NEWCREST ANNUAL REPORT 2010

NEWCREST
MINING LIMITED

Steve Baker (Plant Metallurgist) and Sunny Tan (Plant Metallurgist) inspecting Processing Plant, Telfer

STRATEGY

Newcrest pursues a strategy of delivering competitive shareholder returns by:

- building a portfolio of low-cost, long-life gold assets, primarily through exploration and a focus on early entry merger and acquisition prospects in known gold regions;
- optimising performance at each phase of the gold mining value chain; and
- harnessing its technical expertise across a wide range of mining and processing methods.

VISION

Our vision is to be the 'Miner of Choice' for all stakeholders, including our employees and contractors, the communities in which we operate and our shareholders.

CORPORATE RESPONSIBILITY

Newcrest is focussed on maintaining a safe environment for its employees, operating and developing mines in line with good environmental practices and embracing a strong sense of commitment to the local communities around its operations.

Building and maintaining sound relationships with the communities surrounding Newcrest's operations is a key component of being the 'Miner of Choice'.

Lihir Gold Limited (LGL) merger
References throughout this report to Mineral Resources, Ore Reserves and financial information do not include details of LGL assets acquired as a result of the merger on 13 September 2010

Annual General Meeting
The 30th Annual General Meeting of Newcrest Mining Limited will be held at the ANZ Pavilion, 100 St Kilda Road, Melbourne, Victoria 3004 on Thursday 28 October at 10.30am

ABOUT NEWCREST

Newcrest provides investors with exposure to a world-class portfolio of low-cost, long-life operating mines, a strong pipeline of organic growth projects and highly prospective brownfields and greenfields exploration projects.

Newcrest is Australia's largest gold producer and one of the world's top 10 gold mining companies by production, reserves and market capitalisation.

Newcrest operates seven gold mines in Australia, Indonesia and Papua New Guinea and has a substantial reserve and resource base, with reserves representing more than 20 years' production. A strong focus on innovation and technology in our mining methods ensures our operating costs remain amongst the lowest in the industry.

Our exploration team is acknowledged as one of the most successful and lowest cost discoverers in the world today, while our project teams continue to successfully deliver the portfolio of development projects.

As an unhedged gold producer with low gearing and a strong operating cash flow, Newcrest's financial strength, coupled with our technical skills, ensure we are well placed to deliver a strong organic growth profile over the next ten years.

7
operating mines in the Asia Pacific region

7,600
employees and contractors

Telfer Processing Plant

MOROBE MINING JOINT VENTURE, PNG

(50 percent Newcrest)

The Morobe Mining Joint Venture comprises the Hidden Valley mining operation, the undeveloped Wafi-Golpu orebody and approximately 3,400 hectares of highly prospective exploration ground. Production commenced at Hidden Valley in mid 2009 and study work to identify the optimal development of the large Wafi-Golpu orebody is ongoing.

GOSOWONG, INDONESIA

(82.5 percent Newcrest)

The Gosowong province covers approximately 30,000 hectares of highly prospective exploration ground. The Kencana underground mine is one of the highest grade gold mines in the world.

NAMOSI, FIJI

(69.94 percent Newcrest)

A concept study investigating the optimal development of the large Waisoi copper deposits is in progress at Namosi while exploration drilling is continuing to evaluate a number of other gold and copper targets in this large mineralised district.

TELFER, WA

Telfer is a large mineralised district with a centralised ore processing facility. Operations currently comprise two mines – Main Dome open pit and a sub-level cave underground mine, located beneath the Main Dome pit.

CRACOW, QLD

(70 percent Newcrest)

Production commenced in late 2004 at this small high-grade underground mining operation.

CADIA VALLEY, NSW

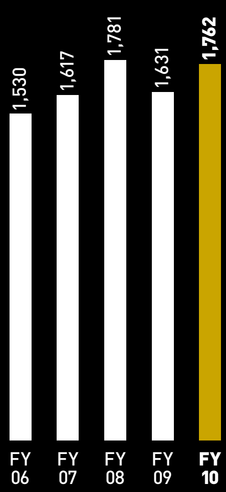
Operations at the large Cadia Valley mining complex currently comprise the Cadia Hill open pit and the Ridgeway underground mine, which recently transitioned to the lower-cost block cave mining technique. Development of the world-class Cadia East orebody is in progress.

RESULTS 2010

Gold doré produced at the Telfer Gold Mine

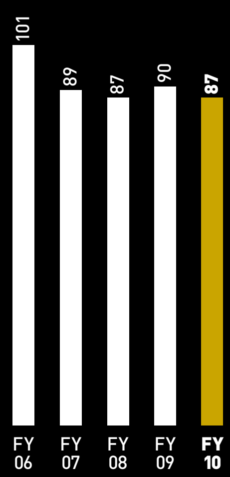
8% INCREASE

Group Gold Production
thousand ounces



3% DECREASE

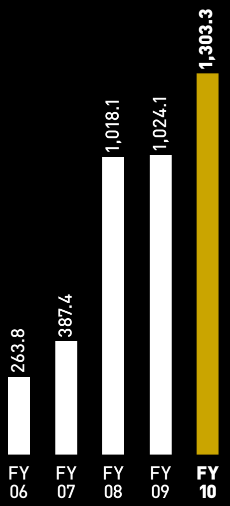
Group Copper Production
thousand tonnes



- Newcrest's cash costs continue to be in the lowest cost quartile for global gold producers
- Group Mineral Resources up 5% to 83.6 million ounces of gold and 20% to 17.25 million tonnes of copper
- Group Ore Reserves up 11% to 47.3 million ounces of gold and 69% to 7.88 million tonnes of copper
- Record Underlying Profit up 58% to $763.7 million
- Record Statutory Profit up 124% to $556.9 million
- Record operating cash flow up 27% to $1,303.3 million
- Full year dividend increased 67% to 25 cents per share, unfranked
- Net cash position of $216.5 million at 30 June 2010
- Expanded profit margins – EBITDA margin 51% – EBIT margin 40%

