentially there will not be any impact for Newcrest, as non-current assets are currently carried at cost.

Capitalised costs relating to the asset base of $4.4 million will be derecognised from other assets as this does not meet the recognition criteria for a component of property, plant and equipment.

Newcrest has elected to continue to capitalise borrowing costs on qualifying assets and therefore no difference is expected to result.

(e) Derivative financial instruments

Newcrest has elected to apply the first-time adoption exemption available to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' until 1 July 2005. Accordingly, there will be no quantitative impacts on the restated 30 June 2005 financial statements.

However, it is expected that required adjustments on 1 July 2005 will be largely attributable to derivatives designated as cash flow hedges, which will be recognised in the balance sheet position at their fair value. It is expected this will result in an increase in other financial liabilities of $590.2 million on 1 July 2005. From this date changes in fair value of cash flow hedges that meet the detailed hedge accounting requirements will be recognised directly in equity until the hedged transaction occurs.

It is also expected that adjustments will be required on 1 July 2005 for other derivatives that do not qualify for hedge accounting and will be recognised in the balance sheet at their fair value on transition. This is expected to result in an increase in other financial assets of $7.3 million on 1 July 2005. From this date changes in fair value of these derivatives will be recognised in the profit and loss account.

(f) Exploration and evaluation

Newcrest Mining Limited's existing policy for exploration and evaluation activity complies with A-IFRS requirements and therefore no difference is expected to result from either the treatment of costs or from impairment testing.

(g) Retained earnings

With limited exceptions, adjustments required on first-time adoption of A-IFRS are recognised directly in retained earnings (or if appropriate another category of equity) at the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity on transition to A-IFRS will be an increase in retained earnings of $7.1 million.

(h) Income tax

The adjustment to income tax expense relates to the above A-IFRS transitional adjustments.

(i) Restated A-IFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of A-IFRS.

Directors' Declaration

In the opinion of the Directors of Newcrest Mining Limited:

(a) The Concise Financial Report of the Consolidated Entity for the year ended 30 June 2005 is in accordance with Accounting Standard AASB 1039 'Concise Financial Reports';

(b) The financial statements and specific disclosures included in this Concise Financial Report have been derived from the full Financial Report for the year ended 30 June 2005;

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the companies and the parent entity to the Deed of Cross Guarantee described in Note 28 of the full Financial Report, will together be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee dated 6 November 1992; and

(d) The financial statements and notes are in accordance with the Corporations Act 2001, including Sections 296 and 297.

This statement has been made in accordance with a resolution of the Directors.

Michael A. O'Leary
Acting Chairman

Anthony J Palmer
Managing Director and Chief Executive Officer

6 September 2005
Melbourne

Independent Audit Report

To the members of Newcrest Mining Limited

Scope

The Concise Financial Report and Directors' Responsibility
The Concise Financial Report comprises the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and the accompanying notes to the financial statements for the Consolidated Entity for the year ended 30 June 2005. The Consolidated Entity comprises both the Newcrest Mining Limited (the Company) and the entities it controlled during the year.

The Directors of the Company are responsible for preparing a Concise Financial Report that complies with Accounting Standard AASB 1039 'Concise Financial Reports', in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the Concise Financial Report.

Audit Approach
We conducted an independent audit on the Concise Financial Report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the Concise Financial Report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the Concise Financial Report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports'. We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the Concise Financial Report is consistent with the full Financial Report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the Concise Financial Report that were not directly derived from the full Financial Report.

We have also performed an independent audit of the full Financial Report of the Company for the year ended 30 June 2005. Our audit report on the full Financial Report was signed on 6 September 2005, and was not subject to any qualification. For a better understanding of our approach to the audit of the full Financial Report, this report should be read in conjunction with our audit report on the full Financial Report.

Independence

We are independent of the Company and the consolidated entity, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the Directors of the Company a written Auditor's Independence Declaration, signed on 6 September 2005 (a copy of which is included in the Directors' Report).

