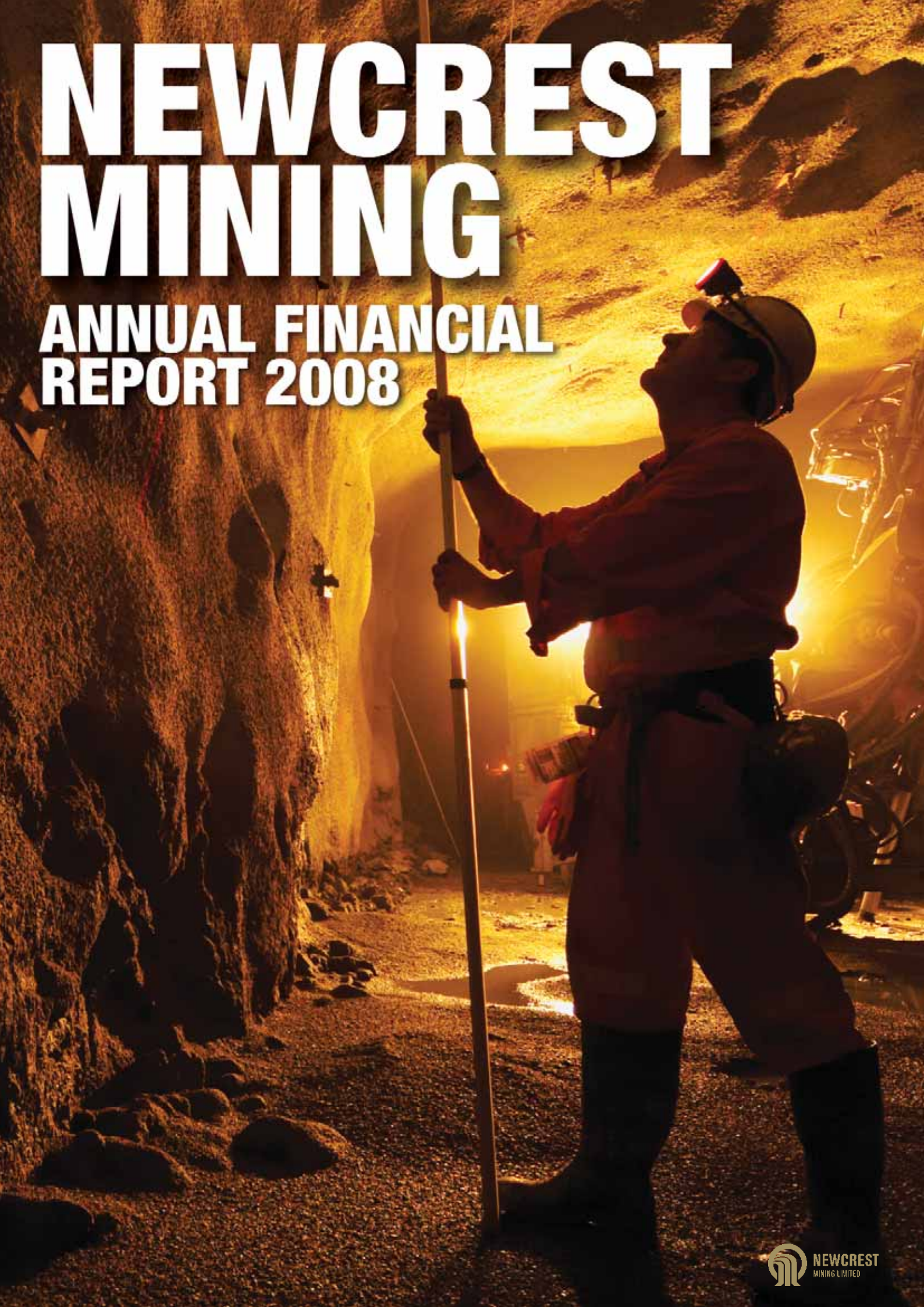


NEWCREST MINING

ANNUAL FINANCIAL
REPORT 2008



ANNUAL FINANCIAL REPORT

For the year ended 30 June 2008

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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 2008 and the Auditor's Report thereon.

Directors

The Directors of the Company at any time during the financial year were, and until the date of this report are:

Donald P. Mercer Non-Executive Chairman

Ian K. Smith Managing Director and Chief Executive Officer

Greg J. Robinson Finance Director

R. Bryan Davis Non-Executive Director

Ronald C. Milne Non-Executive Director (Resigned 1 November 2007)

Michael A. O'Leary Non-Executive Director

Nora L. Scheinkestel Non-Executive Director (Resigned 31 August 2007)

Richard J. Lee Non-Executive Director (Appointed 14 August 2007)

Timothy M. Poole Non-Executive Director (Appointed 14 August 2007)

John M. Spark Non-Executive Director (Appointed 26 September 2007)

Richard Knight Non-Executive Director (Appointed 13 February 2008)

All directors held their position as a director throughout the entire year and up to the date of this Report except as follows:

- Nora L. Scheinkestel was a Non-Executive Director from the beginning of the financial year up to her resignation on 31 August 2007.
- Ronald C. Milne was a Non-Executive Director from the beginning of the financial year up to his resignation on 1 November 2007.
- Richard J. Lee was appointed Non-Executive Director on 14 August 2007.
- Timothy M. Poole was appointed Non-Executive Director on 14 August 2007.
- John M. Spark was appointed Non-Executive Director on 26 September 2007.
- Richard Knight was appointed Non-Executive Director on 13 February 2008.

Company Secretary

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

Mr. Lavery has been the Company Secretary of Newcrest Mining Limited since 1995.

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 2008 after income tax and minority interest amounted to \$134.3 million (2007: \$72.0 million). The net profit for 2008 includes a negative \$359.6 million impact due to losses on restructured hedges and closed out hedge contracts (2007: \$119.2 million).

The underlying profit⁽¹⁾ of the Consolidated Entity attributable to members of the parent entity amounted to \$493.9 million (2007: \$191.2 million).

Dividends

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

- Final unfranked dividend for the year ended 30 June 2007 of 5 cents per share, amounting to \$16.8 million was paid on 27 September 2007.
- Dividend of \$21.9 million (2007: \$11.3 million) was paid to the minority interest.
- Final unfranked dividend for the year ended 30 June 2008 of 10 cents per share, amounting to approximately \$45.3 million has been declared and will be paid on 17 October 2008 to shareholders registered by close of business on 26 September 2008 (refer Note 5).

Operating and Financial Review and Significant Changes in the State of Affairs

Refer to the Management Discussion and Analysis for the operating and financial review and for the significant changes in the state of affairs of the Consolidated Entity.

Future Developments

Refer to the Management Discussion and Analysis for information on likely developments and future prospects of the Consolidated Entity. Any further information of this nature has been omitted as it would unreasonably prejudice the interests of the Consolidated Entity.

Subsequent Events

On 4 July 2008, Beadell Resources Limited advised that it would not proceed with its proposed acquisition of the Consolidated Entity's interest in the Cracow Joint Venture.

On 7 August 2008, a payment of US\$230 million was made in respect to the acquisition of a half share of the Papua New Guinea gold assets of Harmony Gold Mining Company Limited. Refer Note 6 to the financial statements for further details.

On 19 August 2008, the directors of Newcrest Mining Limited declared a final unfranked dividend on ordinary shares in respect of the 2008 financial year. The total amount of the dividend is \$45.3 million, which represents an unfranked dividend of 10c per share. The dividend has not been provided for in the 30 June 2008 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2008 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.

(1) Underlying profit excludes the after tax impact of losses on restructured hedges and hedge close out costs.



Environmental Regulation and Performance

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 all countries in which it operates. The Consolidated Entity releases an annual Sustainability Report.

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 is shown in the accompanying table. In all cases environmental authorities were notified of those events where required and remedial action undertaken. There was a general increase in the number of environmental incidents across the group compared with the previous year. One major Category IV incident was recorded at the Telfer fuel farm involving historical hydrocarbon groundwater contamination which was detected in a monitoring bore.

Category	II	III	IV	V
2008 – No. of incidents	45	4	1	-
2007 – No. of incidents	21	2	-	-

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 matters which would have a materially adverse impact on the overall business of the Consolidated Entity.

Share Rights and Options

During the year an aggregate of 798,556 options were exercised, resulting in the issue of 798,556 ordinary shares of the Company at an aggregate consideration of \$4.9 million.

At the date of this report there were 1,233,467 unissued shares under rights and options (1,233,467 at 30 June 2008).

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. During the year, additional accounting advice and other assurance related services were provided by Ernst & Young (auditor to the Company) – refer Note 34 to the financial statements. The Directors are satisfied that the provision of these services did not impair the Auditor's Independence.

Indemnification and Insurance of Directors and Officers

Newcrest maintains a Directors' and Officers' insurance policy that, subject to some exceptions, provides insurance cover to past, present or future Directors, Secretaries or Executive Officers of the Consolidated Entity and its subsidiaries. The Company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

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 (amended by ASIC 05/641) and issued pursuant to section 341(1) of the *Corporations Act 2001*. As a result, amounts in the financial report are rounded to the nearest \$100,000, except where otherwise indicated.

Information on Directors

Details of the Directors qualifications, experience and special responsibilities are detailed below.

Donald P. Mercer

Non-Executive Chairman

Bachelor of Science (Hons) and Master of Arts (Econ).

Mr Mercer is a former Chairman of the Australian Institute of Company Directors Limited, and a former Managing Director and Chief Executive Officer of ANZ Banking Group. He was appointed Non-Executive Chairman of Newcrest Mining Limited on 26 October 2006 and is Chairman of the Remuneration Committee.

Other Directorships:

Mr Mercer is Chairman of Orica Limited, Australia Pacific Airports Corporation Limited and The State Orchestra of Victoria. He is a Director of Air Liquide Australia Limited.

Ian K Smith

Managing Director and Chief Executive Officer

Bachelor of Engineering (Hons.) from the University of New South Wales, Bachelor of Financial Administration from the University of New England.

Mr Smith was formerly the Global Head of Operational and Technical Excellence of Rio Tinto plc, based in London, and prior to that was the Managing Director – Aluminium Smelting within the Rio Tinto Group. He commenced as CEO of Newcrest Mining Limited on 14 July 2006 and was appointed Managing Director on 19 July 2006. Mr Smith is Chairman of the Minerals Council of Australia, Vice President of the Australian Mines and Metals Association and a member of the Australian Institute of Company Directors.

Greg J. Robinson

Finance Director

Bachelor of Science (Hons) Geology, Monash University and MBA, Columbia University.

Mr Robinson is responsible for the Group's Finance function and leads Newcrest's strategy, planning and business development activities. Prior to joining Newcrest Mining Limited he was with the BHP Billiton Group for the period 2001 - 2006 where he held the positions of Project Director of the Corporation Alignment Project, Chief Finance and Chief Development Officer, Energy and Chief Financial Officer, Petroleum. He was also a member of the Energy Executive Committee and Group Executive Committee. Before joining BHP Billiton, he was Director of Investment Banking at Merrill Lynch & Co and headed the Asia Pacific Metals and Mining Group.



R. Bryan Davis

Non-Executive Director

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

Mr Davis is a former Executive Director of Pasmenco 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 a member of the Safety, Health and Environment Committee and the Remuneration Committee.

Other Directorships:

Director of Onesteel Limited from December 2004 and Director of Coal & Allied Industries Limited from September 2000. Previously Chairman of Bendigo Mining Limited from September 2004 to January 2006 and Indophil Resources N.L. from November 2000 to April 2005.

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 Chairman of the Safety, Health and Environment Committee and is a member of the Remuneration Committee.

Other Directorships:

Previously a Director of Santos Limited from October 1996 to December 2006, and Director and Deputy Chairman of Bank West Limited from May 1996 to September 2004.

Richard J. Lee

Non-Executive Director

Appointed to the Board in August 2007

Bachelor of Chemical Engineering (Hons) from University of Sydney and Master of Arts (Econ) as a Rhodes Scholar, from Oxford University.

Mr Lee is a former Chief Executive of NM Rothschild Australia Group. He is a member of the Audit and Risk Committee and a member of the Remuneration Committee.

Other Directorships:

Mr Lee is Chairman of Salmat Limited, and Deputy Chairman of Ridley Corporation Limited. He is a Director of CSR Limited, Wesfarmers Insurance Division, Cash Services Australia Pty Ltd, Australian Rugby Union Limited and Australian Institute of Company Directors.

Timothy M. Poole

Non-Executive Director

Appointed to the Board in August 2007

Bachelor of Commerce from University of Melbourne and he is a Chartered Accountant.

Mr Poole is a former Managing Director of Hastings Fund Management. He is a member of the Audit and Risk Committee and a member of the Remuneration Committee.

Other Directorships:

Mr Poole is Chairman of Asciano Group and Director of Lifestyle Communities Limited and Victoria Racing Club. Mr Poole is also a member of the Investment Committee of the industry superannuation fund AustralianSuper and a member of the LEK Consulting Advisory Board.

John M. Spark

Non-Executive Director

Appointed to the Board in September 2007

Bachelor of Commerce and Fellow of the Institute of Chartered Accountants.

Mr Spark is a registered company auditor and former Managing Partner of Ferrier Hodgson, Melbourne. He is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Other Directorships:

Mr Spark is a Director of Ridley Corporation Limited and a former Director of ANL Limited and Baxter Group Limited.

Richard Knight

Non-Executive Director

Appointed to the Board in February 2008

Bachelor of Science (Engineering), Master of Science (Engineering) and Chartered Engineer.

Mr Knight has extensive experience in the international mining industry. He is a former Executive Director of North Limited and was President and CEO of the Iron Ore Company of Canada. He is a member of the Safety, Health & Environment Committee and the Remuneration Committee.

Other Directorships:

Mr Knight is a Director of OZ Minerals Limited and former Director of Zinifex Limited, St Barbara Limited, Portman Limited, Northern Orion Resources Inc and Asia Pacific Resources.



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 and Risk Committee Meetings		Remuneration Committee Meetings		Safety, Health & Environment Committee Meetings	
	A	B	A	C	A	C	A	C
D. P. Mercer	12	12	-	-	4	4	-	-
I. K. Smith	12	12	-	-	-	-	-	-
G. J. Robinson	12	12	-	-	-	-	-	-
R. B. Davis	11	12	1	1	4	4	3	3
R. C. Milne	6	6	1	1	-	-	1	1
N. L. Scheinkestel	1	1	1	1	-	-	-	-
M. A. O'Leary	12	12	-	-	4	4	3	3
R. J. Lee	12	12	3	3	4	4	-	-
T. M. Poole	11	12	3	3	4	4	-	-
J. M. Spark	8	8	3	3	4	4	-	-
R. Knight	5	5	-	-	4	4	1	1

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:

Director	Chief Entity or Related Body Corporate	Number of Ordinary Shares	Nature of Interest	Number of Rights Over Ordinary Shares
D. P. Mercer	Newcrest Mining Limited	15,176	Direct and Indirect	-
I. K. Smith	Newcrest Mining Limited	4,050	Direct	259,545
G. J. Robinson	Newcrest Mining Limited	4,050	Direct	30,029
R. B. Davis	Newcrest Mining Limited	22,629	Direct and Indirect	-
M. A. O'Leary	Newcrest Mining Limited	19,636	Direct	-
R. J. Lee	Newcrest Mining Limited	11,000	Indirect	-
T. M. Poole	Newcrest Mining Limited	4,050	Indirect	-
J. M. Spark	Newcrest Mining Limited	17,550	Direct and Indirect	-
R. Knight	Newcrest Mining Limited	10,000	Indirect	-



REMUNERATION REPORT

1. About this Report

This entire Remuneration Report is designated as audited.

This Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy, framework and practices adopted by Newcrest Mining Limited (the **Company**) for the 1 July 2007– 30 June 2008 year and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations.

In accordance with the *Corporations Act 2001*, remuneration details are disclosed for the Group's Key Management Personnel which includes the five highest remunerated executives of the Company and the Group.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly. This comprises the Company's Directors, whose names appear in Table 10, and the Executive General Managers whose names appear in Table 11.

Herein in sections of this report where remuneration arrangements are dealt with separately for Directors and for Executive General Managers, the term Directors is used and the term Key Management Personnel refers to Executive General Managers only.

2. Summary

2.1 Remuneration Policy and Strategy

In February 2008, the Board re-established the Remuneration Committee ("the Committee") to assume the work previously undertaken by the Board in considering and determining remuneration issues.

The Board (until February 2008) and the Committee (from February 2008), through its remuneration policy and strategy in 2007-08, has sought to provide market-competitive levels of remuneration for Executive General Managers, the Finance Director and the Managing Director, having regard to both the level of work and the impact that those employees can potentially have on Company performance. The policy seeks to align the interests of employees and shareholders by linking levels of incentive and reward to both Company and individual performance, to encourage retention of capable employees and to achieve an appropriate balance of risk and reward.

2.2 Non-Executive Directors

Non-Executive Directors' fees are set based upon the need to attract and retain individuals of appropriate calibre, reflecting the demands of the role and prevailing market conditions. In order to maintain independence and impartiality, Non-Executive Directors do not receive any performance-related remuneration.

2.3 Executive Directors and Executive General Managers

Executive Directors' and Executive General Managers' remuneration comprises both a fixed and variable component. Fixed remuneration is set with reference to fixed remuneration paid by a comparator group of companies for comparable roles. Variable remuneration comprises an annual cash incentive scheme described as Salary at Risk and equity remuneration awarded under Medium Term Incentive and Long Term Incentive employee share plans. Variable remuneration is awarded based on a combination of pre-determined personal and Company performance targets. Details of these targets and their weightings, which differ for each component of variable remuneration, are set out in this Report.

3. The Role of the Remuneration Committee

The Remuneration Committee is responsible for approving and overseeing the implementation of the Company'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 the Committee Charter (Charter). The Charter is available on the Company's website 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.

3.1 Duties and Responsibilities

The key Duties and Responsibilities of the Committee are to consider and make decisions in relation to:

- the broad remuneration strategies, policies and practices of the Company;
- the remuneration framework for all employees including in particular, Executive Managers, Directors and Non-Executive Directors;
- the implementation and administration of major components of the Company's remuneration strategy such as superannuation, share plans, incentive and bonus payments;
- the remuneration levels and contract terms, incentive arrangements, retirement and termination entitlements for all Executive Managers; and
- performance management practices and outcomes;

3.2 Composition

The Committee comprises all Non-Executive Directors and is chaired by the Chairman of the Board. The Managing Director, the Finance Director, the Executive General Manager People and Communication and specialist external consultants (as required) attend by invitation.

Non-Executive Directors are permitted to consider remuneration arrangements applicable to themselves pursuant to an ASIC relief order. However, they do not participate in any discussions or decisions taken by the Committee relating to their personal remuneration arrangements such as payment of fees for additional services.

A minimum of two thirds of the Committee members is required for a quorum.

3.3 Meetings

The Committee meets at least three times a year to review the structure and implementation of the Company's remuneration strategy including:

- fixed remuneration;
- at risk remuneration;
- short term incentive (STI) plans;
- equity-based remuneration (including long term incentive (LTI) and medium term incentive (MTI) plans).

Each of these components of remuneration is described later in this report.



4. Non-Executive Directors' Remuneration

4.1 Policy – Independence and Impartiality

In order to maintain impartiality and independence, Non-Executive Directors do not receive any performance related remuneration and are not entitled to participate in the Company's employee share plans.

4.2 Fixed Fees

Non-Executive Directors, including the Chairman, are paid fixed fees for their services to the Company. Those fees are inclusive of any contribution to superannuation that a Non-Executive Director wishes to make or which the Company is required by law to make on behalf of a Non-Executive Director. 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 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 1 November 2007, at which shareholders approved an aggregate amount of \$1,800,000 per annum.

Fees paid to Non-Executive Directors in 2007-08 are set out in Table 10.

4.3 Additional Services

Under the Company's Constitution, Non-Executive Directors may be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties. Rule 59 of the Company's Constitution expressly states that committee work undertaken by a Director constitutes additional services.

In early 2007 the Board approved the payment of fees to Non-Executive Directors for participation on Board Committees. Fees are \$15,000 per annum for each Committee member and \$30,000 for each Committee Chairman. The Company currently has two Board Committees, membership of which attracts a payment, the Audit and Risk Committee and the Safety, Health and Environment Committee. No fees are paid for membership of the Remuneration Committee. Details of Board Committee fees paid during 2007-08 are included under the heading "Committee Fees" in Table 10.

In 2007-08, in addition to fees received as a member of Board Committees, Mr Ron Milne was paid an amount of \$1,681 (2006-07: \$5,000) for acting as Chairman of the Company's Superannuation Policy Committee and \$30,000 (2006-07: nil) for Chairing the Due Diligence Committee which oversaw the Equity Raising undertaken in September 2007.

No other fees were paid to Non-Executive Directors during 2007-08.

4.4 Requirement for Directors to hold Shares

All Directors, including the Managing Director and Finance Director are required to hold a minimum of 3,000 shares in the Company.

Such shares must be acquired no later than one month after a Director is appointed to the Board subject to the Company's securities trading policy.

4.5 Retirement Benefits

During 2003 the Board made a decision to discontinue, as from 31 December 2003, the practice of paying Non-Executive Directors a retirement benefit. Each of the Non-Executive Directors in office at that time, whose retirement benefits were contractually established in their formal terms of engagement with the Company, agreed to have those benefits consisting of a cash payment and the amount of each individual's Company-funded superannuation, frozen with effect from 31 December 2003 in respect of the services they had provided up to that date.

Retirement benefits will not be provided to any new Non-Executive Director, nor to Mr Michael O'Leary who was appointed in September 2003 after the decision to discontinue the retirement benefits scheme had been taken. Each Non-Executive Director eligible for a retirement benefit will receive, on retirement, an amount consisting of the frozen cash payment amount, less the value (at 31 December 2003), of any Company-funded superannuation entitlement.

In 2007-08, frozen retirement benefits were paid to Dr Nora Scheinkestel (\$230,643) and Mr Ron Milne (\$209,272) upon retirement from the Board. Upon his retirement from the Board, Mr Bryan Davis will be entitled to a retirement benefit of \$221,288. No other Non-Executive Directors are eligible to receive a retirement benefit.

5. Executive Directors' and Senior Executives' Remuneration

5.1 Executive Reward Structure

The Company's executive reward system consists of the following three elements:

- Fixed Remuneration;
- Salary at Risk ("SaR"); and
- Equity-based Remuneration.

(SaR and Equity-based Remuneration together are known as Variable Remuneration)



Table 1: Overview of the Company's Fixed and Variable Remuneration System

Summary of Executive Reward System			
Fixed Remuneration		Variable Remuneration	
	<i>Salary at Risk (SaR)</i>	<i>Equity-based Remuneration</i>	
		Based on a combination of the MTI and LTI	
		<i>Medium Term Incentive ("MTI")</i>	<i>Long Term Incentive ("LTI")</i>
Fixed Remuneration includes cash salary, superannuation, site allowances (where applicable) and any benefits (grossed up where necessary to include Fringe Benefits Tax) provided under a salary sacrifice arrangement.	SaR is an annual performance -dependent cash payment determined by personal and company performance relative to target performance. Above-target performance leads to an above-target payment, and below-target performance to a below-target payment.	The MTI plan, which was introduced in 2005 in response to the sharp tightening of labour markets in the resources sector, is designed to retain highly productive and capable employees and to provide a level of reward commensurate with corporate performance measured over a one year performance period.	The LTI plan is designed to encourage superior performance in employees with their level of personal reward directly linked to the interests of shareholders, measured over a three year performance period.
	Short term	Medium term	Long term
	Cash based remuneration	Equity based remuneration	
	No risk	At Risk	

5.2 Board Policy and Strategy on Executive Remuneration

The Board has adopted a policy and strategy on remuneration which apply to Executive General Managers, the Finance Director and the Managing Director. The structure of remuneration arrangements for the above Company employees is, in broad terms, no different from those for other senior management in the Company. The main differences relate to the weighting and trigger points for the receipt of different components of their remuneration.

The key principles of the Executive reward strategy during 2007-08 were:

- to provide market competitive levels of remuneration to employees having regard both to the level of work and to the impact those employees can potentially have on the Company's performance;
- to reward and recognise the personal performance of employees;
- to adopt performance measures which align performance incentives of employees with the interests of shareholders;
- to retain capable employees; and
- to adopt a remuneration structure that provides the appropriate balance in risk and reward sharing, between each participating employee and the Company.

5.3 Determining Fixed Remuneration

The Board annually reviews and determines Fixed Remuneration for the Managing Director and Finance Director. The Managing Director does the same with respect to Key Management Personnel, who in turn review and recommend Fixed Remuneration for other senior management, to the Managing Director.

In 2007-08 the Board's policy was to position Fixed Remuneration plus SaR (at target performance) at around the 75th percentile of Fixed Remuneration plus performance bonuses paid, measured by a comparator group of companies, in relation to Key Management Personnel. The comparator group included those companies used in the comparator group for the MTI (see Table 4 for details).

The Company drew on the services of independent and specialist remuneration consultants in formulating recommendations on Fixed Remuneration for Key Management Personnel.

5.4 Determining Variable Remuneration

The Board takes the view that SaR and the MTI/LTI are important elements of remuneration which provide tangible incentives for participating employees to improve the Company's performance in both the short term and the long term, for the benefit of shareholders.

SaR depends entirely on Company and individual (personal) performance against short term performance measures as set out in Section 5.4.1 below.

The MTI depends entirely on the performance of the Company as measured by relative Total Shareholder Returns (TSR) over the financial year immediately preceding its award, as described in Table 4 below.

The LTI depends entirely on the long term performance of the Company as measured by relative TSR over a three year performance period commencing on the date on which the LTI is awarded, as described in Table 5 below.

TSR is the growth in the Company's 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 in the relevant year, compared with the same period a year earlier. Details of historic TSR and TSR for 2007-08 are set out in Table 7.

5.4.1 Salary at Risk (SaR)

In respect of the 2007-08 year, SaR at-target performance for Key Management Personnel, was set at fifty percent (2006-07: fifty percent) of Fixed Remuneration. Fifty percent of the target depended on Company performance and fifty percent on personal performance against a set of

Key Performance Indicators established with the Managing Director. The Company performance measures are described in Table 2 and outcomes for 2007-08 are set out in Table 8.

The SaR is intended to provide a focus on the key performance expected from the Company and individual employees and to provide a balanced measure of Company performance.



Table 2: Salary at Risk

Summary of SAR

<i>What is SaR?</i>	An annual cash incentive plan linked to both personal performance and Company performance measures.
<i>Who participates in the SaR?</i>	Employees in permanent full-time management positions, senior management, Executive General Managers, the Finance Director and the Managing Director.
<i>Why does the Board consider the SaR an appropriate incentive?</i>	Company and individual performance criteria were chosen so that each SaR participant has an incentive to achieve high personal performance and to contribute to high Company performance.
<i>What are the key features of the SaR?</i>	Award of cash incentives dependent on achievement (1) Company performance measures and (2) personal performance measures in each case known as SMART (Specific, Measurable, Achievable, Relevant and Time-bounded) objectives. Actual award of SaR results directly from the actual measured performance achieved at year's end, and is paid in November each year in relation to the prior year's financial performance.
<i>What are the Performance Conditions?</i>	Company performance measures relate to: <ul style="list-style-type: none"> • safety; • earnings; and • costs; plus • one further discretionary Company performance measure determined annually. Personal performance measures relate to: <ul style="list-style-type: none"> • three SMART objectives in key areas not being part of an employee's day to day job; and • A fourth discretionary SMART objective developed by each participant's manager. These four objectives are agreed annually between participant and manager under the Company's Work Performance System (WPS) and/or documented on a SaR Calculation Worksheet held in a secure environment on the Newcrest HR Portal. Each performance measure (other than the discretionary measure) has an upper limit that caps the performance measure and a threshold below which the measured performance is zero.
<i>Is SaR awarded when Company performance falls below the minimum threshold performance level?</i>	An award may be made in these circumstances if a participating employee satisfied the one discretionary Company performance measure and achieved a positive outcome in their personal performance measures.
<i>What percentage of base salary may be awarded as SaR?</i>	The Managing Director, Finance Director and Executive General Managers may receive between 0% and 100% of Fixed Remuneration depending on performance. Senior management and other participating employees receive varying percentages set according to the strategic value and seniority of their roles.
<i>What is the performance measurement testing period?</i>	One (financial) year.
<i>How is a participant's entitlement to SaR calculated?</i>	Performance against Company SMART objectives is measured in the range of 0% to 125% and a minimum performance threshold must be exceeded to achieve a positive outcome. Overall Company performance is measured as the simple average of achieved performance against the four Company SMART objectives. Performance against each personal performance objective is measured on a scale of 0% – 160% and the overall personal performance is measured as the simple average of the outcomes on the above four personal measures. Overall performance is calculated as Company performance multiplied by personal performance. The actual award of SaR is calculated by multiplying the overall performance rating by a participating employee's target SaR.

5.4.2 Equity-based Remuneration

The Board reviews and adjusts on an annual basis the content and balance of Equity-based remuneration by setting combinations of MTI and LTI which seek to sharpen their effectiveness as an incentive and to recognise the potential impact on the Company of very senior employees.

Table 3 shows the composition of Equity-based Remuneration for 2007-08.