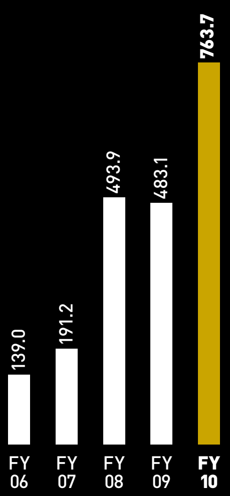
27% INCREASE

Cash Flow from Operations
$ million



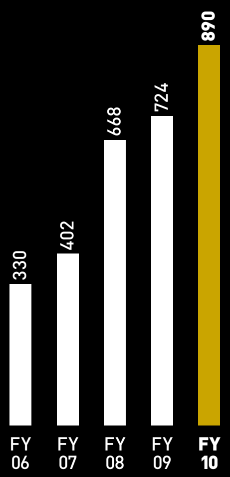
58% INCREASE

Underlying Profit
$ million



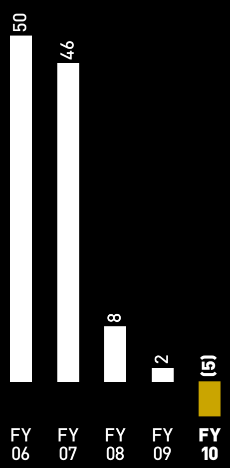
23% INCREASE

Gross Cash Margin
$ per ounce



NET CASH

Gearing % (Net Debt/ Net Debt & Equity)
percentage



		12 months to 30 June 2010	12 months to 30 June 2009	% Change
Gold produced	(ounces)	**1,762,200**	1,631,183	8
Copper produced	(tonnes)	**86,816**	89,877	(3)
Gold price realised	($ per ounce)	**1,252**	1,169	7
Sales revenue	($ million)	**2,801.8**	2,530.8	11
Operating EBIT	($ million)	**1,127.4**	772.6	46
Underlying Profit	($ million)	**763.7**	483.1	58
Statutory Profit	($ million)	**556.9**	248.1	124
Cash flow from operations	($ million)	**1,303.3**	1,024.1	27
Capital expenditure (cash flow basis including exploration)	($ million)	**886.5**	1,381.6	(36)
EPS on Underlying Profit	(cents)	**158.0**	103.2	53
Return on capital employed (ROCE)	(percent)	**24**	17	7
Gearing (Net Debt/Net Equity and Equity)	(percent)	**(5)**	2	(7)

(All $ are Australian denominated unless stated otherwise)

CHAIRMAN'S REPORT

The Lihir Gold Limited (Lihir) merger positions Newcrest as a significant resources sector participant globally. The combination of the two companies establishes Newcrest as Asia Pacific's leading gold producer.

Ore haulage, Telfer, WA.

Newcrest has continued to pursue a strategy of focussing on gold, operating low-cost and predominantly long-life gold assets, growing its portfolio through exploration and acquisition and delivering strong financial returns for shareholders. There have been three significant events during the year.

Firstly, the merger with Lihir Gold; secondly, the approval of the Cadia East underground mine development (A$1.9 billion); and thirdly, the excellent exploration results at Wafi-Golpu confirming its future production potential. These outcomes should create an outstanding foundation for the Company to deliver continued robust financial returns for shareholders.

The Lihir merger sees Newcrest well placed to be a significant resources sector participant globally. The combination of the two companies will establish Newcrest as Asia Pacific's leading gold producer. Prior to the merger, both Newcrest and Lihir had independently strong financial positions. Following the merger, Newcrest has an excellent financial platform to pursue growth opportunities, with low levels of debt and a strong balance sheet. We believe that with a market capitalisation approaching A$30 billion and low gearing, the new organisation has a powerful base from which to deliver superior financial performance and to capture and deliver future growth for shareholders.

The decision by the Newcrest Board to approve the development of the Cadia East gold and copper deposit represents a significant advance that will underpin production from the Cadia Valley for at least the next 30 years. This is a most welcome advance on our stated strategy to develop long-life gold producing assets, since Cadia East will be Australia's largest underground mine and one of the largest underground mines in the world.

Newcrest continues to invest in greenfield and province-based exploration programs. During the year, Wafi-Golpu's exploration produced excellent results, culminating in significant resource increases. Wafi-Golpu continues to shape as a major orebody, and management will focus significant exploration and project expertise in respect of it during the next twelve months.

The world economy has recovered significantly from the effects of the global financial crisis in the past fiscal year; however, the broader macroeconomic outlook remains somewhat uncertain, particularly in Europe and the USA.

The gold price reached new nominal highs in the past financial year. This was principally driven by investors seeking to diversify their investment portfolios amid economic and inflation fears post the record monetary stimulus triggered by the global financial crisis. Gold price forecasts remain buoyant due to currency concerns in the financial markets, continued economic volatility and the future risk of rising inflation. Newcrest's decision to eliminate gold hedge positions in the fiscal year 2008 has continued to reap significant cash flow benefits.

The copper price has recovered from the worst of the global financial crisis, and forecasts again look strong on the back of emerging market demand, particularly within China.

Newcrest's focus is on delivering overall value creation and returns to its shareholders, including through the payment of dividends. The capacity to pay dividends and, where possible, to increase them, is balanced with the need for Newcrest to fund its emerging projects to ensure its future growth.

In this regard the Board has taken into account the gold price increase during the past financial year and has reflected this in its determination of a final unfranked dividend of 20 cents per share for the year ended 30 June 2010.

For non-resident shareholders the dividend will be paid from conduit foreign income and is exempt from withholding tax. The non-discounted dividend reinvestment plan remains in place and will apply to the final dividend for the year ended 30 June 2010.

On 2 May 2010, with the release of the Henry Taxation Review, the Australian Government proposed a number of changes to the Australian taxation system, which would have adversely impacted Newcrest.