Audit opinion

In our opinion, the Concise Financial Report of Newcrest Mining Limited complies with Accounting Standard AASB 1039 'Concise Financial Reports'.

Ernst & Young

P I Buzzard
Partner

Melbourne
6 September 2005

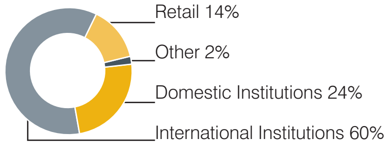
Shareholder Information

Capital
Share capital comprised 331,183,328 shares on 31 August 2005.

Shareholder Details
At 31 August 2005 the Company had 26,293 ordinary shareholders.

There were 468 shareholdings with less than a marketable parcel of $500 worth of ordinary shares (based upon a market price of $16.99 as at 31 August 2005).

Shareholder Breakdown
At 31 August 2005 the shareholder breakdown consisted of the following:



The shareholder base continued to evolve over the year with the international component of the register growing from 52.4 percent to 60 percent. This occurred as Newcrest transformed its business into one which competes strongly with its globally based gold peer group.

Newcrest Top 20 Shareholders at 31 August 2005

Name	Units	Issued Capital %
National Nominees Limited	71,605,703	21.62
Westpac Custodian Nominees Ltd	70,725,291	21.36
JPMorgan Nominees Australia Limited	52,977,006	16.00
ANZ Nominees Limited	28,551,648	8.62
Citicorp Nominees Pty Limited	26,788,357	8.09
HSBC Custody Nominees (Australia) Limited	7,766,253	2.35
Queensland Investment Corporation	6,835,615	2.06
Cogent Nominees Pty Limited	4,973,891	1.50
AMP Life Limited	4,307,645	1.30
Westpac Financial Services Ltd	3,592,548	1.08
IAG Nominees Pty Limited	2,007,115	0.61
UBS Nominees Pty Ltd	1,390,922	0.42
Merrill Lynch (Australia) Nominees Pty Ltd	1,174,372	0.35
Bond Street Custodians Limited	652,475	0.20
Government Superannuation Office	602,326	0.18
National Superannuation Trusts Pty Ltd	582,295	0.18
RBC Global Services Australia	572,392	0.17
Equity Trustees Limited	495,937	0.15
Fortis Clearing Nominees Pty Ltd	480,069	0.14
UBS Private Clients Australia	433,227	0.13
	286,515,087	86.51

Substantial Shareholders at 31 August 2005

Capital Group Companies, Inc.	44,486,421	13.46
Merrill Lynch Investment Management Group	23,493,865	7.15
Commonwealth Bank of Australia	16,746,346	5.09

Investor Categories

Ranges	Investors	Securities	Issued Capital %
1–1,000	16,090	7,235,805	2.19
1,001–5,000	9,015	18,727,386	5.65
5,001–10,000	703	5,097,960	1.54
10,001–100,000	413	10,380,742	3.13
100,001 and Over	72	289,741,435	87.49
Total	26,293	331,183,328	100.00

Voting Rights

Each ordinary shareholder is entitled to one vote for each 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 Company has declared a 49 percent franked dividend of 5 cents per share. The dividend is payable to shareholders on 14 October 2005. Shareholders registered as at the close of business on 23 September 2005 will be eligible for the dividend. The Dividend Reinvestment Plan remains in place and will be offered to shareholders at market price.

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, 101 Barclay Street, New York, NY 10286.

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 positive 1,066,138 and at year end a net 4,557,082 ADRs were outstanding.

Reporting to Shareholders

Newcrest is committed to clear reporting and disclosure of the Company's activities to our shareholders.

Share Registry Information

You can do so much more online

Did you know that you can access – and even update – information about your holdings in Newcrest Mining Limited via the Internet.

Visit ASX Perpetual's website www.asxperpetual.com.au and access a wide variety of holding information, make some changes online or download forms. You can:

- check your current and previous holding balances
- elect to receive financial reports electronically
- update your address details
- update your 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
- check the share prices and graphs
- download a variety of instruction forms
- subscribe to email announcements.