Table 3: Equity-based Remuneration as a percentage of Fixed Remuneration for Key Management Personnel

	Managing Director	Finance Director	Executive General Manager
Total Equity-based Remuneration (maximum award)	75%	50%	50%
MTI	15%	20%	20%
LTI	60%	30%	30%



Table 4: Medium Term Incentive (MTI)

Summary of MTI

<i>What is the MTI?</i>	An annual incentive plan under which eligible employees are granted rights to receive ordinary fully paid shares in the Company (Restricted Rights). The award of Restricted Rights is determined by the Company's performance in the financial year immediately prior to the date the award is granted. Once awarded, the Restricted Rights vest at the end of three years provided the employee is employed by the Company throughout the vesting period (subject to limited exceptions outlined below) and achieves minimum acceptable personal performance.
<i>Who participates in the MTI?</i>	The Managing Director, the Finance Director, Key Management Personnel, senior management and other selected high performance personnel.
<i>Why does the Board consider the MTI an appropriate incentive?</i>	The MTI is designed to link Company performance, individual performance and retention by putting a significant proportion of participating employees' remuneration at risk.
<i>What are the key features of the MTI?</i>	<ul style="list-style-type: none"> • Restricted Rights under the MTI are conditional entitlements for the holder to subscribe for fully paid ordinary shares in the Company. • No amount is payable by the participant upon grant of the Restricted Rights (unless the Board determines otherwise), or upon exercise of the Restricted Rights once vested. • Each Restricted Right entitles the holder to subscribe for one ordinary share. • Unvested Restricted Rights are forfeited upon cessation of employment, except in limited circumstances including death, incapacity, redundancy or retirement in which case participants (or in case of death, their representatives) are entitled to exercise those Restricted Rights on a pro-rata basis according to the amount of the vesting period which has elapsed.
<i>What are the performance conditions under the MTI?</i>	<ul style="list-style-type: none"> • Performance is measured according to the Company's Total Shareholder Returns (TSR) measured against the TSR of a comparator group of companies over the previous financial year. • The award of the MTI in 2007 was based on the comparator group listed below in this table. • For participants to receive any grant of Restricted Rights, the Company's TSR performance must be at or above the median performance of the TSR of the comparator group. • The TSR results are obtained by an independent third party, from data provided by Standard and Poors.
<i>What is the relationship between Company performance and allocation of Restricted Rights?</i>	<p>In terms of the relationship between Company performance and the allocation of Restricted Rights:</p> <ul style="list-style-type: none"> • 0% allocation occurs if the Company TSR performance is below the threshold 50th percentile of the TSR for the comparator group; • 30% allocation occurs if the Company TSR performance is at the 50th percentile of the TSR for the comparator group; • 100% allocation occurs where the 75th percentile (or greater) is achieved; and • Straight line allocation between the 50th and 75th percentile occurs.
<i>What is the period over which Company performance is assessed?</i>	The financial year immediately prior to the date of grant of Restricted Rights.
<i>Are MTIs awarded where performance falls below a minimum threshold?</i>	No MTI is awarded if (1) Newcrest's performance based on TSR in the relevant period falls below the 50th percentile of the TSR for the comparator group; and / or (2) a participant's performance is ranked below "Meets Most Requirements" in the Company's Work Performance System (WPS).
<i>How are shares provided to participants under the MTI?</i>	Once Restricted Rights have vested, shares are either bought on market or transferred to eligible MTI participants.
<i>Why did the Board select a TSR performance hurdle?</i>	TSR was chosen as a performance hurdle for the MTI because it incorporates capital returns as well as dividends notionally reinvested and was therefore considered as the most appropriate means of measuring Company performance.
<i>Is the benefit of participation in the MTI affected by changes in the share price?</i>	Yes, participants in the MTI will be affected in the same way as all other shareholders by changes in the Company's share price. The value participants receive through participation in the MTI will be reduced if the share price falls during the vesting period and will increase if the share price rises over the period.
<i>Are the performance conditions retested?</i>	No, the performance conditions are only tested once, at the end of the one year performance period.
<i>What is the maximum number of Restricted Rights that may be granted to an MTI participant?</i>	The maximum number of Restricted Rights that may be granted is determined by the level of Equity-based Remuneration applicable to each participant. This component is determined as a percentage of base salary commencing at 15%, 30% for senior management, and 50% for Key Management Personnel including the Finance Director and 75% for the Managing Director.
<i>Which Companies are in the TSR Comparator Group?</i>	The TSR comparator group is comprised of a select group of companies in the FTSE Gold Mine Index at the time of any award of MTI. In the case of the MTI award made in November 2007 this group comprised Barrick Gold, Newmont, AngloGold Ashanti, Gold Fields, Gold Corp, Polyus Gold, Harmony, Zijin Mining Group H, Kinross Gold, Buenaventura ADR, Meridian Gold, Lihir Gold, Centerra Gold, IAMGOLD, DRD Gold and Randgold.



Table 5: Long Term Incentive (LTI)

Summary of LTI

<i>What is the LTI?</i>	An incentive plan under which eligible employees are granted rights to receive ordinary fully paid shares in the Company (Performance Rights). The entitlement is contingent on the Company achieving a performance hurdle over a set performance period.
<i>Who participates in the LTI?</i>	The Managing Director, the Finance Director, Key Management Personnel, Executives and senior management participate in the LTI.
<i>Why does the Board consider the LTI an appropriate incentive?</i>	The LTI is designed to reward participants for Company performance and to align the long-term interests of shareholders, senior and executive management and the Company, by linking a significant proportion of participating employees' remuneration at risk, to the Company's future performance, currently over a 3 year period from the date of grant of Performance Rights.
<i>What are the key features of the LTI?</i>	<ul style="list-style-type: none"> • Performance Rights issued under the LTI are conditional entitlements for the holder to subscribe for fully paid ordinary shares in the Company. • No amount is payable by the participant upon grant of the Performance Rights (unless the Board determines otherwise), or upon the exercise of the Performance Rights once vested. • Each Performance Right entitles the holder to subscribe for one ordinary share. • Unvested Performance Rights are forfeited upon cessation of employment with the Company, except in limited circumstances including death, incapacity, redundancy or retirement in which case participants (or in the case of death, their representatives) are entitled to exercise those Rights pro-rated according to the amount of the performance period which has elapsed and the extent to which the performance hurdle has been met.
<i>What are the performance conditions under the LTI?</i>	<ul style="list-style-type: none"> • Performance is measured according to the Company's comparative Total Shareholder Return (TSR) measure against the TSR of a comparator group of companies over a predetermined period (currently three years) commencing on the date on which Performance Rights are granted. • For Performance Rights to vest, the Company's performance must be at or above the median performance of the TSR of the comparator group. • The TSR results are obtained by an independent third party, from data provided by Standard & Poors.
<i>Which companies are in the TSR comparator group?</i>	The TSR comparator group is comprised of a select group of companies in the FTSE Gold Mine Index at the time of any award of LTI. In the case of the LTI award made in November 2007 this group comprised Barrick Gold, Newmont, AngloGold Ashanti, Gold Fields, Gold Corp, Polyus Gold, Harmony, Zijin Mining Group H, Kinross Gold, Buenaventura ADR, Meridian Gold, Lihir Gold, Centerra Gold, IAMGOLD, DRD Gold and Randgold.
<i>What is the relationship between Company performance and allocation of Performance Rights?</i>	In terms of the relationship between Company performance and the allocation of Performance Rights: <ul style="list-style-type: none"> • 0% allocation occurs if Company TSR performance is below the threshold 50th percentile of the TSR of the comparator group; • 50% allocation occurs if the Company TSR performance is at the 50th percentile of the TSR of the comparator group; • 100% allocation occurs when the 75th percentile (or greater) is achieved; and • Straight line allocation between the 50th and 75th percentile occurs.
<i>What is the vesting period for the LTI?</i>	Performance Rights vest in participants (ie may be exercised) 3 years after the date of grant, provided performance conditions are met.
<i>What is the period over which Company performance is assessed?</i>	The assessment period is three years following the date of grant of Performance Rights.
<i>Are LTI's awarded when Company performance falls below the minimum threshold performance level?</i>	No LTI is awarded if Newcrest's performance based on TSR in the relevant period falls below the median of the TSR for the TSR comparator group.
<i>How are shares provided to participants under the LTI?</i>	Once Performance Rights have vested, shares are either bought on market or transferred to eligible LTI participants.
<i>Why did the Board choose a TSR performance hurdle?</i>	TSR was chosen as a performance hurdle for the LTI because it incorporates capital returns as well as dividends notionally reinvested and it was therefore considered by the Board as the most appropriate means of measuring Company performance.
<i>Is the benefit of participation in the LTI affected by changes in the share price?</i>	Yes, participants in the LTI will be affected in the same way as all other shareholders by changes in the Company's share price. The value participants receive through participation in the LTI will be reduced if the share price falls during the vesting period and will increase if the share price rises over the period.
<i>Are the performance conditions retested?</i>	No, the performance conditions are only tested once at the end of the three year performance period.
<i>What is the maximum number of Performance Rights that may be granted to an LTI participant?</i>	The maximum number of Performance Rights that may be granted is determined by the level of Equity Based remuneration applicable to each participant. See Table 3.

Table 6: Executive Share / Option Plan Performance Hurdles 2003 – 2007

The following is a summary of Performance Hurdles that relate to Option and Share Plan awards for the period 2003 to 2007.
 Note: 2008 awards are scheduled to be made in November 2008.

Year	Grant Date	Performance Hurdle
2007 (MTI)	9 Nov 2007	<p>The performance hurdle is based on the TSR ranking of the Company. If at a grant date the TSR Ranking of the Company is:</p> <p>(a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero;</p> <p>(b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 30 percent of the rights comprised in the grant;</p> <p>(c) equal to or greater than the 75th percentile of the TSR for the comparator group, the number of rights which is granted is 100 percent of the rights comprised in the grant;</p> <p>(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 are granted, the number being calculated on a straight line basis.</p>
2007 (LTI)	9 Nov 2007	<p>The performance hurdle is based on the TSR Ranking of the Company over a three year period. If at a Performance Measurement Date the TSR Ranking of the Company is:</p> <p>(a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero;</p> <p>(b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 50 percent of the rights comprised in the grant;</p> <p>(c) equal to or greater than the 75th percentile of the TSR for the comparator group, the number of rights which is granted is 100 percent of the rights comprised in the grant;</p> <p>(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 are granted with the number being calculated on a straight line basis.</p>
2006 (MTI)	3 Nov 2006	<p>The performance hurdle is based on the TSR ranking of the Company. If at a grant date the TSR Ranking of the Company is:</p> <p>(a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero;</p> <p>(b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 30 percent of the rights comprised in the grant;</p> <p>(c) equal to or greater than the 75th percentile of the TSR for the comparator group, the number of rights which is granted is 100 percent of the rights comprised in the grant;</p> <p>(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 are granted, the number being calculated on a straight line basis.</p>
2006 (LTI)	3 Nov 2006	<p>The performance hurdle is based on the TSR Ranking of the Company over a three year period. If at a Performance Measurement Date the TSR Ranking of the Company is:</p> <p>(a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero;</p> <p>(b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 50 percent of the rights comprised in the grant;</p> <p>(c) equal to or greater than the 75th percentile of the TSR for the comparator group, the number of rights which is granted is 100 percent of the rights comprised in the grant;</p> <p>(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 are granted with the number being calculated on a straight line basis.</p>
2006 (MD & CEO)	14 July 2006	<p>The performance hurdle is the achievement of initial performance objectives by Mr Smith during the first 180 days in his role as Managing Director and Chief Executive Officer and was agreed with Mr Smith upon his employment with the Company. In February 2007 the Board reviewed Mr Smith's performance against his initial performance objectives and determined that the performance hurdle had been met. As a result the Rights have vested, in accordance with their terms but will not become convertible to ordinary shares in the Company until the third anniversary of his appointment.</p>
2005 (MTI)	8 Nov 2005	<p>The performance hurdle is based on the TSR ranking of the Company. If at a grant date the TSR Ranking of the Company is:</p> <p>(a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero;</p> <p>(b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 50 percent of the rights comprised in the grant;</p> <p>(c) equal to or greater than the 75th percentile of the TSR for the comparator group, the number of rights which is granted is 100 percent of the rights comprised in the grant;</p> <p>(d) greater than the 50th percentile and less than the 75th percentile of the TSR for the comparator group, then in addition to the rights exercisable under paragraph (b) above, further rights are granted with 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 are granted.</p>



Table 6: Executive Share / Option Plan Performance Hurdles 2003 – 2007 cont.

Year	Grant Date	Performance Hurdle
2004 (LTI)	5 Nov 2004	The performance hurdle is based on the TSR Ranking of the Company. If at a Performance Date the TSR ranking of the Company is: (a) less than the 50th percentile of the TSR for the comparator group, the number of rights which vest is zero; (b) equal to the 50th percentile of the TSR for the comparator group, 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 of the TSR for the comparator group, the number of rights which vest is 100 percent of the rights comprised in the grant; (d) greater than the 50th percentile of the TSR for the comparator group, and less than the 75th percentile, then in addition to the rights exercisable under paragraph (b) above, further rights vest, with 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 are granted vest.
2003	2 Dec 2003 6 Feb 2003	The performance hurdle is based on the TSR ranking of the Company. If at a Performance Date the TSR Ranking of the Company is: (a) less than the 50th percentile of the TSR for the comparator group, the number of options comprised in the relevant tranche which may be exercised is zero; (b) equal to the 50th percentile of the TSR for the comparator group, 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 of the TSR for the comparator group, the number of options which may be exercised is 100 percent of the total number of options comprised in the relevant tranche; (d) 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.

6. Relationship of Incentives to Newcrest's Financial Performance

MTI/LTI allocations are tied to Company performance. Company performance for MTI/LTI has been measured by Total Shareholder Returns (TSR). Table 7 sets out the Company's performance in TSR for the period 30 June 2003 to 30 June 2008. LTI and MTI outcomes have been aligned to, and reflect, TSR performance.

Table 7: Newcrest's financial performance

Year Ended 30 June	2003	2004	2005	2006	2007	2008
Basic Earnings Per Share (EPS)* (cents)	29.6	37.5	39.4	39.6	19.4	31.0
Dividends (cents)	5.0	5.0	5.0	5.0	5.0	10.0
Share Price at 30 June (\$)	7.65	13.78	17.38	21.08	22.85	29.30
Share Price Increase** (\$)	0.07	6.13	3.60	3.70	1.77	6.45
Total Shareholder Returns *** (%)	16.5	82.4	32.8	38.4	2.0	57.0

* Basic EPS is calculated as net profit after tax after minority interests 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.

In relation to MTI, the TSR performance achieved in 2006-07 was at the 69th percentile, resulting in 83.2% of the maximum award of Restricted Shares being made. Refer Table 15.

In relation to LTI, Rights granted in November 2004 and exercisable in 2007, subject to the TSR performance achieved over the performance measurement period (5 November 2004 to 5 November 2007), performance was assessed to be at the 40th percentile. As a result, all Rights granted on 5 November 2004 lapsed in accordance with the Performance Condition which provided that the TSR ranking of the Company must equal or exceed the 50th percentile for 50% of the Rights to become fully exercisable.

In relation to SaR awarded for 2007-08, the Company's performance against the Company performance objectives for Key Management Personnel is set out in Table 8. It shows that overall, the Company's performance was at 104.8% of the target, reflecting above-target performance for earnings and safety and below target performance in relation to costs. Performance above or below target results in a percentage of target outcome based on a scale of pro-rating predetermined by the Board. The outcome for each of the Key Management Personnel for 2007-08 has been determined by the overall personal performance multiplied by the Company's overall performance.



Table 8: Performance objective for year ending 30 June 2008 (Key Management Personnel)

Performance Objective	Target	Outcome	Percentage of target achieved
Safety Total Recordable Injuries and Frequency Rate (TRIFR) for Newcrest as a whole (Total recordable injuries per million work hours)	<9.0	8.4	107%
Earnings (Net Profit after Tax and Minority Interest) ⁽¹⁾	A\$202.0million	A\$230.0million	125%
Costs (Total Production Costs per ounce before by-product revenue credits divided by total gold production)	A\$757/oz	A\$838/oz	73%
Discretionary Component ⁽²⁾			115%
Overall Company Performance (including discretionary component)			105%

(1) Actual earnings are adjusted to remove 70% of the revenue differential between actual and budget commodity prices and exchange rates when compared to Target Earnings. In addition, an adjustment has been made in respect to the restructure and close out impacts.

(2) The discretionary component is a discretionary assessment by the Board of the overall performance of the Company in areas other than safety, earnings and costs.

7. Executive Service Agreements

7.1 Overview & Summary

Remuneration and other key terms of employment for the Executive Directors and Key Management Personnel are formalised in service agreements. The terms of the service agreements for current Executive Directors and Key Management Personnel are summarised in the following table.

Table 9: Executive Service Agreements

Name	Term of Agreement	Fixed Annual Remuneration ⁽¹⁾ \$	Notice Period by Executive	Notice Period by Newcrest	Termination Payment ⁽²⁾
Ian Smith Managing Director and Chief Executive Officer	Open	2,000,000	3 months	12 months	1.0 times total annual remuneration
Greg Robinson Finance Director	Open	1,000,000	3 months	12 months	1.0 times total annual remuneration
Bernard Lavery Executive General Manager Corporate Services	Open	565,000	3 months	24 months	2.0 times total annual remuneration
Ron Douglas Executive General Manager Development and Projects	Open	650,000	3 months	12 months	1.0 times total annual remuneration
Tim Lehany Executive General Manager Operations (Commenced 1 November 2007)	Open	680,000	3 months	12 months	1.0 times total annual remuneration
Colin Moorhead Executive General Manager Minerals (Commenced 1 January 2008)	Open	538,000	3 months	12 months	1.0 times total annual remuneration
Debra Stirling Executive General Manager People and Communication (Commenced 14 January 2008)	Open	630,000	3 months	12 months	1.0 times total annual remuneration
Dan Wood Exploration Executive	Open	650,000	3 months	24 months	2.0 times total annual remuneration

(1) Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executive's fixed annual remuneration as at 30 June 2008.

(2) Termination payment if Newcrest terminates the Executive's employment other than for cause.



7.2 Executive Service Agreements entered into in 2007-08

7.2.1 Mr Tim Lehany

Tim Lehany has been with the Company since 1999 and has performed a number of mining operations roles prior to being appointed Executive General Manager Operations in November 2007. Tim has a Service Agreement with the Company the terms of which are summarised below.

- The appointment is for an indefinite duration. Tim may resign at any time on giving three (3) months written notice, and the Company may terminate Tim's employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Tim's duties and responsibilities.
- Base salary of \$680,000 per annum to be reviewed annually.
- Salary at Risk (SaR) of up to 100 percent of base salary dependent upon Tim meeting specified personal and Company performance targets, where 100 percent is only achievable for "outstanding" performance.
- Tim will also be offered an annual award in accordance with the Company's Remuneration Policy in relation to MTI and LTI equal to 50 percent of base salary.
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

7.2.2 Mr Colin Moorhead

Colin Moorhead has been with the Company since 1987 and has performed a number of geology and exploration roles prior to being appointed Executive General Manager Minerals in January 2008. Under his Letter of Appointment he is to be provided with a Service Agreement with the Company the terms of which are summarised below.

- The appointment is for an indefinite duration. Colin may resign at any time on giving three (3) months written notice, and the Company may terminate Colin's employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Colin's duties and responsibilities.
- Base salary of \$538,000 per annum to be reviewed annually.
- Salary at Risk (SaR) of up to 100 percent of base salary dependent upon Colin meeting specified personal and Company performance targets, where 100 percent is only achievable for "outstanding" performance.
- Colin will also be offered an annual award in accordance with the Company's Remuneration Policy in relation to MTI and LTI equal to 50 percent of base salary.
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

7.2.3 Ms Debra Stirling

Debra Stirling commenced employment with the Company on 14 January 2008, pursuant to a letter of appointment and has been provided with a Service Agreement the terms of which are summarised below.

- The appointment is for an indefinite duration. Debra may resign at any time on giving three (3) months written notice, and the Company may terminate Debra's employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Debra's duties and responsibilities.
- Base salary of \$630,000 per annum to be reviewed annually.
- Salary at Risk (SaR) of up to 100 percent of base salary dependent upon Debra meeting specified personal and Company performance targets, where 100 percent is only achievable for "outstanding" performance.
- Debra will also be offered an annual award in accordance with the Company's Remuneration Policy in relation to MTI and LTI equal to 50 percent of base salary.
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

7.3 Executive Director Service Agreements

7.3.1 Mr Ian Smith

Ian Smith commenced employment with the Company as Chief Executive Officer on 14 July 2006 and was appointed to the Board as Managing Director on 19 July 2006, pursuant to a letter of appointment and has entered into a Service Agreement the terms of which are summarised below.

- The appointment is for an indefinite duration. Ian may resign at any time on giving three (3) months written notice, and the Company may terminate Ian's employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Ian's duties and responsibilities.
- Base salary of \$2,000,000 per annum to be reviewed annually.
- Salary at Risk (SaR) of up to 100 percent of base salary dependent upon Ian meeting specified personal and Company performance targets, where 100 percent is only achievable for "outstanding" performance.
- Ian was offered a sign on award of 165,000 Performance Rights under the Company's 2004 Executive Performance Share Plan, as an incentive to join the Company. The performance hurdle for those Rights was the achievement of initial performance objectives determined in advance by the Board. The performance hurdle was measured as part of an interim review of Ian's performance undertaken by the Board in February 2007. The initial performance objectives were determined by the Board to have been achieved and the Performance Rights will vest and become convertible to Newcrest ordinary shares on the third anniversary of Ian's appointment. The deferred vesting of Performance Rights provides alignment between Ian's interests and those of shareholders during the three year period. If a change of control occurs the Performance Rights can vest prior to the third anniversary. The award of the initial Performance Rights was approved by shareholders at the 2006 Annual General Meeting.
- Ian will also be offered an annual award in accordance with the Company's Remuneration Policy in relation to MTI and LTI equal to 75 percent of base salary.
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.

7.3.2 Mr Greg Robinson

Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Finance Director on 23 November 2006, pursuant to a letter of appointment and has been provided with a Service Agreement the terms of which are summarised below.

- The appointment is for an indefinite duration. Greg may resign at any time on giving three (3) months written notice, and the Company may terminate Greg's employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Greg's duties and responsibilities.
- Base salary of \$1,000,000 per annum to be reviewed annually.
- Salary at Risk (SaR) of up to 100 percent of base salary dependent upon Greg meeting specified personal and Company performance targets, where 100 percent is only achievable for "outstanding" performance.
- Greg will also be offered an annual award in accordance with the Company's Remuneration Policy in relation to MTI and LTI equal to 50 percent of base salary.
- Statutory entitlements apply upon termination of employment of accrued annual and long service leave together with any superannuation benefits.



8. Remuneration Details

8.1 Directors

Details of the nature and amount of each major element of the remuneration of each Director of the Company are as follows:

Table 10: Directors' Remuneration

Directors	Short Term			Post Employment		Share Based Payments		Total	Equity Compensation Value (I)	Performance Related Remuneration (J)
	Salary & Fees (A)	Committee Fees (B)	Salary at Risk (C)	Other Benefits/ Services (D)	Superannuation Contributions (E)	Value of Options (F)	Value of Performance Rights (G)			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	(I)	(J)
2007-08										
Executive Directors										
Ian K. Smith Chief Executive Officer and Managing Director	1,912	-	2,068	6	13	-	1,638	5,637	29.1	65.7
Greg J. Robinson Finance Director	949	-	983	6	13	-	181	2,132	8.5	54.6
Non-Executive Directors										
Donald P. Mercer Chairman	437	-	-	-	13	-	-	450	-	-
Ronald C. Milne Resigned 1 Nov 2007	42	46	-	3	9	-	-	100	-	-
R. Bryan Davis	137	20	-	1	13	-	-	171	-	-
Michael A. O'Leary	137	30	-	-	13	-	-	180	-	-
Nora L. Scheinkestel Resigned 31 Aug 2007	23	3	-	-	2	-	-	28	-	-
Richard J. Lee Appointed 14 Aug 2007	121	10	-	2	11	-	-	144	-	-
Tim M. Poole Appointed 14 Aug 2007	121	12	-	-	12	-	-	145	-	-
John M. Spark Appointed 26 Sep 2007	107	20	-	-	8	-	-	135	-	-
Richard Knight Appointed 13 Feb 2008	57	6	-	-	-	-	-	63	-	-
	4,043	147	3,051	18	107	-	1,819	9,185		
2006-07										
Executive Directors										
I.K. Smith Chief Executive Officer and Managing Director Appointed 19 Jul 2006	1,597	-	978	6	42	-	1,224	3,847	31.8	57.2
R.B. Davis Interim Managing Director and Chief Executive Officer to 19 Jul 2006	49	-	-	2	75	-	-	126	-	-
Greg J. Robinson Finance Director Appointed 23 Nov 2006	524	-	489	4	42	-	62	1,121	5.5	49.2
Non-Executive Directors										
Donald P. Mercer Chairman Appointed 26 Oct 2006	261	-	-	4	23	-	-	288	-	-
Ronald C. Milne	131	28	-	-	12	-	-	171	-	-
R. Bryan Davis Appointed 19 Jul 2006	125	15	-	-	11	-	-	151	-	-
Michael A. O'Leary	143	15	-	-	-	-	-	158	-	-
Nora L. Scheinkestel	131	8	-	-	12	-	-	151	-	-
Ian R. Johnson Chairman Resigned 26 Oct 2006	95	-	-	33	9	-	-	137	-	-
Ian A. Renard Resigned 15 Sep 2006	25	-	-	-	3	-	-	28	-	-
	3,081	66	1,467	49	229	-	1,286	6,178		

See Table 11 for explanation of notes (A) – (J)



8.2 Other Key Management Personnel

Details of the nature and amount of each major element of remuneration for the Company's Key Management Personnel are as follows:

Table 11: Key Management Personnel Remuneration

Key Management Personnel	Short Term		Post Employment		Share Based Payments			Total	Equity Compensation Value (I)	Performance Related Remuneration (J)
	Salary & Fees (A)	Salary at Risk (C)	Other benefits/ Services (D)	Superannuation Contributions (E)	Value of Options (F)	Value of Performance Rights (G)	Termination Benefits (H)			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
2007-08										
Executives										
Bernard Lavery	542	402	6	13	120	147	-	1,230	21.7	54.4
EGM Corporate Services										
Ron Douglas	625	403	5	13	-	48	-	1,094	4.4	41.2
EGM Development & Projects										
Tim Lehany ⁽¹⁾	602	303	3	13	70	100	-	1,091	15.6	43.4
EGM Operations Commenced 1 Nov 2007										
Colin Moorhead ⁽¹⁾	396	367	6	13	24	62	-	868	9.9	52.2
EGM Minerals Commenced 1 Jan 2008										
Debra Stirling	287	154	3	8	-	47	-	499	9.4	40.3
EGM People & Communication Commenced 14 Jan 2008										
Dan Wood	625	523	5	13	120	169	-	1,455	19.9	55.8
Exploration Executive										
	3,077	2,152	28	73	334	573	-	6,237		
2006-07										
Executives										
Dan Wood	485	346	4	111	134	108	-	1,188	20.4	49.5
Exploration Executive										
Bernard Lavery	412	301	6	105	134	94	-	1,052	21.7	50.3
EGM Corporate Services										
Ron Douglas	72	-	1	17	-	-	-	90	-	-
EGM Development & Projects Commenced 8 May 2007										
Former Executives										
Jeff Smith	363	-	-	101	-	-	1,299	1,763	-	-
EGM Finance Ceased 28 Feb 2007										
Tony O'Neill	750	-	6	12	-	-	2,600	3,368	-	-
EGM Operations Ceased 22 Jun 2007										
Matthew Butlin	284	-	4	64	-	-	797	1,149	-	-
EGM Organisation Effectiveness Ceased 28 Feb 2007										
Paul Hallam	289	-	4	105	-	-	1,193	1,591	-	-
EGM Development & Projects Ceased 28 Feb 2007										
	2,655	647	25	515	268	202	5,889	10,201		

(1) Tim Lehany and Colin Moorhead had been with the Company for a number of years prior to their appointment as Executive General Managers, at which date they became Key Management Personnel. The remuneration disclosed above represents their remuneration for the whole financial year and not just from the date of appointment as Key Management Personnel as they were amongst the five highest remunerated executives for the 2007-08 year.

Notes to Tables 10 and 11:

- (A) Salary & Fees comprise cash salary and available salary package options grossed-up by related fringe benefits tax, where applicable. The Company's minimum required superannuation contributions made on behalf of Directors and Key Management Personnel are disclosed separately.
- (B) Represents fees paid to Non-Executive Directors for participation in Board Committees and other Committees.
- (C) Salary at Risk relates to the Managing Director's, Finance Director's and Key Management Personnel's performance in the 30 June 2008 year and for comparatives, the 30 June 2007 year. Allocations of SaR for 2007-08 are actual. Allocations of SaR for 2006-07 shown in Tables 10 and 11 were estimates. Actual award levels were determined in October 2007. The difference between the estimated SaR for 2006-07 (as disclosed in the prior year Remuneration Report) and the actual SaR determined in October 2007 has also been included in the 2007-08 amount.
- (D) Represents non-monetary benefits to Directors and Key Management Personnel such as non-business travel, parking and applicable fringe benefits tax payable on benefits.
- (E) Represents company contributions to superannuation under the Superannuation Guarantee legislation (SGC). In 2006-07 this amount also included any additional contribution made through salary sacrifice by Executive Directors and Key Management Personnel.