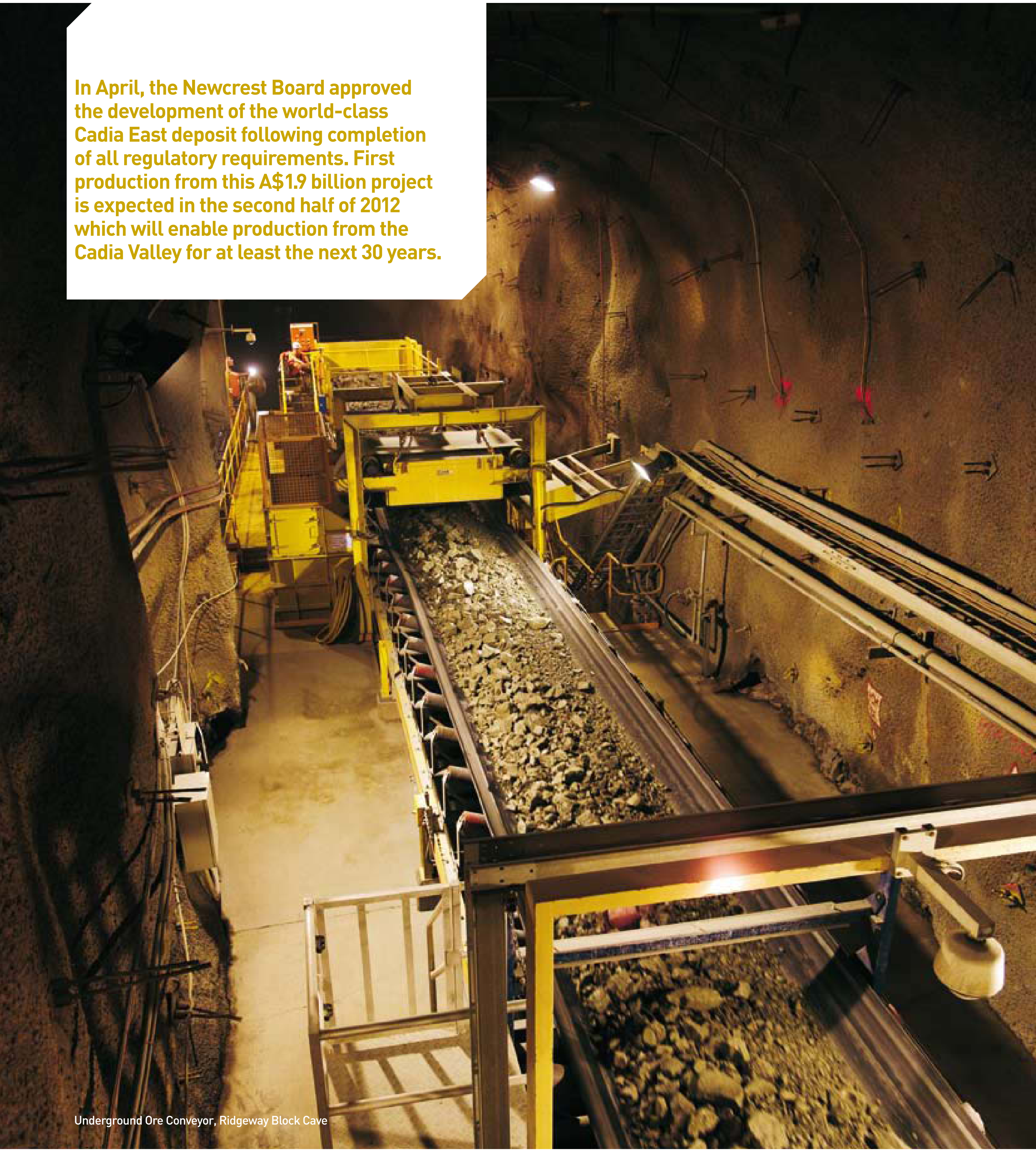
The Government subsequently announced on 2 June 2010 that it would replace the proposed Resource Super Profits Tax with a Minerals Resource Rent Tax (MRRT), and that it would apply only to Australian iron ore and coal projects. The MRRT, as announced, will not apply to any of Newcrest's existing operations, including Lihir's Australian operations.

The combination of these developments, and in particular the merger with Lihir, favourably positions Newcrest for continued growth, with a strong balance sheet and multiple organic opportunities presenting a positive outlook for the future of the Company.

Don Mercer
Chairman

MANAGING DIRECTOR'S REVIEW

In April, the Newcrest Board approved the development of the world-class Cadia East deposit following completion of all regulatory requirements. First production from this A$1.9 billion project is expected in the second half of 2012 which will enable production from the Cadia Valley for at least the next 30 years.



Underground Ore Conveyor, Ridgeway Block Cave

This year saw the ongoing progression towards delivering Newcrest's vision of the 'Miner of Choice'. The strong focus on safety continued with a number of important initiatives implemented during the year. A complete review and update of the Newcrest Safety and Health Management Systems was completed and control frameworks for Major Safety and Health Hazards across the business were developed based on Newcrest's Major Hazard Management program. The 'Leading with Safety' program was rolled out across Cadia, Telfer and Gosowong with an objective of further developing safety leadership competencies amongst line managers and to engage all members of the workforce in improving safety. This initiative will continue in the year ahead.

The Company again recorded significant reductions in the Lost Time Injury Frequency Rate (LTIFR – the rate of lost time injuries per million hours of exposure) of 0.6, down from 0.8 in the previous year and a Total Recordable Injury Frequency Rate of 5.8, down from 7.0 the previous year.

Environmental performance continued the favourable trend of recent years with no major environmental incidents reported. The environmental incident frequency rate (the rate of environmental incidents per million hours of exposure) declined to 2.1, down from 2.2 the previous year and the lowest level since consolidated records began seven years ago. This occurred against a background of substantially increased activity over that period.

Newcrest also supported a wide variety of community initiatives. At Gosowong, the Corporate Social Responsibility program continued to support the transition to sustainable economic development with projects including corn and sago cultivation and fish farming established. At Telfer, a wide range of community health and well being programs are being sponsored throughout the remote Martu communities and the established work readiness training programs for Martu continued. At Hidden Valley, the 'Sustainable Community Development Plan' was approved and is now being rolled out.

As foreshadowed last year, roll out of 'Creating our Future' workshops across all of Newcrest was completed. This is an important initiative designed to equip all employees with the competence and confidence to build Newcrest's future together as a team. A pilot program for the next generation of 'Creating our Future' workshops – Creating our Future 2 – 'Building Tomorrow Today', commenced, with roll out across all of Newcrest scheduled over the next 18 months. Also, roll out of a nationally recognised diploma level Superintendent Managerial Leadership program commenced with 120 candidates enrolled in the course in 2010.

Major capital projects at Gosowong and Cadia were successfully delivered. The Ridgeway Deeps project was completed ahead of schedule and under budget as was the Gosowong Expansion project at commissioning phase. Hidden Valley was commissioned and the Wafi-Golpu and O'Callaghans studies are underway.

In April, the Newcrest Board approved the development of the world-class Cadia East deposit following completion of all regulatory requirements. First production from this A$1.9 billion project is expected in the second half of 2012 which will enable production from the Cadia Valley for at least the next 30 years.

Full year achieved gold production of 1.76 million ounces and copper production of 86.8 thousand tonnes were both within the revised guidance range. This was underpinned by strong production and cost performance from all sites, with the exception of Hidden Valley where output was impacted by the ongoing challenges of stabilising plant performance during production ramp-up. Telfer and Gosowong delivered record gold production for the year.