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Don't miss out on your dividends

Dividend cheques that are not banked are required to be handed over to the State Trustee under the Unclaimed Monies Act. You are reminded to bank cheques immediately.

Better still, 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.

Not only can we do your banking for you, but dividends paid by direct credit hit your account as cleared funds, thus allowing you to access them on payment date.

Contact information

You can also contact the Newcrest Mining Limited share registry by calling 1300 554 474 or from outside Australia +61 (0)3 9615 9947. Share registry contact details are contained in the Corporate Directory of this Report on the inner back cover.

Five Year Summary

For the 12 months ending 30 June	2005	2004	2003	2002	2001
Gold Production (ounces)	**1,157,520***	**761,780**	**714,377**	**644,626**	**773,352**
Cash costs ($ per ounce)	**124**	**119**	**217**	**253**	**290**
Total costs ($ per ounce)	**245**	**268**	**356**	**414**	**439**
Net profit after tax ($M)	**136**	**123**	**92**	**(53)**	**38**
Return on Capital Employed (percent)	**9.9**	**9.6**	**6.6**	**3.7**	**7.2**

Gold Production – Newcrest Share (ounces)					
Cadia Hill	**308,516**	244,261	298,848	258,834	300,255
Cracow	**26,128**(1)	–	–	–	–
Ridgeway	**382,034**	438,026	377,539	127,665	50,688
Telfer	**217,740**(1)	–	–	–	58,374
Toguraci/Gosowong	**223,102**	79,493	37,878(2)	232,297(2)	226,900(2)
New Celebration	**–**	–	–	–	86,379
Boddington	**–**	–	112	25,830	50,756
Total	**1,157,520**	761,780	714,377	644,626	773,352
Copper Production (tonnes)	**96,785**	84,758	67,738	40,055	34,002
Costs per ounce					
By-product basis (NAGIS)					
Cash costs ($ per ounce)	**124**	119	217	253	290
Total costs ($ per ounce)	**245**	268	356	414	439
Co-product basis					
Gold cash costs ($ per ounce)	**302**	289	331	330	349
Copper cash costs ($ per lb)	**1.08**	0.77	0.75	0.86	1.00
Total gold costs ($ per ounce)	**374**	379	426	449	466
Total copper costs ($ per lb)	**1.34**	1.01	0.96	1.17	1.33
Cash flow Expenditure ($M)					
Exploration	**46**	45	33	45	51
Capital	**641**	710	232	275	145
Profit and Loss ($M)					
Sales revenue	**986**	711	607	480	581
Cash flow from operations	**259**	267	199	90	136
Depreciation and amortisation	**(126)**	(111)	(98)	(102)	(112)
Income tax (expense)/benefit	**(62)**	(51)	(29)	21	(12)
Net profit after tax	**136**	123	92	(53)	38
Basic earnings per share (cents per share)	**41.3**	37.5	29.6	(19.2)	15.6
Dividend paid (cents per share)	**5**	5	5	5	5
Financial Position ($M)					
Total assets	**3,031**	2,566	1,839	1,376	1,217
Total liabilities	**1,899**	1,566	954	836	769
Shareholders' equity	**1,132**	1,000	885	540	448
Return on Capital Employed (percent)	**9.9**	9.6	6.6	3.7	7.2
Issued Capital (million shares) at year end	**330.6**	328.6	311.4	276.7	244.4
Gold Inventory (million ounces)					
Reserves	**33**	28	28	28	10.4
Resources	**61**	62	53	53	42

(1) Includes commissioning production.
(2) Gosowong production.