(F)(G) The total value of options and rights included in remuneration for the year is calculated as follows:

- 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 Restricted Share Plan and Executive Performance Share Plan has been valued using a Monte Carlo option pricing model.
- The following factors and assumptions were used in determining the fair value of options and rights on the grant date:

	Rights LTI Nov 2007	Rights MTI Nov 2007	Rights LTI Nov 2006	Rights MTI Nov 2006	Rights MD & CEO Jul 2006	Rights MTI Nov 2005	Rights LTI Nov 2004	Options Dec 2003	Options Feb 2003
Fair Value*	\$23.38	\$35.64	\$18.19	\$23.81	\$19.52	\$18.78	\$10.55	\$4.11	\$2.06
Exercise Price	-	-	-	-	-	-	-	\$12.29	\$6.62
Estimated Volatility	36%	36%	36%	36%	36%	34%	33%	37%	43%
Risk-free interest rate	6.69%	6.69%	5.99%	5.99%	5.99%	5.42%	5.25%	6.33%	4.97%
Dividend Yield	0.20%	0.20%	0.40%	0.40%	0.40%	0.40%	0.40%	0.39%	0.75%
Expected life of award/option	3 years	3 years	3 years	3 years	3 years	3 years	3 years	5 years	5 years

*Fair Value has been calculated and audited by an independent third party.

(H) Termination benefits include payments in lieu of notice, applicable STI and LTI, and payments for statutory and accrued annual leave and long service leave entitlements.

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

(J) Represents performance related remuneration as a percentage of total remuneration.

9. Options and Rights Held by Executive Directors and Key Management Personnel

9.1 Options

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

There were no new options granted during the 2007-08 year.

The movements during the year in the number of options over ordinary shares in the Company held by each Executive Director and each of the Key Management Personnel, as part of their remuneration, are as follows:

Table 12: Movement in options for Executive Directors and Key Management Personnel 2007-08

Key Management Personnel	Grant Date	Expiry Date	Exercise Price	Movement During the Year							
				Balance at 1 July 2007	Options Exercised	Amount Paid to Exercise Options	Options Lapsed	Balance at 30 June 2008	Options Vested During the Year	Vested and Exercisable at 30 June 2008	Non-Vested
D. Wood	6-Feb-03	6-Feb-08	\$4.75	100,000	(100,000)	\$475,000	-	-	25,000	-	-
	2-Dec-03	2-Dec-08	\$10.42	95,500	-	-	(1,500)	94,000	23,500	69,000	25,000
				195,500	(100,000)	\$475,000	(1,500)	94,000	48,500	69,000	25,000
B. Lavery	6-Feb-03	6-Feb-08	\$4.75	100,000	(100,000)	\$475,000	-	-	25,000	-	-
	2-Dec-03	2-Dec-08	\$10.42	95,500	-	-	(1,500)	94,000	23,500	69,000	25,000
				195,500	(100,000)	\$475,000	(1,500)	94,000	48,500	69,000	25,000
T. Lehany	6-Feb-03	6-Feb-08	\$4.75	67,500	(67,500)	\$320,625	-	-	22,500	-	-
	2-Dec-03	2-Dec-08	\$10.42	50,750	(32,200)	\$335,524	(1,050)	17,500	16,450	-	17,500
				118,250	(99,700)	\$656,149	(1,050)	17,500	38,950	-	17,500
C. Moorhead	6-Feb-03	6-Feb-08	\$4.75	20,000	(20,000)	\$95,000	-	-	5,000	-	-
	2-Dec-03	2-Dec-08	\$10.42	19,100	-	-	(300)	18,800	4,700	13,800	5,000
				39,100	(20,000)	\$95,000	(300)	18,800	9,700	13,800	5,000



9.2 Rights

All conditional entitlements refer to Restricted Rights and Performance Rights over ordinary shares of the Company, which are exercisable on a one-for-one basis.

The movements in the year in the number of Rights over ordinary shares in the Company held by each Executive Director and Key Management Personnel, as part of their remuneration, are as follows:

Table 13: Movement in Restricted Rights and Performance Rights for Executive Directors and Key Management Personnel 2007-08

Executive Directors & Key Management Personnel	Grant Date	Type	Share Price at Grant Date	Balance at 1 July 2007	Rights Granted	Rights Exercised	Rights Lapsed ⁽¹⁾	Balance at 30 June 2008	Vested and	
									Exercisable at 30 June 2008	Non-Vested
I. Smith	14-Jul-06	LTI	\$19.52	165,000	-	-	-	165,000	-	165,000
	3-Nov-06	MTI	\$24.10	4,117	4,728	-	-	8,845	-	8,845
	3-Nov-06	LTI	\$24.10	42,881	-	-	-	42,881	-	42,881
	9-Nov-07	MTI	\$35.85	-	7,373	-	-	7,373	-	7,373
	9-Nov-07	LTI	\$35.85	-	35,446	-	-	35,446	-	35,446
G. Robinson	3-Nov-06	MTI	\$24.10	4,245	-	-	-	4,245	-	4,245
	3-Nov-06	LTI	\$24.10	12,007	-	-	-	12,007	-	12,007
	9-Nov-07	MTI	\$35.85	-	4,915	-	-	4,915	-	4,915
	9-Nov-07	LTI	\$35.85	-	8,862	-	-	8,862	-	8,862
D. Wood	5-Nov-04	LTI	\$17.30	9,512	-	-	9,512	-	-	-
	8-Nov-05	MTI	\$18.98	4,890	-	-	-	4,890	-	4,890
	3-Nov-06	MTI	\$24.10	4,013	-	-	-	4,013	-	4,013
	3-Nov-06	LTI	\$24.10	7,294	-	-	-	7,294	-	7,294
	9-Nov-07	MTI	\$35.85	-	3,195	-	-	3,195	-	3,195
	9-Nov-07	LTI	\$35.85	-	5,760	-	-	5,760	-	5,760
B. Lavery	5-Nov-04	LTI	\$17.30	8,232	-	-	8,232	-	-	-
	8-Nov-05	MTI	\$18.98	4,251	-	-	-	4,251	-	4,251
	3-Nov-06	MTI	\$24.10	3,489	-	-	-	3,489	-	3,489
	3-Nov-06	LTI	\$24.10	6,340	-	-	-	6,340	-	6,340
	9-Nov-07	MTI	\$35.85	-	2,777	-	-	2,777	-	2,777
	9-Nov-07	LTI	\$35.85	-	5,007	-	-	5,007	-	5,007
T. Leahy	5-Nov-04	LTI	\$17.30	5,287	-	-	5,287	-	-	-
	8-Nov-05	MTI	\$18.98	2,047	-	-	-	2,047	-	2,047
	3-Nov-06	MTI	\$24.10	2,650	-	-	-	2,650	-	2,650
	3-Nov-06	LTI	\$24.10	1,375	-	-	-	1,375	-	1,375
	9-Nov-07	MTI	\$35.85	-	3,342	-	-	3,342	-	3,342
	9-Nov-07	LTI	\$35.85	-	6,026	-	-	6,026	-	6,026
C. Moorhead	5-Nov-04	LTI	\$17.30	1,625	-	-	1,625	-	-	-
	8-Nov-05	MTI	\$18.98	582	-	-	-	582	-	582
	3-Nov-06	MTI	\$24.10	1,932	-	-	-	1,932	-	1,932
	3-Nov-06	LTI	\$24.10	1,005	-	-	-	1,005	-	1,005
	9-Nov-07	MTI	\$35.85	-	3,768	-	-	3,768	-	3,768
	9-Nov-07	LTI	\$35.85	-	1,941	-	-	1,941	-	1,941
R. Douglas	9-Nov-07	MTI	\$35.85	-	3,195	-	-	3,195	-	3,195
	9-Nov-07	LTI	\$35.85	-	5,760	-	-	5,760	-	5,760
D. Stirling	9-Nov-07	MTI	\$35.85	-	3,097	-	-	3,097	-	3,097
	9-Nov-07	LTI	\$35.85	-	5,583	-	-	5,583	-	5,583

(1) LTI Rights granted in November 2004 were exercisable in 2007, subject to the TSR performance achieved over the performance measurement period (5 November 2004 to 5 November 2007). Performance was assessed to be at the 40th percentile. As a result, all Rights granted on 5 November 2004 lapsed in accordance with the Performance Condition which provided that the TSR ranking of the Company must equal or exceed the 50th percentile for 50% of the Rights to become fully exercisable.

9.3 Performance Conditions for Options and Rights

Table 14: Value of Options, Restricted Rights and Performance Rights

Directors & Key Management Personnel	(A) Value at Grant Date	(B) Value at Exercise Date	(C) Value at Lapse Date	(D) Total of Columns A-C
	\$'000	\$'000	\$'000	\$'000
I. Smith	1,204	-	-	1,204
G. Robinson	382	-	-	382
B. Lavery	216	2,826	(310)	2,732
D. Wood	249	2,901	(353)	2,797
R. Douglas	249	-	-	249
T. Lehany	260	2,659	(201)	2,718
D. Stirling	241	-	-	241
C. Moorhead	180	627	(61)	746

Table 14 above shows the total value of any Restricted Rights, Performance Rights or options granted, exercised and lapsed in 2007-08 in relation to Executive Directors and Key Management Personnel based on the following assumptions:

- (A) The value of Restricted Rights and Performance Rights at grant date reflects the fair value of a right multiplied by the number of performance or restricted rights granted during 2007-08. (Refer footnotes F&G to Tables 10 & 11).
- (B) The value at exercise date has been determined by the Company's share price at the close of business on the exercise date less the option or right exercise price multiplied by the number of options or rights exercised during 2007-08.
- (C) The value at lapse date has been determined by the share price at the close of business on the date the Restricted Right, Performance Right or Option lapsed, less the exercise price multiplied by the number of performance or restricted rights or options that lapsed during the year.

Performance conditions for Restricted Rights, Performance Rights and Options are set out in Table 15 below.



Table 15: Executive Directors and Key Management Personnel – Options granted on 6 February 2003 and 2 December 2003, and Rights granted between the 2004-05 and 2007-08 years.

Note: Refer Table 6 for a summary of the applicable Performance Hurdles.

Grant Date	Expiry Date	Comparator Group	Strike Price	Performance Date (for Options and LTI) or Vesting Date (for MTI)	Performance Achieved	Percentage Vested
9 Nov 2007 (LTI)	9 Nov 2012	Newcrest's TSR ranking against FTSE Gold Index	Nil	9 Nov 2010	To be determined	N/A
9 Nov 2007(MTI)	9 Nov 2012	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	9 Nov 2010	69th percentile resulting in 83.2% of the maximum award of Rights	100% on 9 Nov 2010
3 Nov 2006 (LTI)	3 Nov 2011	Newcrest's TSR ranking against FTSE Gold Index	Nil	3 Nov 2009	To be determined	N/A
3 Nov 2006 (MTI)	3 Nov 2011	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	3 Nov 2009	69th percentile resulting in 82.5% of the maximum award of Rights	100% on 3 Nov 2009
14 July 2006 (MD & CEO)	14 July 2009	Performance objectives agreed with Board	Nil	14 January 2007	Fully achieved and will become convertible to ordinary shares on 14 July 2009	100%
8 Nov 2005 (MTI)	8 Nov 2010	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	8 Nov 2008	53rd percentile resulting in 38.2% of the maximum award of Rights	100% on 8 Nov 2008
5 Nov 2004 (LTI)	5 Nov 2009	Select Group referred to in the Performance Condition (TSR ranking on sliding scale)	Nil	5 Nov 2007	40th percentile resulting in the Rights lapsing	0%
2 Dec 2003	2 Dec 2008	S&P/ASX 100 Index (TSR ranking on sliding scale)	\$10.42 Adj (1) (\$12.29 Orig)	2 Dec 2005 2 Dec 2006 2 Dec 2007 4 Sep 2008	71st percentile 70th percentile 72nd percentile To be determined	92% 90% 94% N/A
6 Feb 2003	6 Feb 2008	S&P/ASX 100 Index (TSR ranking on sliding scale)	\$4.75 Adj (1) (\$6.62 Orig)	6 Feb 2005 6 Feb 2006 6 Feb 2007 9 Nov 2007	>75th percentile >75th percentile >75th percentile >75th percentile	100% 100% 100% 100%

(1) In accordance with the Rules of the Newcrest Executive Option Plan, outstanding options in the February 2003 and December 2003 tranches had their exercise price recalculated as a result of the Equity Raising undertaken in September 2007.



Table 16: Short Term Incentive and allocation of the 2006-07 Equity Grant

Executive Directors & Key Management Personnel	Short Term Incentive (A) As a percentage of maximum STI		Long Term Incentive (B) Estimates of the maximum remuneration amounts which could be received under the 2007 performance rights grants in future years			
	Percentage Awarded	Percentage Forfeited	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	Maximum Total \$'000
I. Smith	78.8	21.2	401	379	152	932
G. Robinson	78.8	21.2	127	127	53	307
B. Lavery	65.6	34.4	72	72	30	174
D. Wood	70.9	29.1	83	83	35	201
R. Douglas	62.0	38.0	83	83	35	201
T. Lehany	44.6	55.4	87	87	36	210
D. Stirling	52.5	47.5	80	80	33	193
C. Moorhead	68.3	31.7	60	60	25	145

(A) To be awarded a STI of 100 percent an Executive has to have met outstanding personal performance and Company performance must be at or above the maximum level pre-determined by the Board. At target personal performance and Company performance will result in an award of 50% of the maximum STI;

(B) The maximum value in future years has been determined in relation to the grant of performance rights in 2007-08 in respect of 2006-07, 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 2007-08.



MANAGEMENT DISCUSSION & ANALYSIS

During the year Newcrest significantly restructured its balance sheet, raising \$2.042 billion in equity and subsequently removing all gold hedges and substantially paying down debt. Newcrest finished the year with gearing of 8%⁽¹⁾ (46% in 2007) and full commodity spot price exposure (55% percent gold hedged in 2007).

The decision to raise equity and close out the hedge position has, to date, been value accretive for the Company. Spot prices have risen during the year (A\$912 per ounce for 2008; A\$814 per ounce for 2007) combined with strong operational results to deliver pleasing increases in profit and operational cash flow. Newcrest is in a strong financial position with a good portfolio of operating assets contributing strong cash flow, significant resource and reserve upgrades and a growing portfolio of project opportunities located regionally.

The performance of Newcrest's operating assets was mixed. Cadia and Gosowong had outstanding years, Ridgeway delivered against plan but Telfer was disappointing. The focus at Telfer continues to be on reducing the cost base and minimising sustaining capital.

Newcrest's projects area and its associated capital expenditure has been within plan. Ridgeway Deeps continues on schedule and within budget and the project pipeline, particularly Kencana 2 and Cadia East are progressing very well to the execution and feasibility tollgates respectively.

Exploration activity has increased during the year with more capital spent on existing province potential and greenfield investigation. There are many promising results that will require continued focus in the year ahead. Exploration activity is in Australia, Fiji, Indonesia, PNG, Peru and Nevada (USA). Since the end of the financial year, Newcrest has also committed to explore the Croy Bloom prospect in British Columbia (Canada) with Serengeti Resources Inc.

Newcrest has demonstrated a strong operational and financial performance during 2008:

- Record annual gold production
- Underlying profit⁽²⁾ up 158% to \$493.9 million
- Operational cash flow up 163% to \$1,018 million

The company's resource and reserve inventory has also increased substantially over the last financial year to include as at 30 June 2008:

- Total mineral resources estimated at 70.6 million ounces of gold and 9.18 million tonnes of copper, an increase of 15.4 million ounces of gold (28%) and 3.53 million tonnes of copper (62%). Major increases were at Cadia Valley plus the inclusion of the acquisition of 50% equity in the Harmony PNG assets; and
- Total ore reserves estimated at 40.0 million ounces of gold and 4.15 million tonnes of copper, an increase of 6.8 million ounces of gold (20%) and 1.45 million tonnes of copper (54%). Again, the increases were driven by Cadia Valley plus the inclusion of the acquisition of 50% equity in the Harmony PNG assets.

Finally, Newcrest also embarked on its first acquisition, purchasing a 50% stake in the PNG assets of Harmony Gold for US\$536 million. The assets include the Hidden Valley Gold Mine, Wafi Golpu development opportunity and large tracts of exploration acreage. The assets represent near term production with Hidden Valley Gold Mine (mid 2009 calendar year), the potential development of a large gold copper porphyry system at Wafi Golpu and excellent exploration upside. Financially this transaction did not impact the 2008 financial result or balance sheet, as the initial payments did not occur until post 30 June 2008.

1. Overview of Results

1.1 Underlying Profit - \$493.9 million up 158%⁽³⁾

For the year ended 30 June 2008 Newcrest reported Underlying Profit of \$493.9 million, an increase of 158% over the prior year of \$191.2 million.

The increased Underlying Profit has been driven by higher gold and copper prices received during the year and record gold production.

Including the impact of physical sales delivered into hedge contracts, achieved gold prices are 35% higher and copper prices are 32% higher than the prior corresponding period. In the prior year, 55% of physical gold sales were delivered into hedge contracts that were significantly lower than spot prices at that time. During 2008 165,599 ounces were delivered into gold hedge contracts in the first quarter before the removal of all hedges after October 2007, following the equity offering. The prior financial year was also impacted by a copper hedge position that matured in June 2007. During the 2007 financial year 40% of copper sales were delivered into hedge contracts that were below market prices.

Offsetting the price performance has been an increase in costs at operational sites. The higher costs were due to increased operational activity across the Group plus continued cost increase pressure on key inputs, particularly fuel, employee costs and maintenance and contract labour.

A more detailed description of operational performance at mine sites is included in the Summary of Operating Results section below.

1.2 Statutory Profit - \$134.3 million up 87%

Newcrest's Statutory Profit for the year ended 30 June 2008 of \$134.3 million was an increase of 87% over the prior year of \$72.0 million. This has been driven by the operational factors briefly described above and the hedge restructure and close out impacts described in further detail below. The accounting treatment for the hedge restructure are non-cash items. The gold hedges were paid out after the equity raising, however accounting rules require amortisation of the loss to follow the original hedge contract designation.

1.3 Earnings per Share – Up 121% on Underlying Profit

Earnings per share calculated from the Underlying Profit increased 121% to 114.1 cents on an expanded weighted average capital base of 432.9 million shares. This compares to 51.6 cents based on the same calculation on Underlying Profit for the prior year.

The share capital of the Company increased in the year following a renounceable rights offer, resulting in an equity raising of \$2,022.6 million (net of transaction costs) and the issuing of 117.4 million new shares (total shares at 30 June 2008 was 453.4 million). The proceeds of the equity raising were used to close out the company's existing gold hedge book, repay the gold loan, repay the USD bilateral loan facilities, purchase 2.25 million ounces of gold put options and contribute to closing out the Company's gold bullion forward sales contracts.

¹ Gearing is calculated as net debt to net debt plus equity. In 2007, equity was adjusted by the balance of the Hedge reserve to remove the impact of the gold hedge book mark to market.

² Refer to section 1.1 for definition of 'Underlying Profit'.

³ Newcrest has changed the presentation of its Income Statement to clearly identify the results from underlying operational performance and separate the impacts of hedging, hedge restructures and close outs and other mark to market valuation impacts. As a result, in addition to profit after tax and minority interest ('Statutory Profit') Newcrest has also reported its profit after tax and minority interest before hedge restructures and close out impacts ('Underlying Profit').

All figures in this report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Company') for the 12 months ended 30 June 2008 ('2008') compared with the 12 months ended 30 June 2007 (the 'prior year' or '2007'), except where otherwise stated. All reference to \$ is a reference to Australian dollars unless specifically marked otherwise.



1.4 Cashflow from Operating Activities - \$1,018.1 million up 163%

Newcrest's operating cashflow increased strongly for the year ended 30 June 2008 to \$1,018.1 million, an increase of 163% over the prior year of \$387.4 million. The increase in cashflow has been driven by record gold production for the Group leading to higher gold sales volumes, increased exposure to spot prices after the close out of the gold hedge book and the expiration of copper forward sale hedge positions in the prior year.

1.5 Gearing – 8%, reduction from 46%

Newcrest's gearing ratio (net debt to net debt plus equity) as at 30 June 2008 was 8%, a significant reduction from 46% as at 30 June 2007. This was primarily due to the repayment of the USD bilateral facilities with the proceeds from the equity raising during the year and the increased operational cash flow. Newcrest has a financial objective to keep the gearing percentage between 15 and 20 percent.

1.6 Dividends

The Company has declared a final unfranked dividend of 10 cents per share for the year ended 30 June 2008. For non resident shareholders the dividend will be paid from conduit foreign income and is exempt from withholding tax. The dividend is payable to shareholders on 17 October 2008. Shareholders registered as at the close of business on 26 September 2008 will be eligible for the dividend. The DRP remains in place and will be offered to shareholders at market price.

2. Discussion and Analysis of Operating Results and the Income Statement

2.1 Profit Overview – Underlying Profit

Underlying profit has increased 158% to \$493.9 million (2007: \$191.2 million). The increase has been primarily driven by:

- Record gold production of 1.781 million ounces, an increase of 10% over 2007
- Higher realised gold price
 - Spot prices received higher from \$812 to \$917 per ounce
 - Reduced hedged ounces from 897koz to 166koz
 - Realised gold price of \$912 per ounce, an increase of 34%
- Higher realised copper prices
 - Spot prices declined from \$4.03 to \$3.90 per pound
 - Reduced hedged tonnes from 36,000 to zero
 - Realised copper price of \$3.88 per pound, an increase of 32% over 2007

Gold hedging was eliminated and debt reduced after raising \$2.042 billion in equity providing the benefit of higher operating cash flow. Offsetting higher production and prices were higher costs driven by the higher volumes plus increases in labour costs, fuel and power and inflation on other key physical cost inputs.

Increases in gold production (10.1%) over the prior year were driven by increases at Cadia Hill and Gosowong. Copper production was 1.7% lower with reductions at Telfer and Ridgeway.

Gold sales volumes did not increase as much as gold production (8.5%) due to a small build up in inventory during the year. Copper sales volume was 5.2% lower than the prior year with a similar small inventory buildup.

Increasing cost of sales reduced the profitability impact of the higher prices and sales volumes. Mine production costs increased due to the increased operational activity this year plus continued cost increase pressure on fuel, employee costs and maintenance and contract labour. In addition, Telfer incurred additional costs due to the loss of contract gas supply in June 2008 following the explosion at Apache Energy's Varanus Island gas plant. Deferred mining charged to costs also increased mostly due to higher grade ore mined from Cadia Hill.

Losses realised on delivered hedges of \$33.8 million was substantially lower than the previous period (\$436.5 million loss). The current year had no copper hedging and delivery into the gold hedge book ceased on 10 September 2007 following the hedge book close out. The previous period included 55% of gold sales hedged and 40% of copper sales hedged at prices well below spot.

The table below outlines the key differences between the current year and the corresponding period last year, described in more detail later in this report.

	\$M
Underlying profit before tax for the year ended 30 June 2007	273.7
Changes in revenues:	
Volume ⁴ :	
Gold	126.3
Copper	(39.5)
Price:	
Gold	170.4
Copper	(24.3)
Silver	3.7
Changes in mine costs:	
Mine cost of sales:	
Mine production cost	(137.4)
Deferred mining and inventory movement	(89.5)
Treatment, realisation and royalty	32.5
Other costs:	
Depreciation	(52.2)
Corporate administration	(11.0)
Exploration	0.8
Other income/(expense)	16.5
Losses on delivered hedges	402.7
Finance costs – ordinary activities	41.0
Underlying profit before tax for the year ended 30 June 2008	713.7

⁴ Volume variances have been calculated excluding Telfer pre-commissioning sales.



2.2 Revenue

		12 months to 30 June 2008	12 months to 30 June 2007	% change
Production volumes				
Gold	oz	1,781,182	1,617,251	10.1
Copper	t	87,458	88,940	(1.7)
Sales volumes				
Gold	oz	1,764,730	1,626,979	8.5
Copper	t	83,843	88,437	(5.2)
Spot prices				
Gold	A\$/oz	917	812	12.9
Copper	A\$/lb	3.90	4.03	(3.2)
Realised prices (including losses on delivered hedges)				
Gold	A\$/oz	912	683	33.5
Copper	A\$/lb	3.88	2.93	32.4
Average AUD:USD				
		0.8964	0.7857	14.1
Revenue				
Gold	\$m	1,617.9	1,321.2	22.4
Copper	\$m	721.2	785.0	(8.1)
Silver	\$m	24.0	20.3	18.2
Total Sales Revenue	\$m	2,363.1	2,126.5	11.1

Gold production and sales by site: (ounces)

	12 months to 30 June 2008		12 months to 30 June 2007	
	Gold Production	Gold Sales	Gold Production	Gold Sales
Cadia	414,171	409,316	246,661	243,638
Ridgeway	301,417	294,384	314,028	315,235
Gosowong	400,202	397,627	347,807	355,978
Cracow	75,175	75,569	81,678	83,812
Telfer	590,217	587,834	627,077	628,316
Total	1,781,182	1,764,730	1,617,251	1,626,979

(Note – Telfer 2007 gold sales exclude pre-commissioning sales of 28,916 ounces)

Copper production and sales by site: (tonnes)

	12 months to 30 June 2008		12 months to 30 June 2007	
	Gold Production	Gold Sales	Gold Production	Gold Sales
Cadia	26,352	25,731	23,181	22,872
Ridgeway	34,335	33,323	37,939	38,080
Telfer	26,771	24,789	27,820	27,485
Total	87,458	83,843	88,940	88,437

(Note – Telfer 2007 copper sales exclude pre-commissioning sales of 2,594 tonnes)

Total gold production increased 10.1% but, due to a small increase in inventory of 16,452 ounces, sales volumes were slightly lower at 1,764,730 ounces, an increase of 8.5% on the prior year sales of 1,626,979 ounces. The increase of 137,751 ounces included:

- a 68% increase of 165,678 ounces at Cadia Hill due to higher grade and recoveries;
- a 12% increase of 41,649 ounces at Gosowong due to better mill performance and higher grade ore;
- a 6% reduction of 40,482 ounces from Telfer due to lower than planned throughput caused by harder ore, maintenance issues impacting mobile fleet availability and the June gas disruption;
- a 7% reduction of 20,851 ounces from Ridgeway due to lower grade material as planned and an increase in inventories of 7,033 ounces; and
- a 10% reduction of 8,243 ounces from Cracow due to slightly lower grade ore.

Total gold revenue increased by 22.4 percent to \$1,617.9 million (2007: \$1,321.2 million) as a result of higher prices plus an increase in sales volumes. Spot prices received were A\$917 per ounce compared to A\$812 per ounce in the prior period. Including the impact of finalisation adjustments and physical deliveries into the hedge book, realised prices were A\$912 per ounce in 2008 (2007 - A\$683 per ounce).

Group copper production for the year was in line with plan and lower by 1.7% from the prior year. Cadia Valley performed strongly but Telfer and Ridgeway had slightly lower production than the prior year.

Copper revenue for the year ended 30 June 2008 reduced by 8.1% to \$721.2 million due to lower spot prices and lower sales volumes from Telfer and Ridgeway. Spot prices were A\$3.90 per pound compared to A\$4.03 per pound in the prior period. Including the impact of finalisation adjustments and hedging, realised prices were A\$3.88 per pound in 2008 (2007 - A\$2.93 per pound).

Silver revenue increased to \$24.0 million due to higher prices received.



2.3 Costs

Mine cost of sales

\$M	12 months ended		% Change Total	% Due to Volume	% Due to Cost Increases
	30 June 2008	30 June 2007			
Mine production costs	1,019.3	881.9	15.6	7.4	8.2
• Employee Salaries	166.2	139.3	19.3	12.9	6.4
• Maintenance incl Contract Labour	245.8	221.7	10.9	4.4	6.5
• Mining Contracts	116.8	105.3	10.9	9.3	1.6
• Fuel & Lubes	120.0	88.9	35.1	14.8	20.3
• Utilities & Power	67.7	56.9	19.0	6.5	12.5
• Other Input Costs	302.8	269.8	12.2	4.0	8.2
Deferred mining costs	24.5	(100.5)			
Inventory movements	(28.7)	6.8			

Newcrest continues to face cost pressure at all operating sites.

Mine production costs (before inventory movements and deferred mining amortisation) increased by \$137.4 million or 15.6% to \$1,019.3 million.

This was due to:

- increased operational activity across the Group resulting in higher employee numbers and greater fuel usage;
- industry wide cost pressures on diesel fuel and maintenance costs (including contract labour);
- higher costs for other inputs due to continued inflationary pressure plus the higher usage of grinding media and drill consumables at Telfer due to the increasing hardness of the ore; and
- the impact on Telfer from the gas supply interruption in June 2008, including:
 - higher usage of diesel to fuel the power plant;
 - purchasing an interim gas supply at rates well above the contract rate; and
 - higher maintenance costs due to bringing forward a shutdown planned for the FY2009 year.

Deferred mining costs were \$24.5 million in 2008 compared to a credit of \$100.5 million in 2007. This was mostly due to Cadia's mining of higher grade ore from the open pit and associated release from the deferred mining account to costs. Telfer also contributed to the variance with reduced waste movements in the open pit and an increased level of production from the underground.

The higher inventory valuation movement in 2008 reflects the slight build up of inventory levels as at the end of the year.

Treatment, Realisation and Royalty Costs

Concentrate treatment and realisation costs for the year of \$151.2 million was a reduction of \$41.3 million on the prior year, due to reductions in contracts containing price participation and lower treatment/refining rates partly offset by higher shipping rates.

Royalties of \$57.8 million for the year ended 30 June 2008 were \$8.8 million higher than the prior year driven by the higher gold revenues.

Depreciation

Depreciation expense, included in cost of sales, increased by \$52.2 million to \$273.2 million. The unit rate of depreciation increased from \$136 per ounce to \$154 per ounce due mostly to the full year of production from newly commissioned underground mines at Telfer and Gosowong.

Administration Costs

Corporate administration expenses of \$58.1 million was an increase of \$11.0 million from the prior year. The corporate expenses include corporate costs of \$47.2 million (2007: \$38.2 million), depreciation of \$5.4 million (2007: \$3.4 million) and the accounting impact of share based remuneration \$5.5 million (2007: \$5.5 million).