Acknowledging the increasing complexity of operations, the management structure was revised with the appointment of a Chief Operating Officer to coordinate the activities of the EGM for Africa and Australia Operations with those of the EGM for Indonesia and PNG Operations.

Group financial performance* was also strong with a 58 percent increase in underlying profit to a record $763.7 million and an increase in statutory profit of 124 percent to $556.9 million. Cash flow from operations was also a record $1,303.3 million, an increase of 27 percent on the previous year.

Growth in Ore Reserves* was maintained during the year with gold and copper up 11 percent to 47.3 million ounces and 69 percent to 7.88 million tonnes respectively. Significant contributions to Ore Reserves growth included additions at Waisoi in Fiji, Toguraci and at Cadia East. An initial Ore Reserve was declared for the O'Callaghans polymetallic deposit near Telfer.

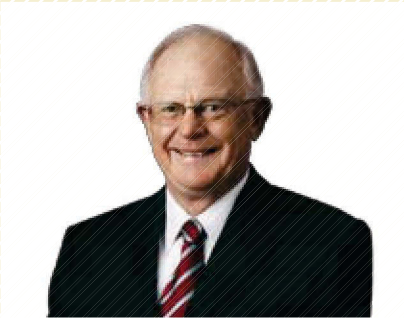
Following Lihir shareholders voting overwhelmingly in favour (99.86 percent) of the Scheme of Arrangement to combine the two companies and approval by the PNG National Court, the Scheme became effective on 30 August. Newcrest has now assumed management control and integration of the two companies is well underway with a focus on delivering synergistic benefits as early as possible.

The combining of Newcrest and Lihir creates the fourth largest gold company in the world by market capitalisation with a portfolio of low-cost, long-life and high-margin assets. The achievements of the past year have been realised through the dedication of our people and their commitment to deliver the Newcrest vision to be the 'Miner of Choice'.

Ian Smith
Managing Director and Chief Executive Officer

*References throughout this report to Mineral Resources, Ore Reserves and financial information do not include details of LGL assets acquired as a result of the merger on 13 September 2010.

THE BOARD



Don Mercer

NON-EXECUTIVE CHAIRMAN

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

Mr Mercer was appointed Non-Executive Chairman of Newcrest on 26 October 2006 and is Chairman of the Human Resources and Remuneration Committee. He is also Chairman of Air Liquide Australia Limited.

Mr Mercer is a former Managing Director and Chief Executive Officer of ANZ Banking Group and is a former Chairman of the Australian Institute of Company Directors Limited, The State Orchestra of Victoria, Australia Pacific Airports Corporation Limited and Orica Limited.

Ian 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 a Director of the Minerals Council of Australia, President of the Australian Mines and Metals Association and a member of the Australian Institute of Company Directors.

Greg Robinson

DIRECTOR FINANCE

Bachelor of Science (Hons) Geology from Monash University and MBA from 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 Chief Finance and Chief Development Officer, Energy and Chief Financial Officer, Petroleum. He was also a member of the 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.

John Spark

NON-EXECUTIVE DIRECTOR

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 Safety, Health and Environment Committee.

Other Directorships:
Mr Spark is the Deputy Chairman of Ridley Corporation Limited and a former Director of ANL Limited and Baxter Group Limited.

Rick Lee

NON-EXECUTIVE DIRECTOR

Bachelor of Chemical Engineering (Hons) from the 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 Human Resources and Remuneration Committee.

Other Directorships:
Mr Lee is Chairman of Salmat Limited, C. Czarnikow Limited and the Australian Institute of Company Directors. He is a Director of CSR Limited, Ridley Corporation Limited and Australian Rugby Union Limited.

Tim Poole

NON-EXECUTIVE DIRECTOR

Bachelor of Commerce from the University of Melbourne and 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 Human Resources and Remuneration Committee.

Other Directorships:
Mr Poole is Non-Executive Chairman of Continuity Capital Partners Pty Limited, a Director of Lifestyle Communities Limited, Victoria Racing Club Limited, Westbourne Capital Pty Ltd and Westbourne Credit Management Limited. He was formerly Chairman of Asciano Limited. 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.

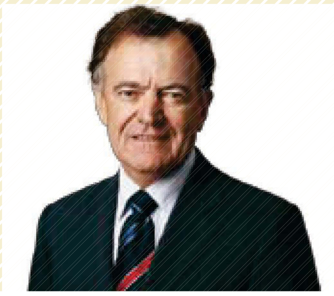
Richard Knight

NON-EXECUTIVE DIRECTOR

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

Mr Knight has extensive experience in the international mining industry. He is a former Executive Director of North Limited, was Chairman and CEO of the Iron Ore Company of Canada and was CEO of Energy Resources of Australia Limited. He is Chairman of the Safety, Health and Environment Committee and a member of the Audit and Risk Committee.

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



Vince Gauci

NON-EXECUTIVE DIRECTOR

Bachelor of Engineering (Mining).

Mr Gauci has over 40 years' experience in the global mining industry and was formerly the Managing Director of MIM Holdings Limited. He is a member of the Safety, Health and Environment Committee and the Human Resources and Remuneration Committee.

Other Directorships:
Mr Gauci is currently the Chairman of Runge Limited, a Director of Liontown Resources Limited and Chairman of the Broken Hill Community Foundation.

MINERAL RESOURCES AND ORE RESERVES

During the year, Wafi-Golpu's exploration produced excellent results, culminating in significant resource increases. Wafi-Golpu continues to shape as a major resource, and management will focus significant exploration and project expertise in respect of it during the next 12 months.

Loading Telfer gold/copper concentrate for transport to Port Hedland

Total Mineral Resources for the Group, after mining depletion, are estimated at 83.6 million ounces of gold and 17.25 million tonnes of copper. This represents a year-on-year increase of 3.6 million ounces of gold (5 percent) and an increase of 2.88 million tonnes of copper (20 percent).

This result was driven by additions to the Waisoi deposit in Fiji (0.73 million ounces of gold and 0.78 million tonnes of copper) and an initial resource estimate at Wainaulo, also in Fiji, (0.24 million ounces of gold and 0.47 million tonnes of copper attributable). Additional drilling at Golpu, which is part of the Morobe Mining Joint Venture (MMJV) in Papua New Guinea, added 2.9 million ounces of gold and 1.5 million tonnes of copper attributable. Increased metal prices resulted in additions at Cadia Extended Underground (0.3 million ounce of gold) and West Dome Pit at Telfer (0.2 million ounces of gold). New resources totalling 0.7 million ounces of gold were established at Toguraci in Indonesia. Elsewhere, changes were relatively minor related to metal price increases and mining depletion.