Corporate Directory

Investor Information

Registered and Principal Office
Newcrest Mining Limited
Level 9
600 St Kilda Road
Melbourne, Victoria 3004
Australia
Telephone: +61 (0)3 9522 5333
Facsimile: +61 (0)3 9525 2996
Email: corporateaffairs@newcrest.com.au
Internet: www.newcrest.com.au

Company Secretary
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General Manager Corporate Development
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Facsimile: +61 (0)3 9510 3416
Email: peter.reeve@newcrest.com.au

Stock Exchange Listings
Australian Stock Exchange
(Ticker NCM)
New York ADRs
(Ticker NCMGY)

Share Registry
ASX Perpetual Registrars Limited
Level 4
333 Collins Street
Melbourne, Victoria 3000
Australia

Postal Address
GPO Box 1736
Melbourne, Victoria 3001
Australia

Telephone: 1300 554 474
+61 (0)3 9615 9947
Facsimile: +61 (0)3 9615 9900
+61 (0)2 9287 0309*
*For faxing of Proxy Forms only.

Email: registrars@asxperpetual.com.au
Internet: www.asxperpetual.com.au

ADR Depositary
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Facsimile: +1 (212) 571 3050

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Level 2
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Telephone: +61 (0)7 3858 0858
Facsimile: +61 (0)7 3217 8233

Perth

Exploration Office & Telfer Project Group
Newcrest Mining Limited
Hyatt Business Centre
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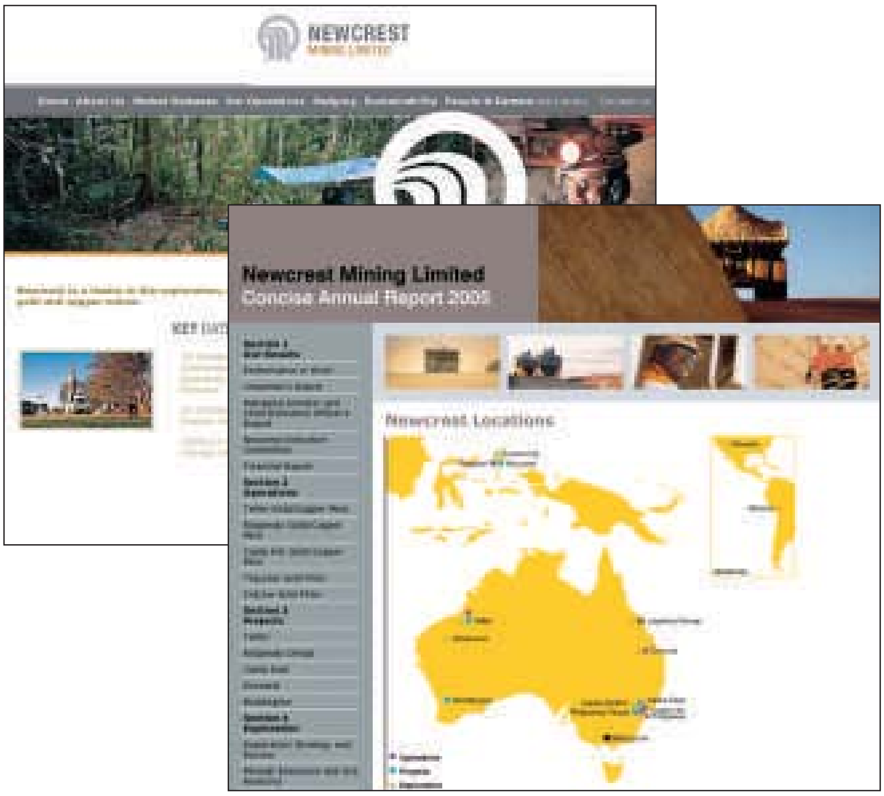
30 Terrace Road
East Perth, Western Australia 6004
Australia
Telephone: +61 (0)8 9270 7070
Facsimile: +61 (0)8 9221 7340

Company Events

27 October 2005
Annual General Meeting at 10.00am
Hotel InterContinental
117 Macquarie Street
Sydney, New South Wales



Visit our website at **www.newcrest.com.au** to view our key dates and features; current share price; market releases; annual, quarterly and financial reports; operations, project and exploration information; corporate, shareholder, hedging, employment and sustainability information.

Concise Annual Report
This is the Company's Concise Annual Report for 2005. The full Financial Report and Auditor's Report are available to members free of charge upon request.