The corporate costs were higher in the current year due to increased salary costs (including increased workforce numbers and retention bonus provisions) increased IT costs and greater focus on evaluating and actioning growth opportunities. In addition to increasing resources on its business development and mergers and acquisitions activities, Newcrest has centralised its key technical and specialist resources to ensure greater efficiencies and effectiveness across the Group.

Exploration

Total exploration expenditure for the period was \$76.8 million (2007: \$60.7 million) with \$46.4 million charged against income compared to \$47.2 million in the previous year. (Details of the nature and location of exploration expenditure is provided below in the cash flow section.)

Losses on Delivered Hedges

During the current period, losses on delivered gold hedges were \$33.8 million compared with losses of \$436.5 million (gold hedges \$213.6 million and copper hedges \$222.9 million) in the prior year. These related to losses realised on gold hedge contracts that were settled by physical delivery prior to the hedge book close out. The substantial reduction in the current period was due to Newcrest closing out its gold hedge book following the equity raising in September 2007. The prior year losses were due to 55% of gold sales and 40% of copper sales being hedged at levels substantially below prevailing spot prices at the time. All remaining copper hedging was closed out by June 2007.

Other Revenue and Other Income/(Expense)

\$M	12 months ended	
	30 June 2008	30 June 2007
Net foreign exchange (loss)	(20.3)	(18.5)
Fair value gain on:		
• gold and copper derivatives	17.1	14.1
• gold lease rate swaps	1.5	1.6
CVO royalty refund	6.4	12.3
Interest received	18.9	4.5
Other income	6.0	(0.9)
Other revenue and income/(expense)	29.6	13.1



Other revenue and Other income was \$29.6 million (2007: \$13.1 million). The fair value gain on gold and copper derivatives relates to the movements in spot prices impacting the quotation period adjustments in sales. The gain in the prior period was mostly due to copper price movements. Newcrest now locks in the copper price for shipments at the time of sale to minimise this impact. The gain in 2008 is mostly due to positive gold price movements during the quotation period.

Although the gold sale quotation period is much shorter than that for copper (generally one month for gold versus three or four months for copper), the profit impact has increased due to the increasing spot gold price and Newcrest's greater exposure to the spot gold price following the close out of the hedge book.

The increased interest received reflects the increase in cash on hand subsequent to the equity raising and interest received on favourable decisions on legal issues.

These items were partly offset by net foreign exchange losses due to the impact on concentrate debtors of the appreciation of the A\$:US\$ exchange rate (\$20.3 million).

2.4 Borrowing Costs

As described above, Newcrest raised equity and reduced debt during the year. This resulted in lower gross borrowing costs of \$45.6 million (2007: \$96.7 million). Interest of \$43.4 million (2007: \$84.4 million) was expensed and \$2.2 million (2006: \$12.3 million) was capitalised.

2.5 Income Tax Expense

The income tax expense in the current year on Underlying Profit was \$190.7 million, resulting in an effective tax rate of 26.7%. The effective tax rate benefited from research and development allowance claims relating to the current and prior year. The prior year tax expense on Underlying Profit was \$61.5 million with an effective tax rate of 22.5%. (Refer cash section for further comments).

2.6 Hedge Restructure and Close Out Impacts

During the current period, Newcrest used the proceeds of the September 2007 equity issue to close out the gold hedge book, repay the gold loan and USD bilateral facilities, purchase 2.25 million ounces of gold put options and, in conjunction with operating cash flows, close out its gold bullion forward sales contracts. These activities have resulted in a number of impacts on the Income Statement.

Losses on Restructured and Closed out Hedges

Whilst the close out of the gold hedge book realised the gold hedging losses and extinguished any future obligation with respect to the hedge contracts, accounting standards require the accumulated losses on these contracts closed out to remain deferred in the hedge reserve within equity. The losses in the hedge restructure will then be transferred to the Income Statement in future periods in line with the original sales to which they were designated. This resulted in a loss release profile as noted below.

A pre-tax loss on restructured and closed out hedge contracts of \$314.1 million has been recognised in the full year accounts. This includes the losses on the current year closed out contracts and previous year's hedge restructures. As at 30 June 2008 no liabilities remain for the close out contents and the profit impacts on the current and future periods are non-cash.

	Current		To be released in future periods				Total
	2008	2009	2010	2011	2012		
	\$M	\$M	\$M	\$M	\$M	\$M	
Total hedge losses	314.1	352.0	294.9	152.8	7.2	806.9	
Tax effect	(94.2)	(105.6)	(88.5)	(45.8)	(2.2)	(242.1)	
After tax hedge losses	219.9	246.4	206.4	107.0	5.0	564.8	

Other Close out Related Costs

The other close out related impacts include :

- Fair value losses of \$217.7 million on gold forward sales contracts and gold put options⁽⁷⁾;
- Finance costs of \$20.9 million on break costs incurred on the gold loan repayment and the discount unwind on Newcrest's hedge restructure liability; and
- A foreign exchange gain of \$39.0 million on US dollar borrowings designated as cash flow hedges.

⁽⁷⁾ The gold forward sales contracts were fully closed out in FY2008 and will not impact future periods. Changes in the value of the gold put options will continue to be included in the income statement.

3. Discussion and Analysis of the Cash Flow Statement

3.1 Cash Flow – Operating Activities

Strong operational performance, high gold and copper prices during the year and full spot price exposure after the equity raising, drove a 163% increase in operating cash flow from \$387.4 million to \$1,018.1 million. The higher cost environment mitigated this result with increased payments to suppliers and employees due to the higher volumes and cost increases primarily for labour, maintenance and fuel. Lower interest paid in the current year is a result of the lower debt levels following the equity issue.

Higher tax instalments have been paid in Indonesia in respect of Gosowong during the current year due to increased profitability.

3.2 Cash Flow – Investing Activities

Net cash used in investing activities for the year ended 30 June 2008 of \$493.9 million was an increase of \$93.9 million on the prior year. During the year Newcrest also committed to spend US\$536 million to acquire a 50% interest in Harmony's PNG assets. The settlement of the transaction was post the end of the financial year.

Capital Expenditure

Major areas of capital expenditure during the period included:

- Sustaining capital in line with FY2008 guidance; and
- Major project expenditure includes Ridgeway Deeps and feasibility for the Cadia East project.
- Development expenditure includes underground development at Kencana and Telfer.

\$M	12 months ended	
	2008	2007
Sustaining	88.6	74.0
Development	43.5	38.0
Projects	188.1	105.0
Other	17.7	123.8
Total	337.9	340.8

Exploration Expenditure

Newcrest's exploration group focused on greenfield exploration areas in Australia, USA, Chile and Peru. The brownfields exploration effort included \$6.7 million in the Gosowong area. Province development is focused on opportunities improving existing operational resource positions and converting these resources to reserves. During the year Cadia resources and reserves were materially increased. There were also promising results at Telfer and Gosowong.

Greenfields drilling is described in more detail in Newcrest's quarterly release and management presentation.

Province development included:

- Cadia East and Cadia Quarry drilling to define and delineate;
- Gosowong, reserve development for Kencana K2; and
- Telfer, encouraging results from O'Callaghans (tungsten/molybdenum deposit) and the Vertical Stockwork Corridor

A breakdown of exploration expenditure was:

12 months ended	\$M
Greenfields	39.6
Brownfields	14.3
Province Development	
- Cadia	10.0
- Telfer	5.7
- Gosowong	6.7
- Namosi, Fiji	0.5
Total	76.8

Other

Included in cash flow from investing activities was the \$79.5 million purchase of long dated gold put options.

3.3 Cash Flow – Financing Activities

During the 2008 financial year Newcrest restructured its balance sheet, raising equity, paying down debt and eliminating all hedge contracts. At the end of the financial year gearing had reduced from 46% to 8%. Cash flows from financing activities were an outflow of \$480.3 million (2007: outflow \$105.2 million) with major movements in cash flows including:

- \$2,014.4 million proceeds net of costs from the issue of 117.4 million new ordinary shares
- \$1,549.3 million payment to purchase gold to close out the gold forward sales contracts;
- \$755.3 million net repayment on USD Bi-lateral debt facilities; and
- \$150.6 million repayment of the gold loan.



4. Discussion and Analysis of the Balance Sheet

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

4.1 Net Assets and Total Equity

Newcrest's Net Assets and Total Equity increased during the current year by \$2,311.1 million to \$3,251.9 million. This was mostly due to the receipt of \$2,022.6 million from the equity issue which enabled the Company to repay debt, close out the out of the money gold hedge book and repay the gold forward bullion forward sales contracts.

Property, plant and equipment and exploration, evaluation and development had a combined value on the balance sheet of \$2,875.2 million as at 30 June 2008, representing an increase of \$51.3 million on the prior year. Included in this total was carried forward exploration still under evaluation of \$77.5 million.

Total deferred mining expenditure on the balance sheet at year end was \$357.0 million with the majority relating to Cadia Hill open pit, which is expected to amortise over the next three years.

Newcrest also has carry forward tax losses of \$490.7 million recognised as an asset as at balance date. These all relate to the Australian tax consolidated group and are driven by the hedge losses realised with the close out of the hedge book and gold bullion forward sales contracts during the year.

4.2 Net Debt and Gearing

Net debt, comprising total borrowings less cash of \$291.1 million (June 2007: \$1,319.6 million) was reduced by \$1,028.5 million during the current year, due to net repayments of borrowings of \$907.0 million and a higher cash balance. The gearing ratio of net debt to net debt plus equity decreased to 8% (June 2007: 46%). (Equity had been adjusted in the prior year by the balance of the Hedge Reserve to remove the impact of the gold hedge book mark to market).

	As at 30 June	
\$M	2008	2007
Total debt	368.6	1,353.9
Less cash and cash equivalents	(77.5)	(34.3)
Net debt	291.1	1,319.6
Equity	3,251.9	1,571.0
Net debt and equity	3,543.0	2,890.6
Gearing (net debt/net debt and equity)	8%	46%

4.3 Liquidity and Debt Facilities

As at 30 June 2008, Newcrest has undrawn bilateral debt facilities of US\$969 million with 14 banks. These facilities mature in 2010.

In conjunction with operating cash flow, the bilateral debt will be used to meet the FY2009 commitments for the recently announced acquisition of 50% of Harmony Gold's assets in Papua New Guinea of approximately US\$536 million and other major FY2009 capital expenditure. Newcrest's expected future gearing level is in the range of 15% to 20%.

Newcrest also has US\$350 million of long term senior unsecured notes issued into the North American Private Placement market. The notes, comprising 5 tranches, have a repayment profile from May 2012 to May 2020.

Donald P. Mercer
Chairman

Ian K. Smith
Managing Director
and Chief Executive Officer

19 August 2008
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

In relation to our audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2008, 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.

A handwritten signature in cursive script, appearing to read "R C Piltz".

Ernst & Young

A handwritten signature in cursive script, appearing to read "R C Piltz".

R C Piltz
Partner
19 August 2008

Liability limited by a scheme approved
under Professional Standards Legislation



INCOME STATEMENT

For the year ended 30 June 2008

	Note	Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Operating sales revenue	3(a)	2,363.1	2,126.5	524.7	526.1
Cost of sales	3(b)	(1,497.3)	(1,250.7)	(511.7)	(428.6)
Gross profit		865.8	875.8	13.0	97.5
Exploration expenses	14	(46.4)	(47.2)	(6.0)	(5.9)
Corporate administration expenses	3(c)	(58.1)	(47.1)	(57.2)	(47.2)
Operating profit		761.3	781.5	(50.2)	44.4
Other revenue	3(d)	20.4	6.0	1.9	2.0
Other income/(expenses)	3(e)	9.2	7.1	(1.3)	(0.7)
Losses on delivered hedges	3(f)	(33.8)	(436.5)	-	(0.2)
Finance costs – ordinary activities	3(i)	(43.4)	(84.4)	(2.7)	(2.5)
Profit before tax, restructure and close out impacts		713.7	273.7	(52.3)	43.0
Losses on restructured hedges and closed out hedge contracts	3(k)	(314.1)	(151.0)	-	-
Other close out related costs	3(l)	(217.7)	-	-	-
Finance costs – close out and restructure	3(m)	(20.9)	(23.9)	-	-
Foreign exchange gain on US Dollar borrowings hedges	3(n)	39.0	4.6	-	-
Profit/(loss) before income tax		200.0	103.4	(52.3)	43.0
Income tax (expense)/benefit	4(b)	(36.6)	(10.4)	33.7	(0.4)
Profit/(loss) after income tax		163.4	93.0	(18.6)	42.6
Attributable to:					
Minority interest	24	29.1	21.0	-	-
Members of the parent entity		134.3	72.0	(18.6)	42.6
		163.4	93.0	(18.6)	42.6
Profit/(loss) after tax attributable to members of the parent entity comprises:					
Profit/(loss) after tax attributable to members of the parent entity		134.3	72.0	(18.6)	42.6
Losses on restructured and closed out hedge contracts (after tax)	3(k)	219.9	105.7	-	-
Other close out related costs (after tax)	3(l)	152.4	-	-	-
Finance costs – close out and restructure (after tax)	3(m)	14.6	16.7	-	-
Foreign exchange gain on US Dollar borrowings hedges (after tax)	3(n)	(27.3)	(3.2)	-	-
Profit after tax before hedge restructure and close out impacts attributable to members of the parent entity (“Underlying Profit”)		493.9	191.2	(18.6)	42.6
Earnings per share (EPS) (cents per share)	6				
Basic earnings per share		31.0	19.4		
Diluted earnings per share		30.9	19.3		
Earnings per share on Underlying Profit:					
Basic earnings per share		114.1	51.6		
Diluted earnings per share		113.8	51.4		
Dividends per share (cents per share)	5	10.0	5.0		

The Income Statement is to be read in conjunction with the accompanying notes to the financial statements.



BALANCE SHEET

As at 30 June 2008

	Note	Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Current Assets					
Cash and cash equivalents	7(a)	77.5	34.3	3.1	0.1
Trade and other receivables	8	209.5	262.8	1,021.4	52.7
Inventories	9	219.6	163.4	95.3	71.6
Financial derivative assets	25(e)	6.9	422.3	-	-
Tax receivable	10	8.7	4.1	-	-
Other	11	161.5	99.4	84.5	36.4
Total Current Assets		683.7	986.3	1,204.3	160.8
Non-Current Assets					
Other receivables	8	0.3	9.1	-	2.7
Inventories	9	1.4	1.6	-	-
Other financial assets	12	-	-	288.8	288.8
Property, plant and equipment	13	1,405.0	1,472.0	623.2	664.5
Exploration, evaluation and development	14	1,470.2	1,351.9	610.3	653.5
Deferred tax asset	4	490.7	514.8	490.7	158.2
Financial derivative assets	25(e)	37.6	-	-	-
Other	11	235.0	286.9	-	-
Total Non-Current Assets		3,640.2	3,636.3	2,013.0	1,767.7
Total Assets		4,323.9	4,622.6	3,217.3	1,928.5
Current Liabilities					
Trade and other payables	15	177.7	216.4	63.5	772.0
Interest-bearing loans and borrowings	16	2.6	35.0	-	-
Financial derivatives and other financial liabilities	25(e)	6.1	500.8	2.4	-
Income tax payable	17	21.5	4.8	-	-
Provisions	18	43.3	32.3	36.0	24.3
Total Current Liabilities		251.2	789.3	101.9	796.3
Non Current Liabilities					
Interest-bearing loans and borrowings	16	366.0	1,318.9	-	-
Financial derivatives and other financial liabilities	25(e)	-	1,060.1	-	-
Deferred tax liabilities	4,17	385.4	396.7	111.6	128.5
Provisions	18	62.5	47.9	27.0	19.9
Other	19	6.9	68.9	-	-
Total Non-Current Liabilities		820.8	2,892.5	138.6	148.4
Total Liabilities		1,072.0	3,681.8	240.5	944.7
Net Assets		3,251.9	940.8	2,976.8	983.8
Equity					
Issued capital	22	2,857.4	834.5	2,857.4	834.5
Retained earnings		829.0	711.5	99.8	135.2
Reserves	23	(461.2)	(626.7)	19.6	14.1
Parent entity interest		3,225.2	919.3	2,976.8	983.8
Minority interest	24	26.7	21.5	-	-
Total Equity		3,251.9	940.8	2,976.8	983.8

The Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

Consolidated	Attributable to Equity Holders of the Parent					Minority Interest		
	Issued Capital \$M	FX Translation Reserve* \$M	Hedge Reserve* \$M	Equity Settlement Reserve* \$M	Retained Earnings \$M	Total \$M	Total \$M	
Balance at 1 July 2007	834.5	(10.6)	(630.2)	14.1	711.5	919.3	21.5	940.8
Foreign exchange gain/(loss) on USD debt cash flow hedge deferred in equity	-	-	78.5	-	-	78.5	-	78.5
Net fair value gains/(losses) on gold forward cash flow hedges deferred in equity	-	-	(205.7)	-	-	(205.7)	-	(205.7)
Net impact of prior period restructures transferred to equity (refer note 19)	-	-	57.8	-	-	57.8	-	57.8
Losses on restructured hedge contracts transferred to the Income Statement (refer note 3(k))	-	-	314.0	-	-	314.0	-	314.0
Foreign exchange gains on US Dollar borrowings transferred to the Income Statement (refer note 3(n))	-	-	(39.0)	-	-	(39.0)	-	(39.0)
Net cash flow hedge losses transferred to the Income Statement (refer note 3(f))	-	-	33.8	-	-	33.8	-	33.8
Foreign currency translation	-	(13.5)	-	-	-	(13.5)	(2.9)	(16.4)
Deferred tax on items taken directly to/transferred from equity	-	4.1	(70.0)	-	-	(65.9)	0.9	(65.0)
Total income/(expense) recognised directly in equity	-	(9.4)	169.4	-	-	160.0	(2.0)	158.0
Net profit for the year	-	-	-	-	134.3	134.3	29.1	163.4
Total recognised income/(expense) for the year	-	(9.4)	169.4	-	134.3	294.3	27.1	321.4
Share-based payments	-	-	-	5.5	-	5.5	-	5.5
Exercise of options	4.9	-	-	-	-	4.9	-	4.9
Shares issued under the dividend reinvestment plan	2.0	-	-	-	-	2.0	-	2.0
Shares issued - Equity raising	2,022.6	-	-	-	-	2,022.6	-	2,022.6
Share buy-back	(6.6)	-	-	-	-	(6.6)	-	(6.6)
Dividends paid	-	-	-	-	(16.8)	(16.8)	(21.9)	(38.7)
Balance at 30 June 2008	2,857.4	(20.0)	(460.8)	19.6	829.0	3,225.2	26.7	3,251.9

*Refer Note 23 for description of reserves

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

Consolidated	Attributable to Equity Holders of the Parent					Minority Interest		
	Issued Capital \$M	FX Translation Reserve * \$M	Hedge Reserve * \$M	Equity Settlement Reserve* \$M	Retained Earnings \$M	Total \$M	Total \$M	
Balance at 1 July 2006	819.0	(2.0)	(1,334.0)	8.6	656.2	147.8	12.9	160.7
Foreign exchange gain/(loss) on USD debt cash flow hedge deferred in equity	-	-	182.0	-	-	182.0	-	182.0
Net fair value gains/(losses) on gold forward cash flow hedges deferred in equity	-	-	225.7	-	-	225.7	-	225.7
Losses on restructured hedge contracts transferred to the Income Statement (refer note 3(k))	-	-	158.0	-	-	158.0	-	158.0
Foreign exchange gains on US Dollar borrowings transferred to the Income Statement (refer note 3(n))	-	-	(4.6)	-	-	(4.6)	-	(4.6)
Net cash flow hedge losses transferred to the Income Statement (refer note 3(f))	-	-	436.5	-	-	436.5	-	436.5
Foreign currency translation	-	(12.3)	-	-	-	(12.3)	(2.4)	(14.7)
Deferred tax on items taken directly to/transferred from equity	-	3.7	(293.8)	-	-	(290.1)	0.7	(289.4)
Total income/(expense) recognised directly in equity	-	(8.6)	703.8	-	-	695.2	(1.7)	693.5
Net profit for the year	-	-	-	-	72.0	72.0	21.0	93.0
Total recognised income/(expense) for the year	-	(8.6)	703.8	-	72.0	767.2	19.3	786.5
Share-based payments	-	-	-	5.5	-	5.5	-	5.5
Exercise of options	12.7	-	-	-	-	12.7	-	12.7
Shares issued under the Dividend Reinvestment Plan	2.8	-	-	-	-	2.8	0.6	3.4
Dividends paid	-	-	-	-	(16.7)	(16.7)	(11.3)	(28.0)
Balance at 30 June 2007	834.5	(10.6)	(630.2)	14.1	711.5	919.3	21.5	940.8

*Refer Note 23 for description of reserves

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Parent			
	Issued Capital \$M	Equity Settlements Reserve* \$M	Retained Earnings \$M	Total Equity \$M
Balance at 1 July 2007	834.5	14.1	135.2	983.8
Net profit/(loss) for the year	-	-	(18.6)	(18.6)
Total recognised income/(expense) for the year	-	-	(18.6)	(18.6)
Share-based payments	-	5.5	-	5.5
Exercise of options	4.9	-	-	4.9
Shares issued under the dividend reinvestment plan	2.0	-	-	2.0
Shares issued – Equity raising	2,022.6	-	-	2,022.6
Share buy-back	(6.6)	-	-	(6.6)
Dividends paid	-	-	(16.8)	(16.8)
Balance at 30 June 2008	2,857.4	19.6	99.8	2,976.8
Balance at 1 July 2006	819.0	8.6	109.3	936.9
Net profit for the year	-	-	42.6	42.6
Total recognised income for the year	-	-	42.6	42.6
Share-based payments	-	5.5	-	5.5
Exercise of options	12.7	-	-	12.7
Shares issued under the dividend reinvestment plan	2.8	-	-	2.8
Dividends paid	-	-	(16.7)	(16.7)
Balance at 30 June 2007	834.5	14.1	135.2	983.8

* Refer Note 23 for description of reserves.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.



STATEMENT OF CASH FLOWS

For the year ended 30 June 2008

	Note	Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Cash Flows from Operating Activities					
Receipts from customers		2,456.8	2,113.5	585.3	519.7
Payments to suppliers and employees		(1,295.6)	(1,223.8)	(551.6)	(399.6)
Losses on delivered hedges		(52.5)	(403.6)	-	-
Interest received		18.9	4.5	0.1	0.1
Interest paid		(50.8)	(81.2)	(2.7)	(2.5)
Income taxes (paid)/refunded		(58.7)	(22.0)	-	1.3
Net cash provided by operating activities	7(b)	1,018.1	387.4	31.1	119.0
Cash Flows from Investing Activities					
Payments for property, plant and equipment		(111.2)	(116.7)	(25.4)	(52.4)
Proceeds from sale of non-current assets		0.3	0.7	0.1	0.2
Exploration and evaluation expenditure		(76.8)	(59.9)	(5.8)	(4.7)
Payments in respect of mine under construction and development		(174.9)	(154.9)	(7.6)	(92.9)
Feasibility expenditure		(49.6)	(56.9)	-	-
Interest capitalised to development projects		(2.2)	(12.3)	-	(4.4)
Purchase of gold put options		(79.5)	-	-	-
Net cash (used in) investing activities		(493.9)	(400.0)	(38.7)	(154.2)
Cash Flows from Financing Activities					
Proceeds from borrowings:					
• USD Bilateral debt		70.1	393.7	-	-
• Loan from minority interest		-	0.3	-	-
Repayment of borrowings:					
• USD loan		-	(41.6)	-	-
• Gold loan		(150.6)	(33.5)	-	-
• Loan from minority interest		-	(5.7)	-	-
• USD Bilateral debt		(825.4)	(402.0)	-	-
Loans from/(to) controlled entities		-	-	(2,003.8)	28.2
Repayment of finance lease principal		(1.1)	(4.5)	-	-
Proceeds from equity issue net of costs	22(d)	2,014.4	-	2,014.4	-
Proceeds from other share issues		4.9	12.7	4.9	12.7
Share buy-back		(6.6)	-	(6.6)	-
Dividends paid		(36.7)	(24.6)	(14.9)	(13.9)
Purchase of gold to close out gold forward contracts		(1,549.3)	-	-	-
Net cash (used in)/provided by financing activities		(480.3)	(105.2)	(6.0)	27.0
Net increase/(decrease) in cash and cash equivalents		43.9	(117.8)	3.0	(8.2)
Cash and cash equivalents at the beginning of the financial year		34.3	153.0	0.1	8.3
Effects of exchange rates changes on cash held		(0.7)	(0.9)	-	-
Cash and cash equivalents at the end of the financial year	7(a)	77.5	34.3	3.1	0.1

The Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. Corporate Information

The financial report of Newcrest Mining Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 19 August 2008.

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian stock exchange. The registered office of Newcrest Mining Limited is Level 9, 600 St Kilda Road, Melbourne, Victoria, 3004, Australia.

The nature of the operations and principal activities of Newcrest Mining Limited and its controlled entities ('the Consolidated Entity') are exploration, development, mining and the sale of gold and gold/copper concentrate.

2. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of this financial report are:

(a) Basis of Preparation and Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) as issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial report also complies with International Financial Reporting Standards ('IFRS') including interpretations as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis except for derivative financial instruments which have been measured at fair value.

The financial report has been presented in Australian dollars and all values are rounded to the nearest \$100,000 dollars unless otherwise stated.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities ('the Consolidated Entity'). A list of controlled entities is presented in Note 28.

All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Controlled Entities are consolidated from the date on which control commences until the date that control ceases.

Minority interest in the results and equity of the entity that is controlled by the Consolidated Entity are shown separately in the Consolidated Income Statement and Balance Sheet respectively.

Investments in controlled entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

(c) Critical Accounting Judgements, Estimates and Assumptions

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Consolidated Entity makes assumptions concerning the future. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Mine Rehabilitation Provision

The Consolidated Entity assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy Note 2 (p) and Note 18. Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

ii. Unit-of-Production Method of Depreciation

The Consolidated Entity uses the unit-of-production basis when depreciating life of mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

iii. Impairment of Assets

The Consolidated Entity assesses each 'cash generating unit' half-yearly, to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 2 (k). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

iv. Share Based Payments

The Consolidated Entity measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo simulation option pricing model, using the assumptions detailed in Note 20.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

v. *Deferred Mining Expenditure*

The Consolidated Entity defers mining costs incurred during the production stage of its operations which are calculated in accordance with accounting policy Note 2(j). Changes in an individual mine's design will generally result in changes to the life of mine waste to contained gold ounce ('life of mine') ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

vi. *Recovery of Deferred Tax Assets*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

vii. *Ore Reserve Estimates*

The Consolidated Entity estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources of December 2004 ('JORC code'). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement.

viii. *Capitalisation of Exploration and Evaluation Costs*

The Consolidated Entity's accounting policy for exploration and evaluation expenditure is set out in Note 2(g). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

(d) Interest in Jointly Controlled Assets

Where the Consolidated Entity's activities are conducted through unincorporated Joint Ventures that are jointly controlled assets, its proportionate share of the assets, liabilities, gold production and related operating costs are included in the financial statements. Details of the Consolidated Entity's interests in Jointly Controlled Assets are shown in Note 30.

(e) Inventories

Gold in solution form, ore and work in progress is physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs

and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

By-products inventory on hand obtained as a result of the production process to extract gold are valued at the lower of cost and net realisable value.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(f) Property, Plant and Equipment

Cost and Valuation

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. Freehold land is held for extractive industry operations and its value is wholly dependent upon those operations. As such, the Consolidated Entity is not required to, and does not make regular current valuations of freehold land. The net carrying values of property, plant and equipment are reviewed at a cash-generating unit level half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2 (k)).

Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated/amortised over their estimated useful lives.

The Consolidated Entity uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets the straight line method is used, resulting in estimated useful lives between 3 – 20 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed half-yearly for all major items of plant and equipment.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. Assets are depreciated or amortised from the date they are installed and are ready for use, or in respect of internally constructed assets, from the time the asset is completed and deemed ready for use.

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

Leased Plant and Equipment

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Payments made under operating leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(g) Exploration, Evaluation and Feasibility Expenditure

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

- (i) Rights to tenure of the area of interest are current; and
- (ii) (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
- (b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in, or in relation to, the area are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Consolidated Entity, together with an appropriate portion of directly related overhead expenditure.

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest is transferred to mine development where it is amortised over the life of the area of interest to which they relate.

When an area of interest is abandoned or the Directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

(h) Mines Under Construction

Expenditure incurred in constructing a mine, by or on behalf of, the Consolidated Entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Once a development decision has been taken, all aggregated costs of construction are transferred to non-current assets as either mine development or buildings, plant and equipment as appropriate.

(i) Mine Development

Mine development represents expenditure in respect of exploration, evaluation, feasibility and development incurred by or on behalf of the Consolidated Entity, including overburden removal and construction costs, previously accumulated and carried forward in relation to areas of interest in which mining has now commenced. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

Amortisation of costs is provided using the unit-of-production method. The net carrying values of mine development expenditure carried forward are reviewed half-yearly by Directors to determine whether there is any indication of impairment (refer Note 2 (k)).

(j) Deferred Mining Expenditure

The Consolidated Entity defers mining costs incurred during the production stage of its operations, as part of determining the cost of inventories. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the year are deferred to the extent that the current year waste to contained gold ounce ratio exceeds the life of mine waste to ore ratio ('life of mine') ratio. Deferred mining costs are then charged against reported profits to the extent that, in subsequent years, the current year ratio falls below the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the operation.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

The life of mine ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine ratio are accounted for prospectively.