Total Ore Reserves after mining depletion are estimated at 47.3 million ounces of gold and 7.88 million tonnes of copper. This represents a year-on-year increase of 4.5 million ounces of gold (11 percent) and 3.21 million tonnes of copper (69 percent). This result was driven by additions at Cadia East (2.0 million ounces of gold and 0.25 million tonnes of copper) and at Hidden Valley Kaveroi, which is part of the MMJV (0.4 million ounces of gold). Initial Ore Reserves have been reported for Marsden in New South Wales (0.9 million ounces of gold and 0.46 million tonnes of copper) and at Waisoi (2.5 million ounces of gold and 2.42 million tonnes of copper). Elsewhere, changes were relatively minor related to metal price increases and mining depletion.

Metal price assumptions used for all Newcrest Mineral Resources are US$800/oz for gold, US$2.20/lb for copper and US$13/oz for silver. Price assumptions for Ore Reserves are US$750/oz for gold, US$2.00/lb for copper and US$11.50/oz for silver. In the case of Kencana (Gosowong), a gold price of US$1,000/oz has been used to estimate Ore Reserves, acknowledging the shorter life of the Kencana deposit. Where appropriate, resources are also constrained spatially by a notional pit shell based on US$1,000/oz for gold and US$4.00/lb for copper or, for underground mining, by a shape based on the marginal cut-off grade used as a conservative measure to non-contiguous mineralisation. Cost assumptions are based on the latest approved study for each deposit and are generally in Australian dollars, except at Gosowong, Namosi and MMJV.

Cadia Valley Processing Plant

Mineral Resources for the MMJV are based on Competent Persons statements provided by Harmony Gold Mining Company Limited and are quoted at 50 percent interest. Details are available on www.harmony.co.za.

The accompanying statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 Edition. Ore Reserves quoted are a subset of Mineral Resources. Independent external and internal reviews are conducted on all estimates.

Explanatory notes containing more detailed information on the methods and parameters used to estimate Mineral Resources and Ore Reserves are presented on the Newcrest website at www.newcrest.com.au/resources.asp.

CADIA PROVINCE (NSW)

Mineralisation recognised to date in the Cadia Province is porphyry related gold and copper hosted in rocks of Ordovician age. Orebodies are typically large tonnage low-grade gold with strong copper by-product and minor base metal associations. Minor molybdenum and silver mineralisation is also present. Ore is sourced by bulk mining methods from open pit and underground operations.

Cadia Hill Open Pit

Cadia Hill is a porphyry related sheeted vein deposit. The Cadia Hill open pit Mineral Resource decreased by 0.45 million ounces of gold and 22 kilotonnes of copper. Material changes during the year included updated metal price assumptions and mining depletion.

Cadia Extended

Cadia Extended is a bulk underground resource located to the northwest of Cadia Hill beneath the backfilled Cadia Extended pit. The material change to the Mineral Resource compared with 2009 resulted from the re-evaluation of this resource using updated metal prices and additions at depth from drilling. This resulted in a net increase in contained metal in Mineral Resources of 0.26 million ounces of gold and 49 kilotonnes of copper. No changes were made to resource categories. Reserves have not been estimated for Cadia Extended underground.

Ridgeway Underground

Ridgeway Underground has now transitioned to the Ridgeway Deeps block cave mine. The Ridgeway Mineral Resource model was updated in 2010, including updated metal price assumptions. Other material impacts on the estimate include mining depletion of the sublevel cave (SLC) and development and mining of the Ridgeway Deeps block cave Lift 1. The net result is a decrease in contained metal in Mineral Resources of 0.13 million ounces of gold and 10 kilotonnes of copper.

Material changes from the June 2009 Ore Reserve are mining depletion during the period (including the completion of SLC mining), revision of the remnant grade in the SLC taking into account final mining strategies and changes in the footprint of the block cave levels due to updated metal price assumptions. The net result is a decrease in contained metal in Ore Reserves of 0.02 million ounces of gold. Copper remained unchanged.

Big Cadia

Big Cadia is centred on an area of shallow historic workings located north of the Cadia Hill open pit and east of the Ridgeway Mine cave zone. The mineralisation is skarn style and has been evaluated as a gold and copper bearing Mineral Resource for future development by open pit mining. Material changes to the resource estimate have resulted from additional drilling and the application of updated metal prices. This has resulted in an increase in contained metal in the Mineral Resource of 0.06 million ounces of gold and 6 kilotonnes of copper. No Ore Reserve is reported for Big Cadia.

Cadia East Underground

Cadia East is a substantial low-grade, porphyry related gold and copper deposit that is located immediately east of, and separated from, Cadia Hill. A feasibility study for the planned mine based on bulk underground extraction by panel caving methods was completed during the year. All regulatory requirements for Cadia East have been completed and the Newcrest Board has approved the development of Cadia East deposit.

Material differences between the 2009 and 2010 Ore Reserve estimate for Cadia East relate to the application of higher metal price assumptions, revised mining costs as determined by the feasibility study, a change in mining lift elevations and an increase in mining lift heights. The net result is an increase of contained metal in Ore Reserves of 2.0 million ounces of gold and 251 kilotonnes of copper.

The Mineral Resource estimate for Cadia East is unchanged this year.

Telfer Processing Plant

TELFER PROVINCE (WA)

Gold and copper mineralisation in the Telfer Province is largely structurally controlled reefs, veins and stockwork hosted by sedimentary rocks of Proterozoic age. Deep weathering depleted the copper in the upper parts of the deposits. Ore processing facilities established during the redevelopment of Telfer allow the processing of the large gold and copper sulphide reserves. This year a Probable Ore Reserve for the O'Callaghans polymetallic skarn deposit was added.

Main Dome Open Pit

The Main Dome deposit is the largest in the Telfer area and occurs as a series of stacked stratabound reefs and discordant stockwork within a folded dome structure in the host sediments. The deposit has been mined by both open pit and selective underground mining in the past. Material changes for the estimate include updated metal prices and mining depletion.

The net effect on contained metal in Mineral Resource for Telfer Main Dome, including stockpiles, has been a decrease of 0.40 million ounces of gold and 1 kilotonnes of copper.