In the production stage of some operations, further developments of the mine require a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent years on a unit-of-production basis. This accounting treatment is consistent with that for overburden removal costs incurred during the development phase of a mine, before production commences.

In some operations underground mining occurs progressively on a level by level basis. In these operations an estimate is made of the life-of-level average underground mining cost per tonne of ore mined to expense underground mining costs in the income statement. Underground mining costs incurred during the year are deferred to the extent that the actual cost per tonne of ore mined on a level in the year, exceeds the life-of-level average. Previously deferred underground mining costs are released to the income statement to the extent that the actual cost per tonne of the ore mined in the year is less than the life-of-level average.

Deferred mining costs that relate to the production phase of the operation are included in 'Other Assets' refer Note 11. These costs form part of the total investment in the relevant cash generating unit to which they relate, which is reviewed for impairment in accordance with the accounting policy described in Note 2 (k). The release of deferred mining costs is included in site operating costs.

(k) Impairment of Non-Financial Assets

The carrying amounts of all non-financial assets are reviewed half-yearly to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the income statement. Individual assets are grouped for impairment purposes at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units – CGUs). Generally, this results in the Consolidated Entity evaluating its mine properties on a geographical basis.

(l) Employee Benefits

Wages, Salaries, Salary at Risk, Annual Leave and Sick Leave

Liabilities arising in respect of wages and salaries, salary at risk, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in "Other payables and accruals" (for amounts other than annual leave and salary at risk) and "Current provisions" (for annual leave and salary at risk) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Long Service Leave and Retention Initiative Payments

The liabilities for long service leave and retention initiative payments are measured at the present value of the estimated future cash outflows to be made by the Consolidated Entity resulting from employees' services provided up to the reporting date.

Liabilities for long service leave benefits and retention initiative payments not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the liability for these long term employee benefits, consideration has been given to expected future increases in wage and salary rates, the Consolidated Entity's experience with staff departures and periods of service. Related on-costs have also been included in the liability.

Share Based Payments

The Consolidated Entity provides benefits to employees (including Executive Directors) of the Consolidated Entity in the form of share based compensation, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Currently the Consolidated Entity operates the Executive Share Option Plan, the Executive Performance Share Plan, the Restricted Share Plan and the Employee Share Acquisition Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo option pricing model, further details of which are given in Note 20.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of non-market vesting conditions, such as performance conditions. Non-market conditions are included in the assumptions about the number of options that are expected to become exercisable. At each reporting date the Consolidated Entity revises its estimate of the number of options that are expected to become exercisable. The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. The income statement



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting period').

Upon the exercise of the options, the balance of the equity settlements reserve relating to those options remains in the Equity Settlements Reserve and the proceeds received, net of any directly attributable transaction costs are credited to share capital.

Under the Newcrest Employee Share Acquisition Plan, shares are issued to employees for no cash consideration and vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Defined Contribution Superannuation Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined Benefit Superannuation Plan

For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Actuarial Valuation Method, with actuarial valuations being carried out annually. Actuarial gains and losses are recognised in the income statement.

Directors Retirement Allowance

Non-Executive Directors were entitled to retirement benefits in accordance with a shareholder approved deed. During 2003, the Board made a decision to discontinue the practice of paying Directors a retirement allowance. This means the provision of retirement benefits will not be continued in the case of any Directors appointed after that time. Each of the longer serving Directors, whose retirement benefits are contractually enshrined in their formal terms of engagement with the Company, has agreed to have their existing benefits frozen with effect from 31 December 2003 in respect of the service they had provided up to that date.

(m) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Consolidated Entity, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for the majority of the Consolidated Entity's commodity sales is bill of lading date when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

Gold and Silver Bullion Sales

Revenue from gold and silver bullion sales, is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Gold, Copper and Silver in Concentrate Sales

Contract terms for the Consolidated Entity's sale of gold, copper and silver in concentrate ('metal in concentrate') allow for a price adjustment based on final assay results of the metal in concentrate by the customer to determine content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal in concentrate (which is considered to be the spot price) with a subsequent adjustment made upon final determination and presented as part of 'Other Income'.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer ('quotation period'). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and six months.

The provisionally priced sales of metal in concentrate contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement each period until final settlement, and presented as 'Other Income'. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Gold Bullion Forward Sales Agreements

Sales made under gold bullion forward sales agreements set out in Note 26 are accounted for as normal sales arrangements. The obligations under the gold bullion forward sales agreements are met with physical delivery from gold bullion production and therefore these contracts meet the requirements set out in AASB 139 paragraph 5 ("normal purchase and sales exemption") and therefore are accounted for in accordance with the gold bullion revenue recognition principles outlined above.

Interest Revenue

Interest revenue is recognised as it accrues using the effective interest method.

(n) Trade and Other Receivables

Trade receivables comprising Metal in Concentrate receivables and Bullion awaiting settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of significant risks and rewards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off and an allowance for doubtful debts is raised where objective evidence exists that the debt will not be collected.

Bills of exchange and promissory notes are initially measured at fair value then subsequently at amortised cost.

(o) Derivative Financial Instruments and Hedging

The Consolidated Entity uses derivative financial instruments to hedge its risk to commodity prices, and gold lease rates.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

The instruments used by the Consolidated Entity include forward sale contracts, gold put options and gold lease rate swaps. Derivatives, except for gold bullion forward sales contracts, which are accounted for as normal sales contracts, see Note 2(m), are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the income statement depends on the nature of the hedge relationship.

The fair value of forward sale contracts is calculated by reference to current forward commodity prices. The fair value of gold lease rate swaps is calculated by reference to current market rates. The fair value of gold put options is calculated by reference to an option pricing model.

At the inception of the transaction, the Consolidated Entity formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, hedges are classified as either fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability, or cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised directly in equity in the Hedge Reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects the income statement, for instance when the forecast sale that is hedged takes place.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement. If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place.

If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the income statement at the date of the redesignation.

Gold and Copper Hedging (Commodity Hedging)

Commodity hedging, using forward sales contracts, is undertaken in order to secure future commodity prices. Commodity hedge contracts are designated to specific quarters in accordance with the Consolidated Entity's projected future production. Derivative financial instruments used to hedge forecast commodity sales meet the criteria for cash flow hedge accounting.

Gold Loan

The gold loan is considered to be a financial loan of the Consolidated Entity with an embedded gold forward sales contract which is designated as a cash flow hedge of forecast gold sales. These instruments are remeasured at fair value by reference to market rates at balance date. The portion of the gain or loss on the re-measurement of these embedded forward sales contracts that is determined to be an effective hedge is recognised directly in the hedge reserve in equity. Gold delivered against the gold loan indebtedness is brought to account as revenue at the historical forward rate at which the gold loan was recorded in the balance sheet.

Gold Lease Rate Swaps

As gold lease rate swaps do not qualify for hedge accounting, changes in their fair value are immediately recognised as "Other income" in the Income Statement.

Accounting for Gold Put Options

The Consolidated Entity entered into gold put options for a portion of its future gold production in order to manage its exposure to downward price risk. These options allow the Consolidated Entity to maintain full exposure to any upward movements in the gold price, by providing it with the right, but not the obligation, to deliver gold at the stated strike price (minimum price). These options comprise an extrinsic and intrinsic value. The total premium paid for these options represents the 'extrinsic value'. The 'intrinsic value' is calculated as the strike price less the forward price and where the forward price is greater than the strike price, the 'intrinsic value' is zero.

Unlike other hedging instruments, the hedging provisions of AASB 139 Financial Instruments: Recognition and Measurement permits the intrinsic value and extrinsic value of an option to be separated. Only the intrinsic value of the option is designated into the cash flow hedge relationship. Therefore, the only instance where hedge accounting impacts the financial statements is if the gold forward price falls below the strike price, giving the options an intrinsic value due to them coming "into the money".

The premium paid on the purchase of put options (ie. its extrinsic value) is initially recognised as a financial asset and is not designated into a hedge relationship. It is remeasured to fair value, using an option pricing model, at each subsequent reporting date, with fair value changes recognised immediately in the Income Statement.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

Fair value changes in the intrinsic value of the put options which have been designated into a hedge relationship, are recognised directly in the hedge reserve in equity to the extent that the hedge is effective. These fair value movements are then transferred to the Income Statement as the forecast sales to which they are designated, occur. Fair value changes relating to changes in the intrinsic value of the option to the extent that the hedge is ineffective, are recognised immediately in the Income Statement.

Copper Forward Sales Contracts

Copper forward sales contracts have been entered into by the Consolidated Entity to provide certainty of cash flows from certain copper concentrate sales. These derivative instruments are not designated into hedge relationships and as such changes in fair value are immediately recognised as 'Other income' in the Income Statement.

(p) Provision for Rehabilitation

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations (such as those under the Consolidated Entity's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding assets and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the income statement. The carrying amount capitalised as a part of mining equipment is depreciated/amortised over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, but do not have a future economic benefit are expensed as incurred.

(q) Foreign Currency

Translation of Foreign Currency Transactions

Both the functional and presentational currency of Newcrest Mining Limited and its Australian controlled entities is Australian Dollars (\$). Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in US Dollars are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences in the consolidated financial report are taken to the Income Statement with the exception of differences on US Dollar denominated borrowings where the foreign currency components are designated as cash flow hedges of future US Dollar denominated sales. These are taken directly to the hedge reserve in equity until the forecast sales used to repay the debt occur, at which time they are recognised in the Income Statement.

Translation of Financial Reports of Foreign Operations

The functional currency of the foreign operations, PT Nusa Halmahera Minerals, Newcrest Resources, Newroyal Resources and Newcrest Insurance Pte Ltd is US Dollars (US\$). The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian Dollars are translated into the presentation currency of Newcrest Mining Limited (Australian Dollars) at the rates of exchange ruling at balance sheet date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

(r) Trade Creditors and Other Payables

Liabilities for trade creditors and other payables are initially recorded at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity, and then subsequently at amortised cost.

(s) Contributed Equity

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

(t) Earnings Per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

(u) Interest-Bearing Loans and Borrowings

Bank loans and the gold loan, are initially recognised at fair value and subsequently at amortised cost.

The financial gold loan is considered to be a financial loan with an embedded gold forward sales contract. The financial gold loan under the Consolidated Entity's debt facility is recorded at amortised cost, refer to Note 2(o) for details of how these embedded gold forward sales contracts are accounted for.

The foreign currency component of US Dollar denominated debt is designated as a cash flow hedge of future US Dollar denominated commodity sales (previously referred to as a "natural hedge" under AGAAP). Gains or losses upon subsequent revaluation of the US Dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are recognised directly in the hedge reserve in equity and will be released to the Income Statement in line with the hedged risk, being the anticipated hedged US Dollar denominated commodity sales.

(v) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year used to develop the qualifying asset.

Borrowing costs include:

- lease finance charges;
- interest on long term borrowings; and
- exchange differences arising from foreign currency borrowings net of the effects of any hedge of the borrowings.

(w) Taxes

Income Taxes

The current tax expense for the year is the tax payable on the current year's taxable income based on the income tax rates for each jurisdiction. This is adjusted for changes in deferred tax assets and liabilities attributable to temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by changes to unused tax losses. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the year when the assets are recovered or liabilities settled. The relevant tax rates are applied to cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses only if it is probable that future taxable amounts will be available to utilise those deductible temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing and reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax expense/benefit attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(x) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(y) Government Royalties

Royalties under existing regimes are payable on sales and are therefore recognised as the sale occurs.

(z) Changes in Presentation and Disclosure

During the year the Consolidated Entity changed its presentation and disclosure of sales revenue to exclude the impact of hedging, and present sales revenue at spot prices. Gains and losses from hedging are now presented separately on the face of the Income Statement.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

2. Summary of Significant Accounting Policies (continued)

The revised presentation and disclosure format is intended to provide a better understanding of the underlying financial performance of the operations, before the impact of:

- restructured and closed out hedges; and
- other one-off costs associated with the close out of the gold forward sales contracts and the gold loan.

Comparative figures have been adjusted to reflect these presentation and disclosure changes, where necessary.

(aa) New Accounting Standards and Interpretations not yet adopted

New Accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

Adoption of New Accounting Standard

Since 1 July 2007 the Consolidated Entity has adopted the following standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company or the Consolidated Entity.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038).
- AASB Interpretation 11 Group and Treasury Share Transactions
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 & 128)

Reference	Title	Impact on Group financial report	Application date of standard	Application date for Group
AASB Int. 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	The Group has a defined benefit superannuation plan and as such this interpretation may have an impact on the Group's financial report. However, the Group has not yet determined the extent of the impact, if any.	1 January 2008	1 July 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	1 January 2009	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The Group's current accounting policy complies with the requirements of the revised standard.	1 January 2009	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2009	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 January 2009	1 July 2009
AASB 3 (Revised) and AASB 2008-3	Business Combinations	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009	1 July 2009
AASB 127 (Revised) and AASB 2008-3	Consolidated and Separate Financial Statements	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009	1 July 2009
Amendments to IFRS	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2009	1 July 2009
Amendments to IFRS	Improvements to International Financial Reporting Standards	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2009	1 July 2009



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

3. Revenue and Expenses

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Specific items				
Profit/(loss) before income tax expense includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity:				
(a) Sales Revenue				
Gold	1,617.9	1,321.2	371.0	359.1
Copper	721.2	785.0	149.4	163.7
Silver	24.0	20.3	4.3	3.3
Total Operating Sales Revenue	2,363.1	2,126.5	524.7	526.1
(b) Cost of Sales				
Mine production costs	1,019.3	881.9	375.3	317.4
Royalty	57.8	49.0	15.8	14.9
Concentrate treatment and realisation	151.2	192.5	45.5	55.0
Depreciation	273.2	221.0	102.3	78.2
Deferred mining adjustment	24.5	(100.5)	(10.5)	(46.4)
Inventory movements	(28.7)	6.8	(16.7)	9.5
Total Cost of Sales	1,497.3	1,250.7	511.7	428.6
(c) Corporate Administration Expenses				
Corporate costs	47.2	38.2	47.9	38.3
Corporate depreciation	5.4	3.4	3.8	3.4
Equity settled share-based compensation payments	5.5	5.5	5.5	5.5
Total Corporate Administration Expenses	58.1	47.1	57.2	47.2
(d) Other Revenue				
Interest from other persons	18.9	4.5	0.1	0.1
Joint venture management fees	1.5	1.5	1.8	1.9
Total Other Revenue	20.4	6.0	1.9	2.0
(e) Other Income/(Expenses)				
Profit/(loss) on sale of non-current assets	(0.6)	0.3	(0.2)	0.1
Net foreign exchange gain/(loss)	(20.3)	(18.5)	(0.8)	(4.6)
Royalty refund ⁽¹⁾	6.4	12.3	-	-
Fair value gain on gold lease rate swaps	1.5	1.6	-	-
Fair value gain on gold and copper derivatives	17.1	14.1	5.7	8.5
Other	5.1	(2.7)	(6.0)	(4.7)
Total Other Income/(Expenses)	9.2	7.1	(1.3)	(0.7)
Sale of assets:				
Sale of assets have given rise to the following profits/(losses):				
Proceeds from sale of plant and equipment	0.3	0.7	0.1	0.2
Carrying value of plant and equipment sold	(0.9)	(0.4)	(0.3)	(0.1)
Profit/(loss) on sale of plant and equipment	(0.6)	0.3	(0.2)	0.1

(1) The royalty refund received during the current year related to a favourable judgement regarding the application of mineral royalty to part of the Consolidated Entity's operations. The refund received during the prior year related to royalties paid in previous years. The refund was due to a change in the calculation basis for royalty payments which now includes the impact of hedging.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

3. Revenue and Expenses (continued)

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
(f) Losses on Delivered Hedges⁽¹⁾				
Gold hedge losses	(33.8)	(213.6)	-	-
Copper hedge losses	-	(222.9)	-	(0.2)
Total Losses on Delivered Hedges	(33.8)	(436.5)	-	(0.2)
<i>(1) These relate to losses realised on hedge contracts that were settled by physical delivery prior to the hedge book close out.</i>				
(g) Depreciation and Amortisation				
Depreciation of:				
Property, plant and equipment	150.4	140.8	57.1	53.4
Amortisation of:				
Mine development	128.1	81.5	48.3	27.6
Add/(less) capitalised to inventory on hand	0.1	2.1	0.7	0.6
Total Depreciation and Amortisation Expense	278.6	224.4	106.1	81.6
Included in:				
Cost of Sales Depreciation	273.2	221.0	102.3	78.2
Corporate Depreciation	5.4	3.4	3.8	3.4
Total Depreciation and Amortisation Expense	278.6	224.4	106.1	81.6
(h) Employee Benefits Expense				
Defined benefit plans expense/(benefit) (refer Note 21)	0.5	(0.5)	0.5	(0.5)
Equity settled share-based compensation payments	5.5	5.5	5.5	5.5
Termination benefits expense	-	5.9	-	5.9
Defined contribution plan expense	20.9	15.4	8.9	7.6
Other employment benefits	199.6	138.8	87.2	62.8
Total Employee Benefits Expense	226.5	165.1	102.1	81.3
(i) Finance Costs – Ordinary Activities				
Interest Costs:				
Interest on loans	38.1	89.9	0.5	5.1
Finance leases	0.7	0.5	-	-
Other:				
Borrowing costs	2.7	2.7	0.2	0.3
Unwind of provision discount	4.1	3.6	2.0	1.5
	45.6	96.7	2.7	6.9
Less: capitalised borrowing costs	(2.2)	(12.3)	-	(4.4)
Total Finance Costs – Ordinary Activities	43.4	84.4	2.7	2.5
(j) Other Items:				
Operating lease rentals	6.8	4.7	4.9	0.9
Stores obsolescence	0.4	0.3	-	-
	7.2	5.0	4.9	0.9



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

3. Revenue and Expenses (continued)

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
(k) Losses on Restructured and Closed out Hedges				
Net impact on profit/(loss) from losses on restructured and closed out hedges:				
Losses relating to closed out hedges	146.0	-	-	-
Release of losses relating to restructured hedges	168.0	158.0	-	-
Total losses on hedges transferred from reserves (Note 25(e)(v))	314.0	158.0	-	-
(Gains)/losses from prior period hedge contract restructures	0.1	(7.0)	-	-
Total Losses on Restructured and Closed Out Hedges	314.1	151.0	-	-
Applicable income tax (benefit)	(94.2)	(45.3)	-	-
Total Losses on Restructured and Closed Out Hedges (after tax)	219.9	105.7	-	-
(l) Other Close Out Related Costs				
Fair value loss on gold forward sales contracts	178.7	-	-	-
Fair value loss on gold put options (Note 25(e)(vi))	39.0	-	-	-
Total Other Close Out Related Costs	217.7	-	-	-
Applicable income tax (benefit)	(65.3)	-	-	-
Total Other Close Out Related Costs (after tax)	152.4	-	-	-
(m) Finance Costs – Close Out and Restructure				
Gold loan break costs (note 25(e)(ii))	13.1	-	-	-
Discount unwind – hedge restructure liability ⁽¹⁾	7.8	23.9	-	-
Total Finance Costs – Close Out and Restructure	20.9	23.9	-	-
Applicable income tax (benefit)	(6.3)	(7.2)	-	-
Total Finance Costs – Close Out and Restructure (after tax)	14.6	16.7	-	-
<i>(1) This relates to the unwind of the discount on the hedge restructure liability, established as part of the November 2006 hedgebook restructure, from 1 July 2007 – 10 September 2007 (refer Note 25(e)(iv) for more information).</i>				
(n) Foreign Exchange Gain on US Dollar Borrowings Hedges				
Foreign exchange gain on US Dollar borrowings hedges (note 16(vi))	39.0	4.6	-	-
Applicable income tax (benefit)	(11.7)	(1.4)	-	-
Total Foreign Exchange Gain on US Dollar Borrowings Hedges (after tax)	27.3	3.2	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

4. Income Tax

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
(a) Income tax expense comprises:				
Income Statement				
<i>Current income tax</i>				
Current income tax expense/(benefit)	(229.6)	21.3	(10.2)	(23.7)
Under/(over) provision in respect of prior years	(29.1)	(46.3)	(14.8)	(21.4)
	(258.7)	(25.0)	(25.0)	(45.1)
<i>Deferred tax</i>				
Relating to origination and reversal of temporary differences	292.7	35.4	(9.2)	45.5
Under/(over) provision in respect of prior years	2.6	-	0.5	-
	295.3	35.4	(8.7)	45.5
Income tax expense/(benefit) per the Income Statement	36.6	10.4	(33.7)	0.4
(b) Reconciliation of prima facie income tax expense/(benefit) to income tax expense/(benefit) per the Income Statement				
Accounting profit/(loss) before tax	200.0	103.4	(52.3)	43.0
Income tax expense calculated at 30% (2007: 30%)	60.0	31.0	(15.7)	12.9
- Research and development allowance	(10.5)	(10.2)	(5.7)	(5.7)
- Non-deductible share-based payment expense	1.7	1.7	1.7	1.7
- Other non-deductible expenses	0.4	1.6	0.3	0.3
- Effect of higher tax rates in foreign jurisdictions	10.2	7.0	-	-
- Foreign tax losses not brought to account	1.3	1.8	-	-
- (Over) provided in prior years ⁽¹⁾	(26.5)	(22.5)	(14.3)	(8.8)
Income tax expense/(benefit) per the Income Statement	36.6	10.4	(33.7)	0.4

(1) The over provision relates to higher actual research and development allowance claimed for prior years.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

4. Income Tax (continued)

(c) Movement in deferred taxes

	Consolidated					Parent				
	Balance at 1 July \$M	Charged/ (Credited) to Income \$M	Charged/ (Credited) to Equity \$M	Other \$M	Balance at 30 June \$M	Balance at 1 July \$M	Charged/ (Credited) to Income \$M	Charged/ (Credited) to Equity \$M	Other ^(*) \$M	Balance at 30 June \$M
2008										
Deferred tax assets										
Carry forward revenue losses recognised	158.2	332.5	-	-	490.7	158.2	25.0	-	307.5	490.7
Deferred tax liabilities										
Temporary differences:										
- Property, plant & equipment and deferred mining	(381.1)	20.2	-	-	(360.9)	(136.9)	7.5	-	-	(129.4)
- Financial instruments	319.8	(262.0)	(70.0)	-	(12.2)	-	-	-	-	-
- Provisions	40.6	(24.4)	-	-	16.2	13.4	(1.0)	-	-	12.4
- Other	(19.4)	(29.1)	20.0	-	(28.5)	(5.0)	2.2	8.2	-	5.4
	(40.1)	(295.3)	(50.0)	-	(385.4)	(128.5)	8.7	8.2	-	(111.6)
	118.1	37.2	(50.0)	-	105.3	29.7	33.7	8.2	307.5	375.1
2007										
Deferred tax assets										
Carry forward revenue losses recognised	79.2	79.0	-	-	158.2	79.2	45.1	-	33.9	158.2
Financial instruments	559.1	7.2	(209.7)	-	356.6	-	-	-	-	-
	638.3	86.2	(209.7)	-	514.8	79.2	45.1	-	33.9	158.2
Deferred tax liabilities										
Temporary differences:										
- Property, plant & equipment and deferred mining	(298.9)	(82.2)	-	-	(381.1)	(92.9)	(44.0)	-	-	(136.9)
- Financial instruments	(5.1)	6.9	(38.6)	-	(36.8)	-	-	-	-	-
- Provisions	50.4	(9.8)	-	-	40.6	11.1	2.3	-	-	13.4
- Other	(13.9)	(9.9)	4.4	-	(19.4)	(0.1)	(4.9)	-	-	(5.0)
	(267.5)	(95.0)	(34.2)	-	(396.7)	(81.9)	(46.6)	-	-	(128.5)
	370.8	(8.8)	(243.9)	-	118.1	(2.7)	(1.5)	-	33.9	29.7

* Represents the assumption of tax losses attributable to controlled entities in the tax consolidated group by the Head Entity.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

4. Income Tax (continued)

(d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of carry forward capital losses of \$292.8 million (2007: \$290.3 million) because it is not probable that the Consolidated Entity will have future capital gains available against which carry forward capital losses could be utilised as the Company has no current intention to dispose of capital assets.

(e) Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Newcrest Mining Limited and its wholly owned Australian resident controlled entities formed a tax consolidated group. Newcrest Mining Limited is the head entity of the tax consolidated group. The current and deferred tax amounts for the tax consolidated group are allocated among the entities in the group using a 'group allocation method' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the individual controlled entity's balance sheet and their tax values applying under tax consolidation. The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. Members of the wholly owned group have entered into a tax sharing agreement which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and treatment of entities leaving the tax consolidation group. At the balance date, the possibility of default is remote.

5. Dividends Paid and Proposed

	Cents per Share	Total Amount \$M	Franked/ Unfranked	Date of Payment
Dividends recognised in the current year by the Company are:				
2008 – Dividend paid during the year for the 30 June 2007 year				
Final – ordinary	5.0	16.8	Unfranked	27 Sep 2007
2007 – Dividend paid during the year for the 30 June 2006 year				
Final – ordinary	5.0	16.7	Unfranked	13 Oct 2006
Subsequent events				
Dividend proposed and not recognised as a liability:				
Since the end of the financial year, the Directors declared the following dividends:				
Final – ordinary	10.0	45.3	Unfranked	17 Oct 2008

Dividend franking account balance	Parent and Consolidated	
	2008 \$M	2007 \$M
Franking credits at 30% available for the subsequent financial year	0.1	0.1



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

6. Earnings Per Share (EPS)

	Consolidated	
	2008	2007
EPS (cents per share)		
Basic EPS	31.0	19.4
Diluted EPS	30.9	19.3
Earnings per share on Underlying Profit:		
Basic EPS	114.1	51.6
Diluted EPS	113.8	51.4

	\$M	\$M
The following reflects the income used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to ordinary equity holders of the parent	134.3	72.0
Earnings attributable to ordinary equity holders of the parent used in calculating basic and diluted EPS	134.3	72.0

The following reflects the income used in the calculation of basic and diluted EPS on Underlying Profit:		
Profit after tax before hedge restructure and close out impacts	493.9	191.2
Earnings attributable to ordinary equity holders of the parent used in calculating underlying basic and diluted EPS	493.9	191.2

	No. of shares	No. of shares
The following reflects the share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS:	432,890,488	370,548,500
Effect of dilutive securities:		
Share options	1,099,277	1,779,902
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	433,989,765	372,328,402

Restatement of comparatives

The EPS calculations for the 2007 financial year have been restated to include the impact of the equity raising undertaken in September 2007, in accordance with accounting standards.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

7. Cash and Cash Equivalents

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
(a) Components of cash and cash equivalents				
Cash at bank ⁽ⁱ⁾	77.5	34.3	3.1	0.1

(i) Refer Note 25(f) for the effective interest rate.

(b) Reconciliation of net profit/(loss) after income tax to net cash flow from operating activities

Profit/(loss) after income tax	163.4	93.0	(18.6)	42.6
<i>Non-cash items:</i>				
Depreciation and amortisation	278.6	224.4	106.1	81.6
Net fair value change on derivatives	9.1	(4.5)	2.4	-
Non-cash employee benefits expense – share-based payments	5.5	5.5	5.5	5.5
Other non-cash items	(6.2)	(3.9)	(0.2)	(0.4)
<i>Items presented as investing or financing activities:</i>				
(Profit)/loss on disposal of property, plant and equipment	0.6	(0.3)	0.2	(0.1)
Exploration expenditure written off	46.4	47.2	6.0	5.9
Hedge restructure and close out expense	517.3	175.0	-	-
<i>Changes in assets and liabilities:</i>				
(Increase)/Decrease in:				
Trade and other receivables	62.1	(32.7)	18.5	(1.5)
Inventories	(56.0)	16.5	(23.7)	22.3
Deferred mining	24.4	(87.3)	(21.8)	(35.3)
Tax receivable	(4.6)	-	-	-
Prepayments current	(34.6)	(4.3)	(26.3)	(1.1)
Prepayments non-current	-	1.9	-	-
Deferred tax asset	24.1	(119.3)	(332.5)	(78.7)
(Decrease)/Increase in:				
Trade and other payables	(38.7)	(40.1)	313.6	24.8
Provisions current	11.0	1.8	11.7	(0.8)
Provisions non-current	14.6	15.7	7.1	7.6
Current tax liabilities	16.7	4.3	-	-
Deferred tax liability	(11.3)	94.7	(16.9)	46.6
Deferred income	(4.3)	(0.2)	-	-
Net cash from operating activities	1,018.1	387.4	31.1	119.0

(c) Non-cash financing and investing activities

Dividends paid by the issue of shares under the Dividend Reinvestment Plan	2.0	2.8	2.0	2.8
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

8. Trade and Other Receivables

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Current				
Metal in concentrate receivables ⁽ⁱ⁾	132.2	211.1	27.1	44.0
Bullion awaiting settlement ⁽ⁱ⁾	31.3	26.0	-	1.9
Other receivables ⁽ⁱⁱ⁾	46.0	25.7	9.6	6.8
Amounts due from controlled entities ⁽ⁱⁱⁱ⁾	-	-	984.7	-
Total Current Receivables	209.5	262.8	1,021.4	52.7
Non-Current				
Other receivables ^(iv)	0.3	9.1	-	2.7
Total Non-Current Receivables	0.3	9.1	-	2.7

(i) Are non interest-bearing and are generally expected to settle within 1 month, refer Note 2(n).

(ii) For terms and conditions relating to related party receivables, refer Note 33.

(iii) Comprise security deposits and are carried at amortised cost.

(iv) Carried at amortised cost are non interest-bearing and are generally expected to settle within 1 month.