Material impacts on the Ore Reserve estimate include metal price increases within the existing pit design and mining depletion over the past year. The net result is a decrease in contained metal in Ore Reserves of 0.57 million ounces of gold and 13 kilotonnes of copper.

West Dome Open Pit

The West Dome deposit is located two kilometres north-west of the Main Dome deposit and is a continuation of the folded sedimentary sequence in a second sub-parallel structure. No mining activity occurred at West Dome during the period.

The contained metal in the West Dome Mineral Resource has increased by 0.17 million ounces of gold and 12 kilotonnes of copper due to increased metal price assumptions.

Telfer Deeps Underground

The Telfer Deeps Underground comprises the operating sub-level cave (SLC) mine beneath the Main Dome open pit and planned operations for selective high-grade reef mining to the west and east of the SLC. Mineralisation styles are similar to elsewhere in the Telfer system, with gold and copper mineralisation occurring in stratabound reefs, cross cutting veins and stockwork zones around the reefs.

Material changes that have been applied to the 2010 statement of SLC Mineral Resource include increased cave limits in response to updated gold and copper prices and depletions from mine production.

The Mineral Resource includes both in-situ material within the resource design outline and broken but not yet extracted material within the current cave. No surface stockpiles are included in the resource. The net result is a decrease in contained metal in Telfer Deeps SLC Mineral Resource of 0.18 million ounces of gold and 6 kilotonnes of copper.

The net change to contained metal in the Telfer Underground Ore Reserve estimate is a decrease of 0.34 million ounces of gold and 21 kilotonnes of copper, principally due to mining depletion during the year.

Vertical Stockwork Corridor

The Vertical Stockwork Corridor (VSC) deposit lies directly below the existing Telfer Deeps Underground SLC. The resource has been expanded as a result of additional drilling completed during the year; no mining has occurred to date in the VSC. The contained metal in the VSC Mineral Resource increased by 0.23 million ounces of gold and 42 kilotonnes of copper.

O'Callaghans

The O'Callaghans poly-metallic deposit is located approximately 10 kilometres south of Telfer Gold Mine. Mineralisation containing economic quantities of tungsten, copper, zinc and lead has been identified approximately 300 metres below surface as a sub-horizontal layer of poly-metallic skarn (altered limestone) mineralisation up to 60 metres thick.

As a result of the major drill programme and updated geological model, the 2010 Mineral Resource has increased by 89 kilotonnes of tungsten trioxide (WO3) and 66 kilotonnes of copper metal. Recognition of a separate, higher grade but spatially restricted volume has decreased the estimated contained zinc and lead metal.

The O'Callaghans Ore Reserve is being reported for the first time. The O'Callaghans Ore Reserve estimate contains 0.14 million tonnes of copper, 0.17 million tonnes of tungsten trioxide, 0.31 million tonnes of zinc and 0.15 million tonnes of lead.

Satellite Deposits

The Telfer Satellite Resources comprise resource estimates for the Backdoor West, Dolphy and Big Tree deposits. These Resources represent potential additional ore feed to the current operation and/or satellite dump leach extraction with final metal recovery at the current processing facilities. All Telfer satellites are located within a zone extending approximately 30 kilometres from the Telfer Gold Mine.

OTHER PROVINCES

Gosowong (Indonesia)

Gosowong is located on the island of Halmahera, in North Maluku Province in the eastern part of the Republic of Indonesia and is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture between Newcrest (82.5 percent) and PT Aneka Tambang (17.5 percent). For the purpose of reporting Mineral Resources and Ore Reserves, Newcrest is reporting 100 percent of the assets.

Gosowong Mine Site

Kencana

The Kencana mineralised system is a complex intersecting network of structures consisting of well-developed epithermal vein zones and link structures.

The Mineral Resources at Kencana have been updated to account for the recent grade control drilling data and the impact of mining depletion. The net result is a decrease in contained metal in Mineral Resources of 0.72 million ounces of gold. Similarly, the net decrease in contained metal in the Kencana Ore Reserve is 0.63 million ounces of gold and 0.28 million ounces of silver due to a combination of updated Mineral Resource models and mining depletion.

Toguraci

This year, a maiden Mineral Resource and Ore Reserve based on an underground mining strategy is being reported for Toguraci. Significant drilling throughout 2009 and 2010 has improved the geological understanding resulting in an Indicated and Inferred Resource containing 0.69 million ounces of gold and 1.8 million ounces of silver. The corresponding Toguraci Ore Reserve contains 0.50 million ounces of gold and 1.3 million ounces of silver.

Gosowong Pit Cut-Back

The Gosowong Mineral Resource, estimated to contain 0.12 million ounces gold and 0.38 million ounces of silver, is located in the walls of the Gosowong Open Pit. Completion of a feasibility study for the Gosowong Open Pit cutback has resulted in an updated Ore Reserve estimate containing 0.08 million ounces of gold.

Gosowong Tailings Storage Facilities

A portion of economic grade tailings deposited into the Gosowong tails dam during the initial processing of the high-grade portion of the Kencana deposit have been classified as an Indicated Resource and an Ore Reserve.

Cracow Joint Venture (QLD)

Cracow is a joint venture between Newcrest Operations Limited (70 percent) and Catalpa Resources Limited (30 percent). There are several shoots that comprise the Mineral Resource and Ore Reserve inventory at Cracow. The shoots are in various stages of mining from early development and stoping through to nearing completion.

Since June 2009, the Cracow Mineral Resources (net of depletion) have increased by 0.12 million ounces gold (Newcrest share) and the Ore Reserve has remained unchanged from 2009, with additions to the Ore Reserve replacing mining depletion.

Marsden (NSW)

The Marsden copper-gold porphyry deposit is located between the NSW towns of Forbes and West Wyalong, approximately 150 kilometres south-west of the Cadia Valley operation. The application of higher metal prices has had a minor effect on the resource estimate, slightly increasing tonnage and contained metal to the Marsden Mineral Resource.

This year, an initial Marsden Ore Reserve estimate containing 0.88 million ounces of gold and 0.46 million tonnes of copper is reported.

Namosi Joint Venture (Fiji)

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

The Waisoi Mineral Resource was re-estimated in May 2010. In response to changed metal price assumptions and additional drilling data, the Waisoi Mineral Resource has increased by 0.73 million ounces (Newcrest share) of gold and 779 kilotonnes (Newcrest share) of copper since 2009.

The Waisoi Ore Reserve is being reported for the first time based on pre-feasibility level studies undertaken during the year. The initial Waisoi Ore Reserve, based on Newcrest's 69.94 percent interest in the joint venture, adds 2.5 million ounces of gold and 2.42 million tonnes of copper to the Group total.

The Wainaulo deposit lies in the Waivaka Corridor, which is a five-kilometre long east-north-east trending zone of porphyry-related mineralisation. An initial Mineral Resource estimate has been reported for Wainaulo in 2010.

Morobe Mining Joint Venture (PNG)

The Morobe Mining Joint Venture is a 50:50 joint venture between Newcrest and Harmony Gold Mining Company Limited. Joint venture interests include the Hidden Valley and Wafi-Golpu tenements, as well as significant exploration tenements on the Morobe coast.

Several changes have been incorporated in the Hidden Valley Kaveroi and Hamata Ore Reserve estimate, the most significant of these being removal of a previous constraint relating to designed tailing storage capacity and an increase in metal price assumptions. The combined impact of all changes to the estimate is an increase in contained metal in Ore Reserves of 0.43 million ounces (Newcrest share) of gold and 9.5 million ounces (Newcrest share) of silver.

The Golpu Mineral Resource is a combination of resources estimated in the intrusive Golpu porphyry and surrounding stockwork mineralisation. The porphyry and stockwork zone has increased in size considerably in response to ongoing exploration and resource definition drilling program, resulting in an increase to contained metal in the Golpu Mineral Resource of 2.9 million ounces (Newcrest share) of gold and 1.5 million tonnes (Newcrest share) of copper.

2010 MINERAL RESOURCES

Gold and Copper Resources (# – includes stockpiles)	Measured Resource Dry Tonnes (million)	Measured Resource Gold Grade (g/t Au)	Measured Resource Copper Grade (% Cu)	Indicated Resource Dry Tonnes (million)	Indicated Resource Gold Grade (g/t Au)	Indicated Resource Copper Grade (% Cu)	Inferred Resource Dry Tonnes (million)	Inferred Resource Gold Grade (g/t Au)	Inferred Resource Copper Grade (% Cu)	Total Resource Dry Tonnes (million)	Total Resource Gold Grade (g/t Au)	Total Resource Copper Grade (% Cu)	Contained Metal Gold (million ounces)	Contained Metal Copper (million tonnes)	Competent Person
Cadia Hill Open Pit #	200	0.50	0.13	34	0.41	0.14	174	0.33	0.10	408	0.42	0.12	5.5	0.49	1
Cadia Extended				82	0.35	0.20	0.3	0.23	0.17	83	0.35	0.20	0.9	0.16	1
Ridgeway Underground #	11	1.2	0.49	114	0.75	0.35	29	0.48	0.45	155	0.73	0.38	3.6	0.58	1
Big Cadia				40	0.39	0.40	2.3	0.23	0.37	42	0.38	0.40	0.5	0.17	1
Cadia East Underground				2,246	0.44	0.29	102	0.35	0.18	2,347	0.44	0.28	33.2	6.59	1
Total Cadia Province – Gold and Copper													**43.7**	**7.99**	
Main Dome Open Pit #	19	0.50	0.10	308	0.92	0.10	42	0.77	0.10	369	0.88	0.10	10.4	0.37	2
West Dome Open Pit				193	0.66	0.06	54	0.62	0.05	247	0.65	0.06	5.2	0.14	2
Telfer Underground				55	1.4	0.30	6.9	1.1	0.24	62	1.4	0.29	2.7	0.18	2
VSC							22	1.2	0.50	22	1.2	0.50	0.9	0.11	2
O'Callaghans				69		0.29	9.0		0.24	78		0.29		0.22	2
Telfer Satellite Deposits				0.57	4.2	0.03	1.7	2.6	0.08	2.3	3.0	0.07	0.2	0.00	2
Total Telfer Province – Gold and Copper													**19.4**	**1.03**	
Gosowong # *				4.3	20		0.27	11.2		4.6	19		2.8		3
Cracow # **	0.37	8.6		0.50	7.8		2.5	6.0		3.4	6.6		0.7		4
MMJV – Hidden Valley/ Kaveroi # ***	4.2	2.1		33	1.7		11	1.3		48	1.6		2.6		5
MMJV – Hamata # ***	0.10	1.7		2.9	2.3		0.40	2.8		3.4	2.4		0.3		5
MMJV – Nambonga ***							20	0.79	0.22	20	0.79	0.22	0.5	0.04	6
MMJV – Wafi ***				32	2.0		20	1.7		52	1.9		3.1		6
MMJV – Golpu ***				45	0.64	1.4	205	0.52	0.86	250	0.54	1.0	4.4	2.38	6
Namosi JV – Wainaulo ****							66	0.12	0.72	66	0.12	0.72	0.2	0.47	7
Namosi JV – Waisoi ****				900	0.12	0.39	352	0.10	0.32	1,253	0.12	0.37	4.7	4.61	7
Marsden				179	0.19	0.36	45	0.07	0.16	224	0.17	0.32	1.2	0.72	1
Total Other Provinces – Gold and Copper													**20.4**	**8.23**	
Total Gold and Copper													**83.6**	**17.25**	

Silver Resources (# – includes stockpiles)	Measured Resource Dry Tonnes (million)	Measured Resource Silver Grade (g/t Ag)	Indicated Resource Dry Tonnes (million)	Indicated Resource Silver Grade (g/t Ag)	Inferred Resource Dry Tonnes (million)	Inferred Resource Silver Grade (g/t Ag)	Total Resource Dry Tonnes (million)	Total Resource Silver Grade (g/t Ag)	Contained Metal Silver (million ounces)	Competent Person
Gosowong # *			4.3	24	0.27	41	4.6	25	3.6	3
Cracow # **	0.37	6.1	0.50	5.1	2.5	3.7	3.4	4.2	0.5	4
Ridgeway Underground #	11	1.0	114	0.88	29	0.47	155	0.81	4.0	1
Cadia East Underground			2,246	0.48	102	0.24	2,347	0.47	35.6	1
MMJV – Hidden Valley/ Kaveroi # ***	4.2	35	33	33	11	31	48	33	51.2	5
Total Silver									**94.9**	

2010 Polymetallic Mineral Resources	Dry Tonnes (millions)	Grade: Tungsten Trioxide (% WO3)	Grade: Copper (% Cu)	Grade: Zinc (% Zn)	Grade: Lead (% Pb)	Contained Metal: Tungsten Trioxide (million tonnes)	Contained Metal: Copper (million tonnes)	Contained Metal: Zinc (million tonnes)	Contained Metal: Lead (million tonnes)	Competent Person
O'Callaghans – Indicated	69	0.34	0.29	0.55	0.27	0.24	0.20	0.38	0.18	2
O'Callaghans – Inferred	9	0.25	0.24	0.15	0.07	0.02	0.02	0.00	0.01	2
Total	**78**	**0.33**	**0.29**	**0.50**	**0.25**	**0.26**	**0.22**	**0.39**	**0.19**	

Note: Rounding may cause some computational discrepancies in the totals

* The figures shown represent 100% of the Mineral Resource. Gosowong is owned and operated by Pt Nusa Halmahera Minerals, an incorporated joint venture between Newcrest (82.5%) and Pt Aneka Tambang (17.5%).