9. Inventories

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Current				
<i>At Cost:</i>				
Gold in circuit	22.1	16.5	9.8	6.0
Concentrate	39.0	25.2	17.3	13.8
Ore	56.6	34.1	32.1	16.0
Materials and supplies	103.1	89.1	36.1	35.8
Provision for obsolescence of materials and supplies	(1.2)	(1.5)	-	-
Total Current Inventories	219.6	163.4	95.3	71.6
Non-Current				
<i>At Cost:</i>				
Ore	1.4	1.6	-	-
Total Non-Current Inventories	1.4	1.6	-	-

Inventory write-downs recognised as an expense totalled \$0.4 million (2007: \$0.3 million). This expense is included in the site operating costs as a cost of inventories.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

10. Tax Receivable

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Current				
VAT tax refund	8.7	4.1	-	-
Total Current Tax Receivable	8.7	4.1	-	-

11. Other

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Current				
Prepayments	39.5	4.9	27.3	1.1
Deferred mining expenditure	122.0	94.5	57.2	35.3
Total Current Other	161.5	99.4	84.5	36.4
Non-Current				
Deferred mining expenditure	235.0	286.9	-	-
Total Non-Current Other	235.0	286.9	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

12. Other Financial Assets

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Non-Current				
Shares in controlled entities at cost	-	-	593.4	593.4
Provision for diminution	-	-	(304.6)	(304.6)
Total Non-Current Other Financial Assets	-	-	288.8	288.8

Entity	Principal Activity	Place of Incorporation	Percentage Holding		Carrying Value	
			2008 %	2007 %	2008 \$M	2007 \$M
Newcrest Operations Limited	Mining	Australia (WA)	100	100	192.3	192.3
Cadia Mines Pty Ltd	Dormant	Australia (Vic)	100	100	-	-
Cadia Holdings Pty Ltd	Mining	Australia (NSW)	100	100	40.0	40.0
Newcrest Finance Pty Ltd	Treasury	Australia (Vic)	100	100	10.0	10.0
Newgen Pty Ltd	Mining	Australia (Vic)	100	100	-	-
Horskar Pty Limited	Dormant	Australia (Vic)	100	100	-	-
Australmin Holdings Limited	Dormant	Australia (ACT)	100	100	-	-
Cracow Holdings Pty Ltd	Dormant	Australia (Vic)	100	100	-	-
Newcrest Insurance Pte Ltd	Captive Insurance Entity	Singapore	100	100	0.6	0.6
Newcrest International Pty Ltd	Holding Company	Australia (Vic)	100	100	45.9	45.9
					288.8	288.8



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

13. Property, Plant & Equipment

	Freehold Land \$M	Consolidated Buildings, Plant and Equipment \$M	Plant and Equipment Under Finance Lease \$M	Total \$M
Year ended 30 June 2008				
Carrying amount at 1 July 2007	25.5	1,441.7	4.8	1,472.0
Additions	0.8	85.8	-	86.6
Disposals at written down value	-	(0.9)	-	(0.9)
Depreciation charge for the year	-	(149.1)	(1.3)	(150.4)
FX translation	-	(2.6)	-	(2.6)
Reclassifications/transfers	-	0.3	-	0.3
Carrying amount at 30 June 2008	26.3	1,375.2	3.5	1,405.0
At 1 July 2007				
Cost	25.5	2,267.0	14.5	2,307.0
Accumulated depreciation	-	(825.3)	(9.7)	(835.0)
	25.5	1,441.7	4.8	1,472.0
At 30 June 2008				
Cost	26.3	2,327.4	14.5	2,368.2
Accumulated depreciation	-	(952.2)	(11.0)	(963.2)
	26.3	1,375.2	3.5	1,405.0
Year ended 30 June 2007				
Carrying amount at 1 July 2006	25.2	1,384.5	24.5	1,434.2
Additions	0.3	146.8	-	147.1
Disposals at written down value	-	(0.4)	-	(0.4)
Depreciation charge for the year	-	(137.7)	(3.1)	(140.8)
FX translation	-	(0.5)	-	(0.5)
Reclassifications/transfers	-	49.0	(16.6)	32.4
Carrying amount at 30 June 2007	25.5	1,441.7	4.8	1,472.0
At 1 July 2006				
Cost	25.2	2,057.3	74.4	2,156.9
Accumulated depreciation	-	(672.8)	(49.9)	(722.7)
	25.2	1,384.5	24.5	1,434.2
At 30 June 2007				
Cost	25.5	2,267.0	14.5	2,307.0
Accumulated depreciation	-	(825.3)	(9.7)	(835.0)
	25.5	1,441.7	4.8	1,472.0



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

13. Property, Plant & Equipment (continued)

	Buildings, Plant & Equipment \$M	Parent Total \$M
Year ended 30 June 2008		
Carrying amount at 1 July 2007	664.5	664.5
Additions	15.8	15.8
Disposals at written down value	(0.3)	(0.3)
Depreciation charge for the year	(57.1)	(57.1)
Reclassifications/transfers	0.3	0.3
Carrying amount at 30 June 2008	623.2	623.2
At 1 July 2007		
Cost	897.8	897.8
Accumulated depreciation	(233.3)	(233.3)
	664.5	664.5
At 30 June 2008		
Cost	910.3	910.3
Accumulated depreciation	(287.1)	(287.1)
	623.2	623.2
Year ended 30 June 2007		
Carrying amount at 1 July 2006	625.0	625.0
Additions	70.3	70.3
Disposals at written down value	(0.1)	(0.1)
Depreciation charge for the year	(53.4)	(53.4)
Reclassifications/transfers	22.7	22.7
Carrying amount at 30 June 2007	664.5	664.5
At 1 July 2006		
Cost	815.8	815.8
Accumulated depreciation	(190.8)	(190.8)
	625.0	625.0
At 30 June 2007		
Cost	897.8	897.8
Accumulated depreciation	(233.3)	(233.3)
	664.5	664.5

Reclassifications / transfers:

- Expenditure included in mine development has been reclassified upon initial utilisation of the assets to buildings, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

14. Capitalised Exploration, Evaluation & Development Expenditures

	Mines Under Construction \$M	Mine Development \$M	Consolidated Exploration and Evaluation Expenditure \$M	Deferred Feasibility Expenditure \$M	Total \$M
Year ended 30 June 2008					
Carrying amount at 1 July 2007	-	1,155.6	53.0	143.3	1,351.9
Expenditure during the year	117.3	56.2	76.8	47.8	298.1
Expenditure written off during the year	-	-	(46.4)	-	(46.4)
Capitalised borrowing costs ⁽¹⁾	1.1	-	-	1.1	2.2
Depreciation charge for the year	-	(128.1)	-	-	(128.1)
FX translation	-	(7.5)	0.3	-	(7.2)
Reclassifications/transfers	19.4	14.1	(6.2)	(27.6)	(0.3)
Carrying amount at 30 June 2008	137.8	1,090.3	77.5	164.6	1,470.2
At 1 July 2007					
Cost	-	1,628.4	53.0	143.3	1,824.7
Accumulated depreciation	-	(472.8)	-	-	(472.8)
	-	1,155.6	53.0	143.3	1,351.9
At 30 June 2008					
Cost	137.8	1,673.5	77.5	164.6	2,053.4
Accumulated depreciation	-	(583.2)	-	-	(583.2)
	137.8	1,090.3	77.5	164.6	1,470.2
Year ended 30 June 2007					
Carrying amount at 1 July 2006	321.4	594.0	41.4	284.5	1,241.3
Expenditure during the year	-	149.2	60.7	52.3	262.2
Expenditure written off during the year	-	-	(47.2)	-	(47.2)
Capitalised borrowing costs ⁽¹⁾	-	6.4	-	5.9	12.3
Depreciation charge for the year	-	(81.5)	-	-	(81.5)
FX translation	(6.6)	3.7	0.1	-	(2.8)
Reclassifications/transfers	(314.8)	483.8	(2.0)	(199.4)	(32.4)
Carrying amount at 30 June 2007	-	1,155.6	53.0	143.3	1,351.9
At 1 July 2006					
Cost	321.4	977.4	41.4	291.5	1,631.7
Accumulated depreciation	-	(383.4)	-	(7.0)	(390.4)
	321.4	594.0	41.4	284.5	1,241.3
At 30 June 2007					
Cost	-	1,628.4	53.0	143.3	1,824.7
Accumulated depreciation	-	(472.8)	-	-	(472.8)
	-	1,155.6	53.0	143.3	1,351.9

Reclassifications / transfers:

- Expenditure included in mines under construction has been reclassified to mine development or buildings plant and equipment, as appropriate, upon initial utilisation of the assets.
- Feasibility expenditure carried forward relating to Telfer was transferred to mine development during the year following the commencement of operations from 1 November 2006 of the underground.

(1) Borrowing costs were capitalised on qualifying assets at a weighted average rate of 6.24% (2007: 5.79%)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

14. Capitalised Exploration, Evaluation & Development Expenditures (continued)

	Mines Under Construction \$M	Mine Development \$M	Parent Exploration and Evaluation Expenditure \$M	Deferred Feasibility Expenditure \$M	Total \$M
Year ended 30 June 2008					
Carrying amount at 1 July 2007	-	653.5	-	-	653.5
Expenditure during the year	-	3.3	8.1	-	11.4
Expenditure written off during the year	-	-	(6.0)	-	(6.0)
Depreciation charge for the year	-	(48.3)	-	-	(48.3)
Reclassifications/transfers	-	(0.3)	-	-	(0.3)
Carrying amount at 30 June 2008	-	608.2	2.1	-	610.3
At 1 July 2007					
Cost	-	764.7	-	-	764.7
Accumulated depreciation	-	(111.2)	-	-	(111.2)
	-	653.5	-	-	653.5
At 30 June 2008					
Cost	-	767.5	2.1	-	769.6
Accumulated depreciation	-	(159.3)	-	-	(159.3)
	-	608.2	2.1	-	610.3
Year ended 30 June 2007					
Carrying amount at 1 July 2006	188.1	270.3	1.8	150.1	610.3
Expenditure during the year	-	90.7	4.1	-	94.8
Expenditure written off during the year	-	-	(5.9)	-	(5.9)
Capitalised borrowing costs	-	4.4	-	-	4.4
Depreciation charge for the year	-	(27.6)	-	-	(27.6)
Reclassifications/transfers	(188.1)	315.7	-	(150.1)	(22.5)
Carrying amount at 30 June 2007	-	653.5	-	-	653.5
At 1 July 2006					
Cost	188.1	354.0	1.8	150.1	694.0
Accumulated depreciation	-	(83.7)	-	-	(83.7)
	188.1	270.3	1.8	150.1	610.3
At 30 June 2007					
Cost	-	764.7	-	-	764.7
Accumulated depreciation	-	(111.2)	-	-	(111.2)
	-	653.5	-	-	653.5



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

14. Capitalised Exploration, Evaluation & Development Expenditures (continued)

Areas of interest in the exploration phase at cost:	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
• Cadia Valley, NSW	52.8	42.8	-	-
• Telfer, WA	1.3	-	0.9	-
• Cracow, QLD	3.5	3.5	-	-
• Gosowong, Indonesia	8.7	6.7	-	-
• Marsden, NSW	3.7	-	-	-
• Fiji	7.5	-	1.2	-
	77.5	53.0	2.1	-

Recoverability of the carrying amount of the exploration and evaluation assets is dependant upon the successful development and continuing commercial exploitation, or alternatively, sale of the respective area of interest.

15. Trade and Other Payables (Current)

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Unsecured:				
Trade payables ⁽ⁱ⁾	66.7	75.2	19.3	11.0
Other payables and accruals ⁽ⁱ⁾	111.0	141.2	44.2	57.3
Amounts payable to controlled entities ⁽ⁱⁱ⁾	-	-	-	703.7
Total Trade and other Payables (Current)	177.7	216.4	63.5	772.0

(i) All payables are non interest-bearing and are normally settled on 30 day terms.

(ii) For terms and conditions relating to related party payables, refer Note 33.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

16. Interest Bearing Loans and Borrowings

		Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Current					
Secured:					
Finance lease liabilities	(i)	2.6	1.5	-	-
Unsecured:					
Bank gold loan	(ii)	-	33.5	-	-
Total Current Interest-Bearing Loans and Borrowings		2.6	35.0	-	-
Non-Current					
Secured:					
Finance lease liabilities	(i)	2.2	4.4	-	-
Unsecured:					
Bank gold loan	(ii)	-	117.1	-	-
US Dollar Bilateral debt	(iii)	-	784.1	-	-
US Dollar Private placement notes	(iv)	363.8	413.3	-	-
Total Non-Current Interest Bearing Loans and Borrowings		366.0	1,318.9	-	-

(i) Finance Lease Facility

The Consolidated Entity's lease liabilities are secured by the leased assets of \$3.5 million (2007: \$4.8 million), in the event of default, the assets revert to the lessor.

(ii) Bank Gold Loan

During the year end 30 June 2008, the Consolidated Entity fully closed out the gold loan which was presented in the balance sheet at amortised cost. The value of the loan at 30 June 2008 is Nil (2007: A\$150.6 million). The embedded gold forward sales contracts, which had previously been designated as cash flow hedges of forecast gold sales, were also fully closed out and the balance of outstanding ounces at 30 June 2008 reduced to Nil (2007: 308,819 ounces). Refer to Note 25(e)(ii) for further details.

(iii) US Dollar Bilateral Debt

During the year ended 30 June 2008, the US Dollar Bilateral debt facilities were repaid in full reducing the balance to Nil (2007: US\$664.0 million). Refer Note 16 (vi) for further details.

The Consolidated Entity still has available Bilateral Debt facilities of US\$969.0 million with 14 banks. These are unsecured 5-year revolving facilities, individually negotiated and documented with each bank but with similar terms and conditions. Interest is based on LIBOR plus a margin which varies amongst the lenders.

(iv) US Dollar Private Placement Notes

During the year ended 30 June 2005, the Consolidated Entity issued US\$350.0 million of long term senior unsecured notes into the North American Private Placement market. The proceeds of the placement were received on 11 May, 2005 and comprised 5 tranches:

Fixed 7 years (11/5/2012)	US\$ 95.0M
Fixed 10 years (11/5/2015)	US\$105.0M
Fixed 12 years (11/5/2017)	US\$100.0M
Fixed 15 years (11/5/2020)	US\$ 25.0M
Floating 7 years (11/5/2012)	US\$ 25.0M
	US\$350.0M

Interest on the fixed rate notes is payable semi annually at an average of 5.62%. Floating rate interest is based on LIBOR plus a margin and is payable quarterly. These notes were fully drawn as at 30 June 2008, have been restated to the spot exchange rate and have a balance of A\$363.8 million (2007: A\$413.3 million).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

16. Interest Bearing Loans and Borrowings (continued)

(v) Cash Flow Hedging: US Dollar

The foreign currency component of US Dollar denominated debt is designated as a cash flow hedge of US Dollar denominated commodity sales. Foreign exchange gains or losses on revaluation of the US Dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate have been deferred in equity and will be released to the income statement as the anticipated hedged US Dollar denominated commodity sales, to which the deferred gains/losses are designated, occur. As at 30 June 2008 the net foreign exchange gain on the revaluation of US Dollar denominated debt deferred in equity is \$148.6 million (2007: a net gain of \$109.1 million) (refer Note 2(u)).

(vi) Impact of Repayment of USD Bilateral Debt - Current and Future

Part of the proceeds from the equity raising undertaken in September 2007 were used to repay US Dollar denominated Bilateral Debt in full during the year. This crystallised a cumulative pre-tax foreign exchange gain on these borrowings, which had been designated as cash flow hedges of US denominated commodity sales, of \$91.7 million. In addition previous early repayments of other US denominated loans crystallised a pre-tax gain of \$0.7 million. During the current period a pre-tax foreign exchange gain related to these borrowings, of \$39.0 million, was transferred to the Income Statement in accordance with the original designated profile. Therefore at 30 June 2008, \$53.4 million of this pre-tax gain remains deferred in equity to be released to the Income Statement, in the same period as the anticipated hedged US Dollar commodity sales, to which the exchange gains were designated, occur (refer below table).

Foreign Currency	Current	To be released		Total FX gains
	2008	in future years		deferred
	2009	2010	30 June 2008	
	\$M	\$M	\$M	\$M
Deferred FX gains on US Dollar cashflow hedges	39.0	41.4	12.0	53.4
Tax effect	(11.7)	(12.4)	(3.6)	(16.0)
After tax deferred FX gains	27.3	29.0	8.4	37.4

In addition to the above realised exchange gains, the Consolidated Entity expects to be exposed to additional future foreign exchange revaluation movements as the Bilateral Debt facilities are re-drawn, and the value of other US Dollar denominated borrowings is restated for foreign exchange rate movements. These items will continue to be accounted for in accordance with the hedge accounting principles outlined in note 16(v).

(vii) Financial Arrangements

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
<i>The Consolidated Entity has access to the following financing arrangements:</i>				
Unsecured bank overdrafts (payable at call)	1.5	1.5	-	-
Unsecured bank gold loan	-	150.6	-	-
Unsecured USD Bilateral facilities (US\$969.0M)	1,007.2	1,144.3	-	-
Unsecured USD Private Placement notes (US\$350.0M)	363.8	413.3	-	-
	1,372.5	1,709.7	-	-
<i>Facilities utilised at reporting date:</i>				
Unsecured bank overdrafts (payable at call)	-	-	-	-
Unsecured bank gold loan	-	150.6	-	-
Unsecured USD Bilateral facilities	-	784.1	-	-
Unsecured USD Private Placement notes (US\$350.0M)	363.8	413.3	-	-
	363.8	1,348.0	-	-
<i>Facilities not utilised at reporting date:</i>				
Unsecured bank overdrafts (payable at call)	1.5	1.5	-	-
Unsecured bank gold loan	-	-	-	-
Unsecured USD Bilateral facilities (US\$969.0M)	1,007.2	360.2	-	-
Unsecured USD Private Placement notes	-	-	-	-
	1,008.7	361.7	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

17. Tax Liabilities

	Note	Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Current					
Income tax payable		21.5	4.8	-	-
Non-Current					
Deferred tax liability	4	385.4	396.7	111.6	128.5

18. Provisions

	Mine Rehabilitation & Restoration \$M	Employee Benefits \$M	Other \$M	Total \$M
Consolidated				
At 1 July 2007	44.8	31.9	3.5	80.2
Increase/ (decrease) in provision	(1.4)	143.5	-	142.1
Paid during the period	-	(120.3)	(0.3)	(120.6)
Unwinding of discount	3.4	0.7	-	4.1
At 30 June 2008	46.8	55.8	3.2	105.8
2008				
Current	-	40.2	3.1	43.3
Non-Current	46.8	15.6	0.1	62.5
	46.8	55.8	3.2	105.8
2007				
Current	0.1	28.8	3.4	32.3
Non-Current	44.7	3.1	0.1	47.9
	44.8	31.9	3.5	80.2
Parent				
At 1 July 2007	17.1	27.1	-	44.2
Increase/ (decrease) in provision	(0.1)	132.6	0.7	133.2
Paid during the period	-	(115.8)	(0.6)	(116.4)
Unwinding of discount	1.4	0.6	-	2.0
At 30 June 2008	18.4	44.5	0.1	63.0
2008				
Current	-	35.9	0.1	36.0
Non-Current	18.4	8.6	-	27.0
	18.4	44.5	0.1	63.0
2007				
Current	-	24.3	-	24.3
Non-Current	17.1	2.8	-	19.9
	17.1	27.1	-	44.2



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

18. Provisions (continued)

Mine Rehabilitation and Restoration

The Consolidated Entity recognises that it has an obligation to restore its mine sites to their original condition at the end of the life of mine.

Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, the Consolidated Entity has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life. The expected timing of the usage of this provision at year end is below:

<u>Year</u>	<u>\$M</u>
Not later than 1 year	-
Later than 1 year but not later than 5 years	7.9
Later than 5 years	38.9
Total	46.8

Employee Benefits

Represents annual leave, long service leave, salary at risk and other retention incentive payments (refer Note 2 (l)).

19. Other

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Non-Current				
Deferred income	6.9	11.2	-	-
Hedging restructure liability ⁽ⁱ⁾	-	57.7	-	-
	6.9	68.9	-	-

(i) The impact of prior period hedge restructures has been transferred to the Hedge Reserve in Equity and will be released to the Income Statement in accordance with the schedule set out in Note 25(e)(v).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

20. Share Based Payments

a) Newcrest Employee Share Acquisition Plan

Under the Newcrest Employee Share Acquisition Plan ('ESAP' or 'the plan'), eligible employees are granted shares in Newcrest Mining Limited ('the Company') for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Consolidated Entity for a period of at least one year are eligible to participate in the plan. Employees may elect not to participate in the plan.

Under the plan, eligible employees may be granted up to \$1,000 worth of fully paid ordinary shares in the Company for no consideration. The market value of shares issued under the plan, measured at the weighted average market price of the shares on the Australian Stock Exchange over a period of a week prior to the acquisition date, is recognised in the equity section of the balance sheet as share capital and as part of employee benefit costs in the income statement in the period the shares are granted.

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of, three years from the date of issue or the date employment ceases. During 2008, 951 employees participated in the plan (2007: 871 employees).

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Shares issued under the plan to participating employees	1.0	0.9	1.0	0.9

b) Restricted Share Plan and Executive Performance Share Plan

The Restricted Share Plan (also referred to as the Medium Term Incentive (MTI) plan) is an annual incentive plan under which eligible employees are granted rights to receive ordinary fully paid shares in the Company (Restricted Rights). The amount of the award is determined by the Company's performance in the financial year immediately prior to the date the award is granted. Once awarded, the Restricted Rights vest at the end of three years, provided that the participating employee has been employed throughout the vesting period and achieves minimal acceptable personal performance. The Managing Director, the Finance Director, Executive General Managers, Senior Management and other selected High Performance Personnel participate in this plan. Each Restricted Right granted, initially entitles the holder to subscribe for one ordinary share. Conditional entitlements to restricted rights are granted after each annual general meeting. Company performance in relation to the award is measured according to the Company's Total Shareholder Returns (TSR) measured against a comparator group of companies over the previous financial year, taken from the FTSE Gold Mine Index.

The Executive Performance Share Plan (also referred to as the Long Term Incentive (LTI) Plan) also entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The entitlement to receive Performance Rights is contingent on the Company achieving a performance hurdle over a three year forward period commencing on the date on which the Performance Rights are granted. As for the Restricted Share Plan, Company performance is measured against the Total Shareholder Return of the same comparator group of companies. If TSR performance of the Company is below the threshold 50th percentile of TSR for the comparator group, then no award will be made. If the Company's TSR performance is at the 75th percentile of the comparator group, a 100% allocation will be made with a straight line allocation occurring between the 50th and 75th percentile. The Managing Director, the Finance Director, Executives and Senior Management participate in this plan.

There is no ability to re-test performance under either Plan after the performance period.

Fair value of share rights granted

The assessed fair value at grant date of the share rights granted during the year ended 30 June 2008 was \$35.64 per share right for the MTI plan issue (2007: \$23.81) and \$23.38 for LTI plan issue (2007: \$18.19). The fair value is independently determined using a Monte Carlo simulation option pricing model. The model inputs for share rights granted during the year ended 30 June 2008 included:

- i. Exercise price: Nil (2007: Nil)
- ii. Expected volatility: 36% (2007: 36%)
- iii. Risk-free interest rate: 6.69% (2007: 5.993%)
- iv. Expected life of right (years): 3 years (2007: 3 years)
- v. Share price at grant date: \$35.85 (2007: \$24.10)
- vi. Expected dividend yield: 0.2% (2007: 0.4%)

The expected volatility is based on historic volatility and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

20. Share Based Payments (continued)

c) Executive Share Option Plan

The Newcrest Executive Share Option Plan provided for the allocation of five year options with performance hurdles and exercised conditions. This plan was replaced by the Restricted Share Plan and Executive Performance Share Plan during the 2004 financial year. No options were granted in the 2008 financial year (2007: Nil) under this plan. Options granted under this plan will expire by the end of the 2009 financial year.

d) Movements in the Number of Rights and Options

Detailed information of share rights and employee options over unissued ordinary shares, proceeds received and the fair value of options exercised is set out below:

Grant Date	Exercise Date on or After	Expiry Date	Exercise Price \$	No. of Options/Rights at Beginning of Year	Options/Rights Granted	Options/Rights Forfeited	Options/Rights Exercised	No. of Options/Rights at end of Year	No. Exercisable at end of Year
Consolidated and Company 2008									
Options									
6 Feb 2003	6 Feb 2005	6 Feb 2008	6.62	620,000	-	(37,500)	(582,500)	-	-
2 Dec 2003	2 Dec 2005	2 Dec 2008	12.29	890,350	-	(87,250)	(209,200)	593,900	311,400
Share Rights									
5 Nov 2004	5 Nov 2007	5 Nov 2009	-	176,119	-	(176,119)	-	-	-
8 Nov 2005	8 Nov 2008	8 Nov 2010	-	79,695	-	(13,502)	(4,185)	62,008	-
14 Jul 2006	14 Jul 2009	14 Jul 2011	-	165,000	-	-	-	165,000	-
3 Nov 2006	3 Nov 2009	3 Nov 2011	-	274,557	4,732	(24,959)	(2,411)	251,919	-
8 Nov 2007	8 Nov 2012	8 Nov 2012	-	-	275,881	(9,948)	(249)	265,684	-
Total				2,205,721	280,613	(349,278)	(798,545)	1,338,511	311,400
Weighted average exercise price				\$6.82	\$0.00	\$3.78	\$8.05	\$5.45	\$12.29
Consolidated and Company 2007									
Options									
2 April 2001	2 April 2003	2 April 2006	3.72	60,000	-	-	(60,000)	-	-
8 Nov 2001	5 Nov 2003	8 Nov 2006	3.36	996,050	-	-	(996,050)	-	-
6 Feb 2003	6 Feb 2005	6 Feb 2008	6.62	1,202,500	-	(92,500)	(490,000)	620,000	333,750
2 Dec 2003	2 Dec 2005	2 Dec 2008	12.29	1,595,450	-	(231,700)	(473,400)	890,350	240,350
Share Rights									
5 Nov 2004	5 Nov 2007	5 Nov 2009	-	218,655	-	(42,536)	-	176,119	1,214
8 Nov 2005	8 Nov 2008	8 Nov 2010	-	120,556	403	(34,618)	(6,646)	79,695	1,249
14 Jul 2006	14 Jul 2009	14 Jul 2011	-	-	165,000	-	-	165,000	-
3 Nov 2006	3 Nov 2009	3 Nov 2011	-	-	330,137	(55,580)	-	274,557	-
Total				4,193,211	495,540	(456,934)	(2,026,096)	2,205,721	576,563
Weighted average exercise price				\$7.43	\$0.00	\$7.57	\$6.23	\$6.82	\$8.96



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

21. Employee Benefits

Superannuation

The Consolidated Entity contributes to the Newcrest Superannuation Plan and other complying superannuation funds, which provide benefits to a defined benefit plan and defined contribution plans. The defined benefit plan provides lump sum benefits based on years of service and final average salary. The defined benefit plan is closed to new members. The defined contribution plans receive contributions from employees at various percentages of their wages and salaries. The Consolidated Entity contribution is limited to the legally enforceable contribution of 9%.

In relation to the defined benefit plan, the net market value, vested benefits and accrued benefits were determined with reference to the 30 June 2008 financial statements of the plan. The last actuarial review of the plan was performed at 30 June 2008 by Alea Actuaries Pty Ltd.

Defined Benefit Superannuation Plan

	2008 \$M	2007 \$M
Present value of the defined benefit obligation	3.0	2.9
Fair value of defined benefit plan assets	(3.6)	(3.9)
Net (asset)/liability in the balance sheet	(0.6)	(1.0)

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	2.9	4.2
Service cost	0.1	-
Interest cost	0.1	0.1
Actuarial loss on obligation	-	0.1
Benefits paid	(0.1)	(1.5)
Closing defined benefit obligation	3.0	2.9

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	3.9	4.4
Expected return	0.3	0.3
Contributions by employer	0.1	0.2
Benefits paid	(0.1)	(1.5)
Actuarial gain/(loss) on plan assets	(0.6)	0.5
Fair value of plan assets	3.6	3.9

Amounts recognised in the income statement:

Current service cost	0.1	-
Interest cost	0.1	0.1
Expected return on plan assets	(0.3)	(0.3)
Recognised actuarial (gain)/loss	0.6	(0.3)
Total included in employee benefits expense	0.5	(0.5)

	2008 %	2007 %
The main categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Equity Securities	64.0	62.0
Debt Securities	30.0	29.0
Property Securities	5.4	5.8
Other Securities	0.6	3.2
	100.0	100.0

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

- Discount rate: 5.5% (2007: 5.3%)
- Expected rate of return: 8.0% (2007: 8.0%)
- Future salary growth: 5.5% (2007: 5.5%)
- Actual rate of return on plan assets: (8.7%) (2007: 18.3%)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

22. Issued Capital

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Issued Capital				
Opening balance	834.5	819.0	834.5	819.0
Shares issued under:				
• Executive Share Option Plan (b)	4.9	12.7	4.9	12.7
• Dividend Reinvestment Plan (c)	2.0	2.8	2.0	2.8
• New Shares – Equity Raising (d)	2,042.0	-	2,042.0	-
Less: Transaction Costs (d)	(27.6)	-	(27.6)	-
Add: Tax effect of transaction costs	8.2	-	8.2	-
• Share buy-back (e)	(6.6)	-	(6.6)	-
Total Issued Capital	2,857.4	834.5	2,857.4	834.5

	Number of Ordinary Shares			
	2008	2007	2008	2007
Movement in Issued Ordinary Shares for the Year				
Opening number of shares	335,276,614	333,075,780	335,276,614	333,075,780
Shares issued under:				
• Employee Share Acquisition Plan (a)	28,536	33,098	28,536	33,098
• Executive Share Option Plan (b)	798,556	2,032,222	798,556	2,032,222
• Dividend Reinvestment Plan (c)	79,340	135,514	79,340	135,514
• New Shares – Equity Raising (d)	117,358,390	-	117,358,390	-
• Share buy-back (e)	(175,807)	-	(175,807)	-
Closing Number of Shares	453,365,629	335,276,614	453,365,629	335,276,614

(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 28,536 (2007: 33,098) shares issued.

(b) The Executive Share Option Plan provided options for Senior Management (refer Note 32(c)).

(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.

(d) On the 10 September 2007, Newcrest announced a 7 for 20 accelerated renounceable entitlement offer ("Equity raising") to shareholders at an issue price of \$17.40 per share. As a result, 117.4 million new ordinary shares were issued, resulting in cash proceeds of \$2,042.0 million. Transaction costs associated with the equity raising were \$27.6 million, resulting in net cash proceeds of \$2,014.4 million.

(e) Comprises of the following buy-backs:

- On 4 March 2008, 123,379 shares were bought back and cancelled. The shares were acquired at an average cost of \$39.19, with prices ranging from \$38.87 to \$39.40.
- On 27 May 2008, 52,428 shares were bought back and cancelled. The shares were acquired at an average cost of \$33.97, with prices ranging from \$34.13 to \$33.75.

The total cost of \$6.6 million has been deducted from issued capital. There is no current on-market buy-back.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

23. Reserves

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Foreign Currency Translation Reserve	(20.0)	(10.6)	-	-
Hedge Reserve	(460.8)	(630.2)	-	-
Equity Settlements Reserve	19.6	14.1	19.6	14.1
Total Reserves	(461.2)	(626.7)	19.6	14.1

Nature and Purpose of Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity Settlements Reserve

The equity settlements reserve is used to recognise the fair value of rights and options issued but not exercised in relation to equity-settled share based payments.

Hedge Reserve

The hedge reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer note 2(o)).

The components of the Hedge Reserve at year end were as follows:

Balance of Hedge Reserve

2008	Note	Gross Gains/ (Losses) \$M	Tax Impact \$M	Net Gains/ (Losses) \$M
FX gains on US Dollar denominated debt hedges:				
- USD Bilateral debt	16(vi)	53.4	(16.0)	37.4
- USD Private placement notes	16(iv)	95.2	(28.6)	66.6
		148.6	(44.6)	104.0
Losses on hedge contracts	25(e)(v)	(806.9)	242.1	(564.8)
		(658.3)	197.5	(460.8)

Movement in Reserves

Refer to the Statement of Changes in Equity for the movements in the reserves.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

24. Minority Interest

	Consolidated	
	2008	2007
	\$M	\$M
Minority Interest in PT Nusa Halmahera Minerals comprises:		
Interest in Share Capital	5.8	5.8
Interest in Foreign Currency Translation Reserve	(4.1)	(2.1)
Interest in Retained Earnings	25.0	17.8
Total Minority Interest	26.7	21.5
Movement in Interest in Retained Earnings		
Balance at the beginning of the year after adjusting for minority interest	17.8	8.1
Add: Interest in profit after income tax	29.1	21.0
Less: Interest in dividends paid	(21.9)	(11.3)
Balance at the end of the financial year	25.0	17.8



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management

a) Financial Risk Management Objectives and Policies

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- Meet all financial commitments as and when they fall due;
- Maintain the capacity to fund its forecasted project developments and exploration and acquisition strategies; and
- Maintain an investment grade credit rating of BBB to BBB+ equivalent.

The Group continually monitors and tests its forecast financial position against these criteria. The Group has a detailed planning process that forms the basis of all cash flow forecasting and updates these plans through a monthly estimation process. The cash flow forecast is then used to stress test financial risk and forms the basis for the Capital Management Plan.

Credit, liquidity and market risk (including foreign exchange risk, commodity price risk and interest rate risk) arise in the normal course of the Group's business. These are managed under Board approved directives which underpin Group Treasury policies and processes. The Group's principal financial instruments, other than derivatives, comprise interest-bearing debt, finance leases, cash and short term deposits. Other financial instruments include trade receivables and trade payables which arise directly from operations.

The Group's forecast financial risk position with respect to key financial objectives and compliance with treasury policy are regularly reported to the Board.

The following table discloses the carrying amounts of each class of financial asset and financial liabilities at year end.

Category	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Financial Assets				
Cash and cash equivalents	77.5	34.3	3.1	0.1
Loans and receivables	209.8	271.9	1,021.4	55.4
Derivatives at fair value through profit or loss	44.5	422.3	-	-
Financial Liabilities				
Trade and other payables	177.7	216.4	63.5	772.0
Interest bearing loans and borrowings	368.6	1,353.9	-	-
Derivatives and other financial liabilities:				
- At fair value through profit or loss	6.1	372.1	2.4	-
- In designated hedge accounting relationships	-	613.7	-	-
- At amortised cost	-	575.1	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

b) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments. The Group's exposure to credit risk arises from the potential default of the counter party with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short term liquidity and financial position. The group obtains sufficient collateral (such as letter of credits) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was \$3.6 million (2007: \$4.1 million).

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no material impairments of receivables as at 30 June 2008 or 30 June 2007.

The majority of the Group's receivables are due from customers in Japan and Korea however as a result of the Group's credit policy, this credit risk is believed to be minimal. At balance date there were no other significant concentrations of credit risk.

The Group limits its counterparty credit risk on liquid funds and derivative financial instruments by dealing only with banks or financial institutions with credit ratings of at least A equivalent.

The ageing of trade and other receivables at the reporting date was as follows:

	Not Past Due \$M	Past due but not impaired		Total \$M
		Less than 30 days \$M	Between 30 and 90 days \$M	
Consolidated				
2008				
Metal in concentrate receivables	132.2	-	-	132.2
Bullion awaiting settlement	31.3	-	-	31.3
Other receivables	44.6	1.3	0.4	46.3
	208.1	1.3	0.4	209.8
2007				
Metal in concentrate receivables	211.1	-	-	211.1
Bullion awaiting settlement	18.4	7.6	-	26.0
Other receivables	28.5	3.7	2.6	34.8
	258.0	11.3	2.6	271.9
Parent				
2008				
Metal in concentrate receivables	27.1	-	-	27.1
Bullion awaiting settlement	-	-	-	-
Other receivables	9.6	-	-	9.6
Amounts due from controlled entities	984.7	-	-	984.7
	1,021.4	-	-	1,021.4
2007				
Metal in concentrate receivables	44.0	-	-	44.0
Bullion awaiting settlement	1.9	-	-	1.9
Other receivables	9.5	-	-	9.5
	55.4	-	-	55.4



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner. The Group undertakes stress testing of operational cash flows which are matched with capital commitments to assess liquidity requirements. The Capital Management Plan is the formal record of the analysis and actions required in the next 12 months.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 16 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table below reflects all contractually fixed repayments and interest resulting from recognised financial liabilities, including derivative financial instruments. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

	Less than 6 months \$M	Between 6-12 months \$M	Between 1-2 years \$M	Between 2-5 years \$M	Greater than 5 years \$M	Total \$M
Consolidated						
2008						
Payables	174.5	3.2	-	-	-	177.7
Interest-bearing liabilities	13.3	11.1	22.8	184.3	282.5	514.0
Derivatives	6.1	-	-	-	-	6.1
	193.9	14.3	22.8	184.3	282.5	697.8
2007						
Payables	202.8	13.6	-	-	-	216.4
Interest-bearing liabilities	55.9	55.9	111.2	1,179.6	338.2	1,740.8
Derivatives	140.1	141.7	306.7	397.3	-	985.8
	398.8	211.2	417.9	1,576.9	338.2	2,943.0
Parent						
2008						
Payables	63.5	-	-	-	-	63.5
	63.5	-	-	-	-	63.5
2007						
Payables	772.0	-	-	-	-	772.0
	772.0	-	-	-	-	772.0



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

d) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The majority of the Group's revenue is denominated in US dollars whereas the majority of costs (including capital expenditure) are in Australian dollars. The Group's balance sheet can be affected significantly by movements in the US\$/A\$ exchange rates.

The Group also has exposure to other foreign currencies such as the Indonesian Rupiah, Fiji Dollar, Peruvian Sols and Chilean Pesos however these exposures are not significant.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The carrying amounts of the Group's US dollar denominated financial assets and liabilities at the reporting date are as follows:

US Denominated Balances	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Financial Assets				
Cash and cash equivalents	18.2	2.9	-	-
Trade and other receivables	132.2	252.3	21.8	51.7
Derivatives	-	343.1	-	-
	150.4	598.3	21.8	51.7
Financial Liabilities				
Payables	3.2	12.9	-	-
Loans and borrowings	363.8	1,197.4	-	-
Derivatives	6.1	427.2	2.4	-
	373.1	1,637.5	2.4	-
Net Exposure	(222.7)	(1,039.2)	19.4	51.7

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US Dollars. The foreign currency component of the US Dollar denominated debt is designated as a cash flow hedge of future US dollar denominated commodity sales. Exchange gains or losses upon subsequent revaluation of US Dollar denominated borrowings from the historical draw down rate to the period end spot exchange rate are deferred in equity and will be released to the Income Statement as the anticipated hedged US Dollar denominated commodity sales to which the deferred gains/(losses) are designated, occur.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

Sensitivity Analysis

The following table details the Group's sensitivity to a 5% movement (ie. increase and decrease) in the Australian Dollar against the US Dollar at the reporting date, with all other variables held constant. The 5% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period.

The sensitivity includes only the impact on the balance of financial assets and liabilities at year end.

	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Consolidated				
AUD/USD +5%	(4.7)	(8.1)	7.4	34.6
AUD/USD -5%	5.2	8.9	(8.2)	(38.3)
Parent				
AUD/USD +5%	(0.6)	(1.7)	(0.6)	(1.7)
AUD/USD -5%	0.7	1.9	0.7	1.9

The Group's sensitivity to foreign currency has decreased during the current year due to the reduction in the level of US Dollar denominated loans which were paid out using part of the proceeds from the equity raising undertaken in September 2007.

The parent's sensitivity to foreign currency has not changed significantly from the prior year.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

e) Commodity Price Risk

The Consolidated Entity's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. The group has entered into copper forward sales contracts and gold put options to manage its exposure to movements in commodity prices. The carrying amount of the Consolidated Entity's derivative financial instruments as at the reporting date is as follows:

Derivative Financial Instruments	Note	Consolidated		Parent	
		2008 \$M	2007 \$M	2008 \$M	2007 \$M
Financial Derivative Assets					
Gold forward sales contracts – not hedges ⁽¹⁾	(iv)	-	372.1	-	-
Copper forward sales contracts	(vii)	-	2.9	-	-
Gold lease rates	(viii)	-	11.2	-	-
Gold put options	(vi)	40.5	-	-	-
Other ⁽³⁾		4.0	36.1	-	-
		44.5	422.3	-	-
<i>Disclosed as:</i>					
Current		6.9	422.3	-	-
Non-current		37.6	-	-	-
		44.5	422.3	-	-
Financial Derivatives and Other Financial Liabilities					
Gold loan – embedded gold forward sales contracts – hedges ⁽²⁾	(ii)	-	98.0	-	-
Gold forward sales contracts – hedges ⁽²⁾	(iii)	-	515.7	-	-
Gold forward sales contracts – not hedges ⁽¹⁾	(iv)	-	372.1	-	-
Hedge restructure liability	(iv)	-	575.1	-	-
Copper forward sales contracts	(vii)	6.1	-	2.4	-
		6.1	1,560.9	2.4	-
<i>Disclosed as:</i>					
Current		6.1	500.8	2.4	-
Non-current		-	1,060.1	-	-
		6.1	1,560.9	2.4	-

(1) In November 2006, the Group undertook a partial restructure of its gold hedgebook. The Group had existing contracts for the sale of 1.6 million ounces of gold previously designated as hedges which were de-designated as at the date of the restructure and for which hedge accounting ceased from that date. As part of this restructure, new contracts for the purchase of 1.6 million ounces were entered into and these were not designated as hedges (instead they were offsets for the de-designated contracts to sell 1.6 million ounces). These contracts were presented in the balance sheet as financial derivative assets and liabilities respectively, and were of equal and offsetting amounts. These offsetting positions were closed out during 2008.

(2) These derivatives have been designated as cash flow hedges. In accordance with the principles of hedge accounting, the effective portion of the changes in fair value of these derivatives whilst in a hedging relationship is recognised directly in the Hedge Reserve.

(3) Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(m).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

(i) Gold Hedge Book Closeout

During the year, the Consolidated Entity determined that in order to leverage itself more fully to movements in the gold price, gold sales are no longer to be committed under forward sales contracts. To give effect to this, part of the proceeds from the equity issue conducted during September 2007 was used to acquire gold on market to:

- fully repay the gold loan indebtedness and its associated embedded gold forward sales contracts;
- fully close out all remaining gold hedge contracts; and
- close out its gold bullion forward sales contracts.

The remaining proceeds were used to fully repay the USD Bilateral debt facilities. Refer Note 16(vi).

For the positions closed out during the year, the Consolidated Entity received cash from the counterparties to the hedge contracts and settled the respective liabilities in gold (purchased on market). As at 30 June 2008, all future gold commitments have been extinguished.

(ii) Repayment of Gold Loan

The Consolidated Entity's gold loan was treated as a financial loan with embedded gold forward sales contracts. The loan portion was presented in the Balance Sheet as an interest-bearing loan, at amortised cost. This loan was fully repaid with proceeds from the equity issue and the value of the loan portion at 30 June 2008 is Nil (30 June 2007: \$150.6 million).

The embedded gold forward sales contracts, which had previously been designated as cash flow hedges of forecast gold sales, were also fully closed out with proceeds from the equity issue and the balance of outstanding ounces at 30 June 2008 reduced to Nil (30 June 2007: 308,819 ounces). The Consolidated Entity discontinued hedge accounting in respect of these forward sales contracts on 10 September 2007. At this date these forward contracts had a fair value of negative \$114.7 million (30 June 2007: \$98.0 million).

In accordance with the principles of hedge accounting, as these contracts had been effective up until the date hedge accounting was discontinued, the accumulated losses of \$114.7 million will remain deferred in the equity hedge reserve and will be released to the Income Statement in the same period in which the original designated underlying forecast sales occur. Of these deferred losses, \$12.3 million were designated to this financial year and this amount has been released from equity to the Income Statement.

A pre-tax gain of \$18.5 million was recognised during the year related to the full repayment of the gold loan and its associated embedded forward sales contracts. This gain represents the reduction in fair value of the gold loan between 10 September 2007, when hedge accounting was discontinued, and the date the gold loan was repaid. This gain excludes the break costs of \$13.1 million, incurred upon early repayment of the gold loan, which are disclosed as finance costs (refer Note 3(m)).

(iii) Close out of Gold Hedging

The Consolidated Entity also used some of the proceeds from the equity raising to close out all remaining gold hedge contracts during the year. These were previously designated as cash flow hedges of forecast gold sales and were recognised at fair value and presented in the balance sheet as financial derivative liabilities. Hedge accounting in respect of these contracts was discontinued on 10 September 2007. At this date, these hedge contracts had a fair value of negative \$670.8 million (30 June 2007: \$515.7 million).

In accordance with the principles of hedge accounting, as these contracts had been effective up until the date hedge accounting was discontinued, the accumulated losses of \$670.8 million will remain deferred in the equity hedge reserve and will be released to the Income Statement in the same period in which the original designated underlying forecast sales occur. Since 10 September 2007 \$133.7 million of these losses have been transferred to the Income Statement.

A pre-tax gain of \$39.8 million was realised during the year related to the change in fair value of the gold hedge contracts between 10 September 2007, when hedge accounting was discontinued, and the date the gold hedges were closed out.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

(iv) Close out of Gold Bullion Forward Sales Contracts

The Group's gold bullion forward sales contracts were entered into as part of the November 2006 hedge restructure. These were entered into for the purpose of physical delivery of gold bullion in accordance with Newcrest's expected sales commitments. As a consequence, these contracts were excluded from the provisions and requirements of AASB 139 Financial Instruments: Recognition and Measurement, under the "normal sales and purchase exemption", and therefore were not marked to fair value at each reporting period.

Embedded within these gold bullion forward sales contracts was the cost of entering into contracts for the purchase of 1.6 million ounces of gold bullion, which were entered into to overlay the contracts for the sale of 1.6 million ounces (which had previously been treated as hedges, but were de-designated as part of this restructure). This represented an obligation to be settled in the future and a liability was raised at inception. The financial liability was initially recognised at fair value and was subsequently accounted for at amortised cost. The liability increased over the contract sales period using the effective interest rate method resulting in a financing charge up until 10 September 2007 totalling \$7.8 million (2007: \$23.9 million). The liability was presented in the Balance Sheet as part of "Other financial liabilities - hedge restructure liability" and had a value of \$575.1 million as at 30 June 2007.

As a result of Newcrest's decision to not physically deliver gold bullion from its own production in accordance with its normal sales commitments, the "normal sales and purchase exemption" was lost. Consequently, these gold bullion forward sales contracts were required to be remeasured to fair value as at 10 September 2007 and also at each subsequent reporting period. As at 10 September 2007, the fair value of the gold bullion forward sales contracts was estimated as a negative \$681.4 million. This amount was recognised as an expense in the Income Statement, and at that time the "Other financial liability - hedge restructure liability", which had a value of \$582.9 million (30 June 2007: \$575.1 million), described above, was released to the Income Statement resulting in a net loss of \$98.5 million upon re-measurement.

Subsequent to 10 September 2007, the Consolidated Entity closed out all of the 1.6 million ounces of gold bullion forward sales contracts. This resulted in a pre-tax loss of \$138.7 million, which represents the difference between the fair value, at 10 September 2007, at which the contracts were brought back onto balance sheet and the final value for which they were closed out.

The Consolidated Entity closed out all contracts by 30 June 2008.

(v) Impact of Close Out on the Income Statement – Current and Future

The accounting treatment for the close out of the gold forward sales contracts requires that:

1. Losses on the gold hedge contracts and gold loan embedded gold forward sales contracts, deferred in equity up until hedge accounting was discontinued on 10 September 2007, are to be transferred to the Income Statement in accordance with the original designated maturity profile of the forecast sales to which they related.
2. The "Other financial liability – hedgebook restructure liability", established as part of the November 2006 restructure was released to the Income Statement in full (refer note 25(e)(iv) for more information), impacting the November 2006 restructure adjustment profile reported in previous financial reports, due to the non-cash unwind and future release of the hedge restructure liability to the Income Statement, being removed. Only the losses that were deferred in equity when the previous hedging contracts were de-designated remain in the future profile.

Incorporating the impacts of the close out of the gold hedge contracts with the impacts on the previous restructure profile noted above, the fixed impact on the Income Statement in future years is set out below:

	Current Year		To be released in future periods			TOTAL
	2008	2009	2010	2011	2012	
	\$M	\$M	\$M	\$M	\$M	\$M
Losses on hedge contracts deferred in Equity (refer items 1 and 2 above)	314.0	369.0	312.7	175.0	8.0	864.7
Prior period hedge restructures	0.1	(17.0)	(17.8)	(22.2)	(0.8)	(57.8)
Total hedge losses deferred in Equity (Note 23)	314.1	352.0	294.9	152.8	7.2	806.9
Tax effect	(94.2)	(105.6)	(88.5)	(45.8)	(2.2)	(242.1)
After tax hedge losses	219.9	246.4	206.4	107.0	5.0	564.8



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

(vi) Gold Put Options

In September 2007, the Consolidated Entity entered into put options for a portion of its gold production in order to manage its exposure to commodity price risk. The put options allow the Consolidated Entity to maintain full exposure to any upwards movement in the gold price, providing it the right, but not the obligation, to deliver gold at the stated strike price (minimum price).

The following table details the A\$ gold put options outstanding as at the reporting date for the Consolidated Entity:

Gold Put Options	Ounces	2008 Strike Price A\$	Fair Value A\$M	Ounces	2007 Strike Price A\$	Fair Value A\$M
Consolidated						
Maturing:						
Less than 1 year	500,000	800	2.9	-	-	-
Between 1-2 years	500,000	800	9.4	-	-	-
Between 2-3 years	500,000	800	13.2	-	-	-
Between 3-4 years	500,000	800	15.0	-	-	-
	2,000,000		40.5			

The total premium paid for these options was \$79.5 million which represented the fair value at the date entered. The fair value of these options is estimated using an option pricing model and at 30 June 2008 was \$40.5 million (2007: \$Nil). The movement in fair value of \$39.0 million has been recognised in the Income Statement. Refer Note 3(l).

(vii) Copper Forward Sales Contracts

The Group enters into copper forward sales contracts to effectively fix in US Dollars the cash flows receivable on the sale of certain copper concentrate. Copper forward sales contracts are not designated into hedge relationships and therefore fair value adjustments on these contracts are recognised in the Income Statement as "Other Income/Expense".

The following table details the copper forward sale contracts outstanding as at the reporting date for the consolidated entity and the parent:

Copper forward sale contracts	Tonnes	2008 Weighted Average Price US\$	Fair Value A\$M	Tonnes	2007 Weighted Average Price US\$	Fair Value A\$M
Consolidated						
Maturing:						
Less than 3 months	28,814	8,272	(6.1)	31,672	7,669	2.9
Parent						
Maturing:						
Less than 3 months	8,200	8,205	(2.4)	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

(viii) Gold Lease Rate Swaps

In order to manage its exposure to gold lease rates, the Group entered into gold lease rate swaps. Under these swaps the Consolidated Entity received a 1% allowance and paid floating gold lease rates. The floating gold lease rate swaps did not qualify for hedge accounting and therefore changes in fair value of these swaps were recognised in the income statement as incurred. The Group closed out its gold lease rate swaps during the financial year.

Details of the gold lease rate swaps at year end were as follows:

Consolidated	Ounces		Fair Value	
	2008 (koz)	2007 (koz)	2008 \$M	2007 \$M
Floating Gold Lease Rate	-	892	-	11.2

Sensitivity Analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at balance date to movement in gold and copper commodity rates, with all other variables held constant. The 10% movement for gold and 10% movement for copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five year period.

Post-tax gain/(loss)	Impact on profit ⁽¹⁾ Higher/(Lower)				Impact on Equity Higher/(Lower)			
	Consolidated		Parent		Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Gold^{(2) (3)}								
Gold +10%	(6.3)	7.2	2.4	1.9	(6.3)	(128.4)	2.4	1.9
Gold -10%	13.0	(7.2)	(2.4)	(1.9)	13.0	128.4	(2.4)	(1.9)
Copper								
Copper +10%	(1.7)	-	(1.2)	3.6	(1.7)	-	(1.2)	3.6
Copper -10%	1.7	-	1.2	(3.6)	1.7	-	1.2	(3.6)

(1) Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

(2) The impact on profit for 2007 predominately relates to the change in the value of the embedded derivative relating to quotational period movements on gold sales (refer note 2(m)). The impact on profit for 2008 predominately relates to the change in value of the gold put options (refer note 25(e)(vi)) and the embedded derivative relating to quotational period movements on gold sales (refer note 2(m)).

(3) The impact on equity for 2007 includes the revaluation of the gold hedge book. As this was closed out during 2008, there is no corresponding impact for 2008.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

f) Interest Rate Risk

The Consolidated Entity is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings which is evaluated regularly to align with interest rate views and defined risk appetite. Details of the Consolidated Entity's types and levels of debt are included in Note 16.

Interest rate exposure

The Consolidated Entity's interest rate exposure together with the effective interest rate for each class of financial assets and financial liabilities at balance date is summarised as follows:

Consolidated	2008			2007		
	Floating Interest \$M	Fixed Interest \$M	Effective Interest Rate %	Floating Interest \$M	Fixed Interest \$M	Effective Interest Rate %
Financial Assets						
Cash at bank	77.5	-	5.24	34.3	-	5.51
Derivative financial assets ⁽¹⁾	-	-	-	383.3	-	6.85
	77.5	-		417.6	-	
Financial Liabilities						
Lease liabilities	-	4.8	6.85	-	5.9	6.85
Gold loan	-	-	-	-	150.6	3.84
Bilateral facilities	-	-	-	784.1	-	6.07
Private placement - floating	26.0	-	5.13	29.6	-	6.14
Private placement - fixed	-	337.8	5.62	-	383.7	5.62
Derivative financial liabilities ⁽¹⁾	-	-	-	985.8	-	6.85
	26.0	342.6		1,799.5	540.2	
	51.5	(342.6)		(1,381.9)	(540.2)	

(1) The interest rate exposure on derivatives arises through the discounting of future cash flows when calculating the fair value at reporting date.

The other financial instruments of the Group not included in the above tables are non-interest bearing and not subject to interest rate risk. The parent does not have any material exposure to interest rate risk as the Group's bank bills and interest-bearing financial liabilities are held by subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates over a financial year using an observed range of actual historical rates for the preceding two year period.

Consolidated	Impact on Profit Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Post-tax gain/(loss)				
+1% (100 basis points)	0.4	(5.5)	0.4	22.3
- 1% (100 basis points)	(0.4)	5.5	(0.4)	(21.7)

The impact on equity for 2007 includes the revaluation of the gold hedgebook. As this was closed out during 2008, there is no corresponding impact for 2008.

The Group's sensitivity to interest rates has decreased during the current year due to the reduction in floating rate debt as a result of paying out the bi-lateral debt during the year and close out of the hedge book.

There is no material impact on the parent's net profit or other equity reserves from a 100 basis point increase or decrease in interest rates.

g) Fair Value

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities approximate their fair value.

Consolidated	Carrying Amount		Fair Value	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
Financial Liabilities				
Interest bearing liabilities:				
Gold loan ⁽¹⁾	-	(150.6)	-	(151.5)
Fixed rate debt ⁽¹⁾	(337.8)	(383.7)	(320.8)	(396.6)
Other financial liabilities:				
Hedge restructure liability ⁽¹⁾	-	(575.1)	-	(565.4)

(1) These amounts are recorded at amortised cost and the movements in the fair valuation are not recorded on the balance sheet.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

25. Financial and Capital Risk Management (continued)

h) Capital Management

The Consolidated Entity's objectives when managing capital are to maintain a strong capital base capable of withstanding cash flow variability, whilst providing the flexibility to pursue its growth aspirations. The Consolidated Entity aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. The Consolidated Entity has a Capital Management Plan which is reviewed, updated and approved by the Board on an annual basis.

The capital structure of the group consists of debt, which includes interest-bearing loans and borrowings as disclosed in Note 16, cash and cash equivalents and equity.

The Consolidated Entity will balance its overall capital structure through the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt.

During 2008, the Consolidated Entity undertook a \$2.042 billion equity raising to reduce debt and close out gold hedge positions. Refer Note 22 and Note 25(e) for further details.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Gearing Ratio

The Consolidated Entity's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans and in line with industry peers. The Consolidated Entity's strategy is to maintain gearing in a range below 20% and have an investment grade credit rating of BBB to BBB+ equivalent. In the 2007 financial year, equity was adjusted by the balance of the Hedge Reserve to calculate the group's gearing ratio. As a result of the close out of the Consolidated Entity's gold hedge positions using the proceeds from the equity raising undertaken in September 2007, this adjustment is no longer made.

The Consolidated Entity's gearing has decreased from the prior year as a result of the equity raising and debt redemption in September 2007. The gearing ratio at year end was as follows:

	2008 \$M	2007 \$M
Total debt	368.6	1,353.9
Less: Cash and cash equivalents	(77.5)	(34.3)
Net debt	291.1	1,319.6
Equity	3,251.9	1,571.0
Total capital (Net debt and equity)	3,543.0	2,890.6
Gearing ratio	8%	46%



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

26. Commitments

a) Commitments Under Gold Bullion Forward Sales Contracts

As a part of the partial hedge restructure carried out on 17 November 2006 new gold bullion forward sales contracts were entered into. The contracts are excluded from the scope of AASB 139, as the commitments under the contracts will be met by physical delivery from the Consolidated Entity's own gold bullion production and therefore these contracts meet the requirements set out in paragraph 5 of AASB 139 ("normal purchase and sales exemption"). Accordingly the provisions of AASB 139 are not applicable to the accounting for gold bullion forward sales contracts, and hence they are not required to be marked to fair value at each reporting period. Instead the Consolidated Entity accounts for these contracts as normal sales arrangements in accordance with the accounting policy for gold bullion described in Note 2 (m).

During the current financial year, the gold forward sales contracts were paid out in full as part of the hedgebook close out (refer Note 25(e)(iv)). Details of the Consolidated Entity's commitments under gold bullion forward sales contracts as at year end are set out below.

Instrument	Fair Value			
	30 June 2008 Total	30 June 2007 Total	30 June 2008 Total (\$M)	30 June 2007 Total (\$M)
Gold				
A\$ Bullion (koz)	-	508	-	(\$105.4)
A\$/oz	-	738	-	
US\$ Bullion (koz)	-	1,149	-	(\$460.0)
US\$/oz	-	386	-	
Total Gold Bullion Sales (koz)	-	1,657	-	(\$565.4)

b) Finance Lease Payment Commitments

Finance leases were entered into as a means of financing the acquisition of mining equipment. Rental payments are fixed and no leases have escalation clauses. No lease arrangements create restrictions on other financing transactions. Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	2008		2007	
	Minimum Lease Payments \$M	Present Value of Lease Payments \$M	Minimum Lease Payments \$M	Present Value of Lease Payments \$M
Consolidated				
Within one year	2.8	2.6	1.8	1.4
Later than one year but not later than five years	2.6	2.2	4.9	4.4
Later than five years	-	-	-	-
Total minimum lease payments	5.4	4.8	6.7	5.8
Less future finance charges	(0.6)	-	(0.9)	-
Present value of minimum lease payments	4.8	4.8	5.8	5.8
Included in the financial statements as Interest-bearing loans and borrowings (Note 16):				
Current		2.6		1.4
Non-current		2.2		4.4
		4.8		5.8

The weighted average interest rate implicit in the leases is 6.85% (2007: 6.85%)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

26. Commitments (continued)

	Consolidated		Parent	
	2008 \$M	2007 \$M	2008 \$M	2007 \$M
c) Capital Expenditure Commitments				
Capital expenditure contracted but not provided for, all of which is payable as follows:				
Within one year	98.0	47.0	2.4	23.2
Total	98.0	47.0	2.4	23.2
This represents contracted mining development expenditure.				
d) Operating Lease Commitments				
Future minimum rentals payable on non-cancellable operating leases due:				
Within one year	9.2	4.0	5.1	1.0
Later than one year but not later than five years	3.9	3.7	3.7	3.6
Later than five years	1.6	2.3	1.5	2.3
Total	14.7	10.0	10.3	6.9

The Consolidated Entity leases assets for operations including forklifts, office equipment and light vehicles. These leases have an average life of 6 years with no renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

e) Mineral and Exploration Leases

Expenditure of \$8.4 million (2007: \$11.3 million) is required in the next financial year to satisfy mineral leases and exploration licences conditions. These amounts are subject to negotiation depending on exploration results and are cancellable at any time by the Consolidated Entity at no cost.

f) Acquisition Commitments

Papua New Guinea Gold Joint Venture

Contributions of up to US\$536 million are required for a half share of the Papua New Guinea gold assets of Harmony Gold Mining Company Limited ("Harmony") pursuant to an agreement entered into in April 2008. The commitment will be in two stages:

- (i) an initial US\$180 million payment to acquire a 30.01% interest, together with a reimbursement to Harmony of US\$50 million in project expenditure (total payment of US\$230 million); and
- (ii) a farm-in commitment for the remaining 19.99% of approximately US\$306 million, to fund project expenditure up to the commencement of mining operations at Hidden Valley, scheduled for mid 2009.

Subsequent to year end the payment referred to in (i) above was made on 7 August 2008.

Serengeti

The Consolidated Entity has signed a Heads of Agreement with Serengeti Resources Inc ("Serengeti") whereby the Consolidated Entity can earn a joint venture interest in Serengeti's Croy Bloom/Davie Creek property in British Columbia, Canada.

The Consolidated Entity may earn an initial 51% interest by funding C\$10.0 million in exploration expenditure and making C\$0.5 million in cash payments over 4 years. The Consolidated Entity may then elect to earn an additional 14% interest by funding an additional C\$25.0 million in expenditure towards a feasibility study.

g) Other Commitments

The Consolidated Entity has contractual obligations for various expenditures such as royalties, exploration and the cost of goods and services supplied to the Consolidated Entity. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

27. Contingent Liabilities and Contingent Assets

Contingent Liabilities

Following a tax audit of PT Nusa Halmahera Minerals, the Indonesian tax office denied the tax deductibility of a number of items relating to the fiscal years 1997-2002. The majority of the claim related to the rejection by the tax office of the deductibility of pre-Contract of Work expenditure. The Company defended this claim, and was successful in October 2007 at the Tax Court. Taxes and interest on underpaid tax of US\$12.5m plus interest income on overpaid tax of US\$3m were recently refunded/paid by the tax office to PT Nusa Halmahera Minerals, with a further US\$1.2m of interest income receivable at year end from the tax office. The tax office has appealed this decision to the Supreme Court (final court of appeal), and a decision by the Supreme Court may possibly occur during the year to 30 June 2009. Based on independent advice, the Company believes it will be successful in defending this claim.

The Company is a defendant in proceedings brought by McConnell Dowell Constructors (Aust.) Pty Ltd in the Supreme Court of Victoria, relating to certain claims for delays and other events alleged to have affected the construction of the natural gas pipeline to the Telfer Gold Mine. The first and second defendants to the proceedings are Gas Transmission Services WA (Operations) Pty Ltd, the owner and operator of the Telfer Pipeline, and Gasnet Australia Investment Ltd. The aggregate amount claimed under the proceedings is approximately \$42 million (excluding costs). The Company intends to defend all proceedings vigorously and does not consider that it has any material liability. Any liability that is incurred would form part of the capital cost of the Telfer project.

In addition to the above matters, companies in the Consolidated Entity are recipients of or defendants in certain claims, suits and complaints made, filed or pending. In the opinion of the Directors all matters are of such a kind, or involve such amounts, that they would not have a material effect on the financial position of the Consolidated Entity if disposed of unfavourably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

The Consolidated Entity has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at balance date is \$80.5 million (2007: \$81.3 million).

During the year ended 30 June 1998 the Consolidated Entity granted put options over land to a number of land holders in the Orange area in New South Wales, which have various expiry dates. If exercised the Consolidated Entity would be required to purchase land subject to the put option agreements. No account has been taken of these options as at 30 June 2008 as there is no certainty of their exercise. The total value of unexpired land options at 30 June 2008 is \$3.0 million (2007: \$3.0 million).

Under the terms of a Deed of Cross Guarantee, described in Note 29, the Company and controlled entities party to the Deed have guaranteed any deficiency which might arise in relation to the Company or any of the controlled entities party to the Deed on winding up of that entity.

Contingent Assets

The Company has submitted a claim with its insurers in respect of the Telfer Power Supply interruption in September/October 2006. The Company has submitted the claim under its Industrial Special Risk insurance policy which, subject to deductible limits, covers lost profits, increased costs of working and material damage. In the directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interest of the company.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

28. Controlled Entities

Entity	Notes	Place of Incorporation	Percentage Holding	
			2008 %	2007 %
Newcrest Mining Limited		Australia (Vic)		
Newcrest Operations Limited	(a)	Australia (WA)	100	100
Cadia Mines Pty Ltd	(a)	Australia (Vic)	100	100
Cadia Holdings Pty Ltd	(a)	Australia (NSW)	100	100
Contango Agricultural Co. Pty Ltd	(a)	Australia (NSW)	100	100
Newcrest Finance Pty Ltd	(a)	Australia (Vic)	100	100
Horskar Pty Limited	(b)	Australia (Vic)	100	100
Australmin Holdings Limited	(e)	Australia (ACT)	100	100
Cracow Holdings Pty Ltd	(a)	Australia (Vic)	100	100
Newcrest Insurance Pte Ltd	(c)	Singapore	100	100
Newgen Pty Ltd	(a) (b)	Australia (Vic)	100	100
Newcrest International Pty Ltd	(a)	Australia (Vic)	100	100
Newcrest Resources Inc	(b)	USA	100	100
Newroyal Resources Inc	(b)	USA	100	100
600 Holdings Inc	(b)	USA	100	100
Newmont Pty Ltd	(b)	USA	100	100
Newcrest Exploration Holdings Pty Ltd	(a)	Australia (Vic)	100	100
Sulawesi Investments Pty Ltd	(a)	Australia (Vic)	100	100
Newcrest Singapore Holdings Pte Limited	(d)	Singapore	100	100
Pt Nusa Halmahera Minerals	(c)	Indonesia	82.5	82.5
PT Puncakbaru Jayatama	(c)	Indonesia	100	100
Newcrest Chile Holdings 1	(b)	Bermuda	100	100
Newcrest Chile Holdings 2	(b)	Bermuda	100	100
Minera Newcrest Chile SRL	(b)	Chile	100	100
Newcrest Peru Holdings 1	(b)	Bermuda	100	100
Newcrest Peru Holdings 2	(b)	Bermuda	100	100
Minera Newcrest Peru SAC	(b)	Peru	100	100
Newcrest (Fiji) Ltd	(b)	Fiji	100	-
Newcrest PNG 1 Ltd	(b)	Papua New Guinea	100	-
Newcrest PNG 2 Ltd	(b)	Papua New Guinea	100	-
Newcrest PNG 3 Ltd	(b)	Papua New Guinea	100	-

Notes:

- (a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. (refer Note 29 for further information).
- (b) Do not require audited accounts.
- (c) Audited by affiliates of the parent entity auditors.
- (d) Audited by auditors other than parent entity auditors
- (e) Audited by parent entity auditors.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

29. Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned controlled entities detailed in Note 28 are relieved from the Corporations Act 2001 requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2008 is set out below.

Income Statement	Consolidated	
	2008	2007
	\$M	\$M
Operating sales revenue	1,986.3	1,841.5
Cost of sales	(1,359.0)	(1,118.0)
Gross profit	627.3	723.5
Exploration costs	(29.4)	(29.7)
Corporate administration costs	(57.2)	(47.2)
Operating profit	540.7	646.6
Other revenue	13.7	5.7
Other income/(expenses)	18.0	(8.6)
Losses on delivered hedges	(33.8)	(436.5)
Finance costs	(43.3)	(83.6)
Profit before tax, restructure and close out impacts	495.3	123.6
Losses on restructured hedges and closed out hedge contracts	(314.1)	(151.1)
Other close out related costs	(217.7)	-
Finance costs – close out and restructure	(20.9)	(23.9)
Foreign exchange gain on US Dollar borrowings hedges	39.0	4.6
Profit/(loss) before income tax	(18.4)	(46.8)
Income tax (expense)/benefit	45.6	48.5
Profit/(loss) after income tax	27.2	1.7



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

29. Deed of Cross Guarantee (continued)

Balance Sheet	Consolidated	
	2008 \$M	2007 \$M
Current Assets		
Cash and cash equivalents	25.6	4.7
Trade and other receivables	70.7	273.8
Inventories	190.5	141.2
Financial derivative assets	38.3	386.2
Other	77.3	98.9
Total Current Assets	402.4	904.8
Non-Current Assets		
Other receivables	-	8.7
Inventories	1.4	1.6
Other financial assets	37.1	52.1
Property, plant and equipment	1,382.7	1,465.6
Exploration, evaluation and development expenditure	1,401.1	1,275.4
Deferred tax asset	490.7	478.7
Other	316.7	289.1
Total Non-Current Assets	3,629.7	3,571.2
Total Assets	4,032.1	4,476.0
Current Liabilities		
Trade and other payables	152.9	243.8
Interest bearing loans and borrowings	2.6	35.0
Financial derivatives and other financial liabilities	-	500.8
Income tax payable	-	-
Provisions	40.6	24.8
Total Current Liabilities	196.1	804.4
Non-Current Liabilities		
Interest bearing loans and borrowings	366.0	1,318.9
Financial derivatives and other financial liabilities	-	1,060.1
Deferred tax liabilities	371.1	344.4
Provisions	54.3	46.4
Other	6.9	68.9
Total Non-Current Liabilities	798.3	2,838.7
Total Liabilities	994.4	3,643.1
Net Assets	3,037.7	832.9
Equity		
Issued capital	2,857.4	834.5
Retained earnings	631.7	621.0
Reserves	(451.4)	(622.6)
Total Equity	3,037.7	832.9



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

30. Interest in Unincorporated Joint Venture Assets

The Consolidated Entity has a 70% interest in an unincorporated joint venture being the Cracow Mining Joint Venture ("Cracow"). The principal activity of the joint venture is the production of gold and mineral exploration. For operating and capital expenditure commitments and contingent liability disclosures relating to the joint venture refer to Note 26 and Note 27 respectively.

Included in the assets of the Consolidated Entity are the following items which represent the Consolidated Entity's material interest in the assets employed in the joint venture, recorded in accordance with the accounting policy described in Note 2(d).

	Consolidated		Parent	
	2008	2007	2008	2007
	\$M	\$M	\$M	\$M
Cracow Mining Joint Venture				
Current Assets				
Cash assets	0.5	0.4	-	-
Accounts receivable	-	0.4	-	-
Deferred mining	4.9	5.5	-	-
Inventories	2.3	2.1	-	-
	7.7	8.4	-	-
Non-Current Assets				
Property, plant and equipment	20.4	60.2	-	-
Exploration, evaluation and development	38.3	1.8	-	-
	58.7	62.0	-	-

In May 2008, the Consolidated Entity entered into a conditional sale agreement with Beadell Resources Ltd ("Beadell") for the sale of the Consolidated Entity's 70% interest in Cracow for \$200 million. In July 2008, the Consolidated Entity was advised that the equity raising undertaken by Beadell to fund the acquisition had been unsuccessful due to market conditions. As a result, the Consolidated Entity retained its interest in Cracow. As part of this sale process the Consolidated Entity obtained a pre-emptive right (which expires on 31 October 2008) to purchase the remaining 30% interest in Cracow held by Lion Selection Ltd for \$80.0 million.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

31. Segment Information

The Consolidated Entity's primary segment reporting format is geographical segments as the Consolidated Entity's risk and rates of return are affected predominantly by the location of the mine sites. The operating businesses are organised and managed separately according to their location. All segments are located in Australia with the exception of Gosowong, which is located in Indonesia.

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

2008	Cadia Valley Operations \$M	Gosowong \$M	Telfer ⁽ⁱ⁾ \$M	Cracow \$M	Group & Unallocated ⁽ⁱⁱ⁾ \$M	Total \$M
External Sales revenue ⁽ⁱ⁾	1,166.9	376.8	749.6	69.8	-	2,363.1
Other revenue	2.9	4.4	-	-	13.1	20.4
Total segment revenue	1,169.8	381.2	749.6	69.8	13.1	2,383.5
Segment EBITDA	665.9	275.3	164.8	33.0	(596.1)	542.9
Depreciation and amortisation	(69.2)	(36.9)	(153.6)	(13.5)	(5.4)	(278.6)
Segment result ⁽ⁱ⁾	596.7	238.4	11.2	19.5	(601.5)	264.3
Finance costs					(64.3)	(64.3)
Income tax expense					(36.6)	(36.6)
Consolidated net profit						163.4
Segment assets	1,284.3	216.2	2,172.1	73.7	577.6	4,323.9
Segment liabilities	259.5	65.4	104.7	5.2	637.2	1,072.0
Other segment information						
Acquisition of segment assets	209.0	58.0	52.8	8.4	55.3	383.5

2007	Cadia Valley Operations \$M	Gosowong \$M	Telfer ⁽ⁱ⁾ \$M	Cracow \$M	Group & Unallocated ⁽ⁱⁱ⁾ \$M	Total \$M
External Sales revenue ⁽ⁱ⁾	1,010.6	295.4	751.5	69.0	-	2,126.5
Other revenue	-	-	-	-	6.0	6.0
Total segment revenue	1,010.6	295.4	751.5	69.0	6.0	2,132.5
Segment EBITDA	596.7	200.8	265.4	38.9	(665.7)	436.1
Depreciation and amortisation	(70.0)	(20.0)	(116.2)	(11.2)	(7.0)	(224.4)
Segment result ⁽ⁱ⁾	526.7	180.8	149.2	27.7	(672.7)	211.7
Finance costs					(108.3)	(108.3)
Income tax expense					(10.4)	(10.4)
Consolidated net profit						93.0
Segment assets	1,255.7	168.9	2,213.4	75.3	909.3	4,622.6
Segment liabilities	266.0	46.8	114.5	0.4	3,254.1	3,681.8
Other segment information						
Acquisition of segment assets	94.2	21.2	224.0	13.0	56.9	409.3

Notes:

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

(ii) Telfer underground operations commenced in November 2006.

(iii) Includes restructure and close out impacts.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

31. Segment Information (continued)

Geographical Segments (based on location of customers)

	Sales Revenue from External Customers	
	2008	2007
	\$M	\$M
Australia – Bullion	387.7	352.7
Other Asia – Bullion	376.8	295.3
Japan – Concentrate	984.1	923.2
Korea – Concentrate	431.4	262.6
Other Asia – Concentrate	148.7	259.9
Europe – Concentrate	34.4	32.8
Total Sales Revenue	2,363.1	2,126.5

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.

32. Key Management Personnel

(a) Details of Directors and Key Management Personnel

Key Management Personnel as defined in AASB 124 Related Party Disclosures, comprise the Company Directors and Executive General Managers. Herein Directors are referred to as Directors and the term Key Management Personnel refers to the Executive General Managers who are members of the Company's Executive Committee along with the Finance Director and the Managing Director. The members of this Executive Committee 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.

Name	Position
<i>Directors</i>	
Ian K Smith	Managing Director and Chief Executive Officer
Greg J Robinson	Finance Director
Donald P Mercer	Non-Executive Chairman
R Bryan Davis	Non-Executive Director
Ronald C Milne	Non-Executive Director (Resigned 1 November 2007)
Nora L Scheinkestel	Non-Executive Director (Resigned 31 August 2007)
Michael A O'Leary	Non-Executive Director
John M Spark	Non-Executive Director (Appointed 26 September 2007)
Richard Knight	Non-Executive Director (Appointed 13 February 2008)
Richard J Lee	Non-Executive Director (Appointed 14 August 2007)
Tim M Poole	Non-Executive Director (Appointed 14 August 2007)
<i>Executives</i>	
Bernard Lavery	Executive General Manager Corporate Services
Ron Douglas	Executive General Manager Development & Projects
Tim Lehany	Executive General Manager Operations (Appointed 1 November 2007)
Debra Stirling	Executive General Manager People & Communication (Appointed 14 January 2008)
Colin Moorhead	Executive General Manager Minerals (Appointed 1 January 2008)
Dan Wood	Exploration Executive



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

32. Key Management Personnel (continued)

(b) Remuneration of Directors and Key Management Personnel

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short-term	11,827	7,990	11,827	7,990
Post employment	170	744	170	744
Termination Benefits	-	5,889	-	5,889
Share-based payments	2,626	1,756	2,626	1,756
	14,623	16,379	14,623	16,379

(c) Options held by Directors and Key Management Personnel

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. (Refer Note 20(c)).

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

Key Management Personnel			Movement During the Year							
Grant Date	Expiry Date	Exercise Price	Balance at 1 July 2007	Options Exercised	Amount Paid to Exercise Options	Options Lapsed	Balance at 30 June 2008	Options Vested During the Year	Vested & Exercisable at 30 June 2008	Non-Vested
D. Wood										
6-Feb-03	6-Feb-08	\$4.75	100,000	(100,000)	\$475,000	-	-	25,000	-	-
2-Dec-03	2-Dec-08	\$10.42	95,500	-	-	(1,500)	94,000	23,500	69,000	25,000
			195,500	(100,000)	\$475,000	(1,500)	94,000	48,500	69,000	25,000
B. Lavery										
6-Feb-03	6-Feb-08	\$4.75	100,000	(100,000)	\$475,000	-	-	25,000	-	-
2-Dec-03	2-Dec-08	\$10.42	95,500	-	-	(1,500)	94,000	23,500	69,000	25,000
			195,500	(100,000)	\$475,000	(1,500)	94,000	48,500	69,000	25,000
T. Lehany										
6-Feb-03	6-Feb-08	\$4.75	67,500	(67,500)	\$320,625	-	-	22,500	-	-
2-Dec-03	2-Dec-08	\$10.42	50,750	(32,200)	\$335,524	(1,050)	17,500	16,450	-	17,500
			118,250	(99,700)	\$656,149	(1,050)	17,500	38,950	-	17,500
C. Moorhead										
6-Feb-03	6-Feb-08	\$4.75	20,000	(20,000)	\$95,000	-	-	5,000	-	-
2-Dec-03	2-Dec-08	\$10.42	19,100	-	-	(300)	18,800	4,700	13,800	5,000
			39,100	(20,000)	\$95,000	(300)	18,800	9,700	13,800	5,000



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

32. Key Management Personnel (continued)

(d) Rights held by Directors and Key Management Personnel

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

Key Management Personnel			Movement During the Year						
Grant Date	Type	Share Price at Grant Date	Balance at 1 July 2007	Rights Granted	Rights Exercised	Rights Lapsed	Balance at 30 June 2008	Vested & Exercisable at 30 June 2008	Non-Vested
I. Smith									
14-Jul-06	LTI	\$19.52	165,000	-	-	-	165,000	-	165,000
3-Nov-06	MTI	\$24.10	4,117	4,728	-	-	8,845	-	8,845
3-Nov-06	LTI	\$24.10	42,881	-	-	-	42,881	-	42,881
9-Nov-07	MTI	\$35.85	-	7,373	-	-	7,373	-	7,373
9-Nov-07	LTI	\$35.85	-	35,446	-	-	35,446	-	35,446
G. Robinson									
3-Nov-06	MTI	\$24.10	4,245	-	-	-	4,245	-	4,245
3-Nov-06	LTI	\$24.10	12,007	-	-	-	12,007	-	12,007
9-Nov-07	MTI	\$35.85	-	4,915	-	-	4,915	-	4,915
9-Nov-07	LTI	\$35.85	-	8,862	-	-	8,862	-	8,862
D. Wood									
5-Nov-04	LTI	\$17.30	9,512	-	-	9,512	-	-	-
8-Nov-05	MTI	\$18.98	4,890	-	-	-	4,890	-	4,890
3-Nov-06	MTI	\$24.10	4,013	-	-	-	4,013	-	4,013
3-Nov-06	LTI	\$24.10	7,294	-	-	-	7,294	-	7,294
9-Nov-07	MTI	\$35.85	-	3,195	-	-	3,195	-	3,195
9-Nov-07	LTI	\$35.85	-	5,760	-	-	5,760	-	5,760
B. Lavery									
5-Nov-04	LTI	\$17.30	8,232	-	-	8,232	-	-	-
8-Nov-05	MTI	\$18.98	4,251	-	-	-	4,251	-	4,251
3-Nov-06	MTI	\$24.10	3,489	-	-	-	3,489	-	3,489
3-Nov-06	LTI	\$24.10	6,340	-	-	-	6,340	-	6,340
9-Nov-07	MTI	\$35.85	-	2,777	-	-	2,777	-	2,777
9-Nov-07	LTI	\$35.85	-	5,007	-	-	5,007	-	5,007
T. Lehany									
5-Nov-04	LTI	\$17.30	5,287	-	-	5,287	-	-	-
8-Nov-05	MTI	\$18.98	2,047	-	-	-	2,047	-	2,047
3-Nov-06	MTI	\$24.10	2,650	-	-	-	2,650	-	2,650
3-Nov-06	LTI	\$24.10	1,375	-	-	-	1,375	-	1,375
9-Nov-07	MTI	\$35.85	-	3,342	-	-	3,342	-	3,342
9-Nov-07	LTI	\$35.85	-	6,026	-	-	6,026	-	6,026
C. Moorhead									
5-Nov-04	LTI	\$17.30	1,625	-	-	1,625	-	-	-
8-Nov-05	MTI	\$18.98	582	-	-	-	582	-	582
3-Nov-06	MTI	\$24.10	1,932	-	-	-	1,932	-	1,932
3-Nov-06	LTI	\$24.10	1,005	-	-	-	1,005	-	1,005
9-Nov-07	MTI	\$35.85	-	3,768	-	-	3,768	-	3,768
9-Nov-07	LTI	\$35.85	-	1,941	-	-	1,941	-	1,941
R. Douglas									
9-Nov-07	MTI	\$35.85	-	3,195	-	-	3,195	-	3,195
9-Nov-07	LTI	\$35.85	-	5,760	-	-	5,760	-	5,760
D. Stirling									
9-Nov-07	MTI	\$35.85	-	3,097	-	-	3,097	-	3,097
9-Nov-07	LTI	\$35.85	-	5,583	-	-	5,583	-	5,583



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

32. Key Management Personnel (continued)

(d) Rights held by Directors and Key Management Personnel (continued)

LTI Rights granted in November 2004 were exercisable in 2007, subject to the TSR performance (refer note 20(b)) achieved over the performance measurement period (5 November 2004 to 5 November 2007). Performance was assessed to be at the 40th percentile. As a result, all Rights granted on 5 November 2004 lapsed in accordance with the Performance Condition which provided that the TSR ranking of the Company must equal or exceed the 50th percentile for 50% of the Rights to become fully exercisable.

(e) Shareholdings of Directors and Key Management Personnel

Shares held in Newcrest Mining Limited

Directors & Key Management Personnel	Balance at 1 July 2007	Received as Remuneration	Acquired on Exercise of Rights & Options	Net Other Changes	Balance at 30 June 2008
Directors					
I. Smith	3,000	-	-	1,050	4,050
G. Robinson	3,000	-	-	1,050	4,050
D. Mercer	11,241	-	-	3,935	15,176
B. Davis	16,736	-	-	5,893	22,629
R. Milne	10,576	-	-	(10,576)	-
M. O'Leary	14,522	-	-	5,114	19,636
N. Scheinkestel	74,313	-	-	(74,313)	-
R. Lee	-	-	-	11,000	11,000
T. Poole	-	-	-	4,050	4,050
J. Spark	-	-	-	17,550	17,550
R. Knight	-	-	-	10,000	10,000
	133,388	-	-	(25,247)	108,141
Executive General Managers					
B. Lavery	-	-	100,000	-	100,000
D. Wood	150,325	-	100,000	-	250,325
R. Douglas	-	-	-	-	-
T. Lehany	-	-	99,700	(96,370)	3,330
D. Stirling	-	-	-	5,603	5,603
C. Moorhead	-	-	20,000	12,750	32,750
	150,325	-	319,700	(78,017)	392,008

(f) Loans to Directors and Key Management Personnel

There are no loans made to Directors, or their director-related entities, by the Company or its controlled entities.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

32. Key Management Personnel (continued)

(g) Other Transactions of Directors and Key Management Personnel

Transactions are conducted with entities within the Consolidated Entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or executive at arm's length in similar circumstances. These transactions include the following:

- i) Mr Mercer is a director of Orica Limited. During the year companies within the Consolidated Entity made payments to companies within this group of \$15,841,324 (2007: \$13,429,106). The payments were made on normal commercial terms and conditions.
- ii) Mr O'Leary was a director of Santos Limited. In the 2007 financial year companies within the Consolidated Entity made payments to companies within this group of \$Nil (2007: \$4,072,743). The payments were made on normal commercial terms and conditions.
- iii) Mr Davis was a director of Onesteel Limited. During the year companies within the Consolidated Entity made payments to companies within this group of \$4,120,174 (2007: \$Nil). The payments were made on normal commercial terms and conditions.

The amounts recognised at the reporting date in relation to other transactions discussed above:

	2008 \$M	2007 \$M
Purchases	20.0	17.5
Total Expenses	20.0	17.5

33. Related Parties

Transactions with controlled entities

The Company is the ultimate parent entity of all entities detailed in Note 28, undertaking transactions with those controlled entities, the effects of which are eliminated in the consolidated financial statements. Details of amounts due from and amounts payable to controlled entities are disclosed in Notes 8 and 15. These amounts are unsecured, interest-free and settlement occurs in cash.

Transactions with joint venture

The Consolidated Entity advanced \$43.6 million (2007: \$43.1 million) to the Cracow Mining Joint Venture of which it has an interest of 70%. The Consolidated Entity then received its 70% share of the gold bullion output which was 75,569oz (2007: 83,812oz) which is then sold and received \$69.0 million (2007: \$68.0 million) in sales revenue.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

34. Remuneration of Auditors

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Amounts received, or due and receivable, for the audit and review of the financial reports of the entity by:				
• Ernst & Young (Australia)	711,665	662,550	670,460	623,350
• Related practices of Ernst & Young (Australia)	44,309	39,696	-	-
Total Audit Fees	755,974	702,246	670,460	623,350
(b) Amounts receivable, or due and receivable for other services in relation to the entity: ⁽ⁱ⁾				
• Ernst & Young (Australia)	1,314,147	93,500	1,314,147	93,500
• Other Firms	-	-	-	-
Total Other Service Fees	1,314,147	93,500	1,314,147	93,500
Total Remuneration of Auditors	2,070,121	795,746	1,984,607	716,850

(i) Other services in 2008 comprised of:

- Provision of advice and assurance services in relation to assisting management document the current IT landscape, and provide feasible options for the future. Services included program management advisory, analytical support, and independent review of the overall approach, \$912,608; and
- Provision of assurance services in relation to the Institutional Offering Memorandum issued for the equity raising, \$401,539.

Other services in 2007 comprised of accounting advice and other assurance related services, \$93,500.

35. Events Subsequent to Reporting Date

On 4 July 2008, Beadell Resources Limited advised that it would not proceed with its proposed acquisition of the Consolidated Entity's interest in the Cracow Joint Venture. Refer Note 30 for further details.

On 7 August 2008, a payment of US\$230 million was made in respect to the acquisition of a half share of the Papua New Guinea gold assets of Harmony Gold Mining Company Limited. Refer Note 26(f) for further details.

On 19 August 2008, the directors of Newcrest Mining Limited declared a final unfranked dividend on ordinary shares in respect of the 2008 financial year. The total amount of the dividend is \$45.3 million, which represents an unfranked dividend of 10c per share. The dividend has not been provided for in the 30 June 2008 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2008 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.



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Newcrest Mining Limited, we state that:

- (1) In the opinion of the directors:
 - (a) the financial statements, notes and additional disclosures included in the director's report designated as audited, of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2008.
- (3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Donald P. Mercer
Chairman



Ian K. Smith
Managing Director and Chief Executive Officer

19 August, 2008
Melbourne, Victoria

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report to the members of Newcrest Mining Limited

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Liability limited by a scheme approved
under Professional Standards Legislation



INDEPENDENT AUDITOR'S REPORT



Auditor's Opinion

In our opinion:

1. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of Newcrest Mining Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'R C Piltz'.

R C Piltz
Partner
Melbourne
19 August 2008



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