** The figures shown represent 70% of the Mineral Resource. Cracow is an unincorporated joint venture between Newcrest (70%) and Catalpa Resources Limited (30%).

*** The figures shown represent 50% of the Mineral Resource. Newcrest and Harmony Gold Mining Company Limited have a 50-50 ownership of the Morobe Mining Joint Venture.

**** The figures shown represent 69.94% of the Mineral Resource. Newcrest has a 69.94% share of the Namosi Joint Venture.

1. Geoff Smart, 2. Paul Dunham, 3. Colin McMillan, 4. Craig Irvine, 5. James Francis (MMJV), 6. Michael Smith (Harmony), 7. Vik Singh.

83.6
million ounces of gold

17.25
million tonnes of copper

Production drilling at Ridgeway Deeps

2010 ORE RESERVES

Gold and Copper Reserves (# = includes stockpiles)	Proved Reserve			Probable Reserve			Total Reserve			Contained Metal		
	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Gold (million ounces)	Copper (million tonnes)	Competent Person
Cadia Hill Open Pit #	113	0.60	0.14	3.4	0.37	0.13	116	0.60	0.14	2.2	0.16	1
Ridgeway Underground #	4.1	1.3	0.51	97	0.79	0.37	101	0.81	0.38	2.6	0.38	2
Cadia East Underground				1,073	0.60	0.32	1,073	0.60	0.32	20.7	3.41	3
Total Cadia Province – Gold and Copper										**25.6**	**3.96**	
Main Dome Open Pit #	19	0.50	0.10	263	0.94	0.10	282	0.91	0.10	8.2	0.29	4
West Dome Open Pit				152	0.65	0.06	152	0.65	0.06	3.1	0.10	4
Telfer Underground				37	1.5	0.33	37	1.5	0.33	1.9	0.12	4
O'Callaghans				51		0.28	51		0.28		0.14	5
Total Telfer Province – Gold and Copper										**13.2**	**0.65**	
Gosowong # *				4.9	15		4.9	15		2.3		6, 8, 11,12
Cracow # **	0.33	7.6		0.31	8.0		0.65	7.7		0.2		7
Marsden				93	0.29	0.49	93	0.29	0.49	0.9	0.46	8
MMJV – Hidden Valley/ Kaveroi # ***	3.8	2.1		24	1.8		28	1.8		1.6		9
MMJV – Hamata # ***				2.9	2.1		2.9	2.1		0.2		9
MMJV – Golpu ***				35	0.61	1.1	35	0.61	1.1	0.7	0.40	10
Namosi JV – Waisoi ****				570	0.14	0.43	570	0.14	0.43	2.5	2.42	8
Total Other Provinces – Gold and Copper										**8.4**	**3.28**	
Total Gold and Copper										**47.3**	**7.88**	

Silver Reserves (# = includes stockpiles)	Proved Reserve		Probable Reserve		Total Reserve		Contained Metal	
	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Silver (million ounces)	Competent Person
Gosowong # *			4.9	17	4.9	17	2.7	6, 8, 11,12
Cracow # **	0.33	5.3	0.31	5.6	0.65	5.4	0.1	7
Ridgeway Underground #	4.1	1.5	97	0.87	101	0.90	2.9	2
Cadia East Underground			1,073	0.52	1,073	0.52	17.9	3
MMJV – Hidden Valley/ Kaveroi # ***	3.8	36	24	36	28	36	32.0	9
Total Silver							**55.7**	

2010 Polymetallic Ore Resources	Probable Reserve					Contained Metal				
	Dry Tonnes (millions)	Tungsten Trioxide Grade (% WO3)	Copper Grade (% Cu)	Zinc Grade (% Zn)	Lead Grade (% Pb)	Tungsten Trioxide (million tonnes)	Copper (million tonnes)	Zinc (million tonnes)	Lead (million tonnes)	Competent Person
O'Callaghans	51	0.34	0.28	0.61	0.30	0.17	0.14	0.31	0.15	5

* The figures shown represent 100% of the Ore Reserve. Gosowong is owned and operated by Pt Nusa Halmahera Minerals, an incorporated joint venture between Newcrest (82.5%) and Pt Aneka Tambang (17.5%).

** The figures shown represent 70% of the Ore Reserve. Cracow is an unincorporated joint venture between Newcrest (70%) and Catalpa Resources Limited (30%).

*** The figures shown represent 50% of the Ore Reserve. Newcrest and Harmony Gold Mining Company Limited have a 50-50 ownership of the Morobe Mining Joint Venture.

**** The figures shown represent 69.94% of the Ore Reserve. Newcrest has a 69.94% share of the Namosi Joint Venture.

1. Ellie Burdett, 2. Geoff Dunstan, 3. Lino Manca, 4. Brett Cuthbert, 5. Andrew Logan, 6. Robbie Whitworth, 7. Justin Woodward, 8. Steve Batman, 9. Anton Kruger, 10. Greg Job (Harmony), 11. Paul Tooth, 12. Daryl Corp.

Information in this report that relates to Mineral Resources and Ore Reserves is based on and accurately reflects reports prepared by the Competent Person named beside the information. All these persons, except Greg Job, James Francis and Michael Smith are full-time employees of Newcrest Mining Limited or the relevant subsidiary. Greg Job and Michael Smith are full-time employees of Harmony Gold Mining Company Limited. James Francis is employed by the Morobe Mining Joint Venture. Each Competent Person consents to the inclusion of material in the form and context in which it appears. All the Competent Persons named are Members of The Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and posses relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), 2004 Edition.

47.3
million ounces of gold

7.88
million tonnes of copper

Ore haulage from Cadia Hill open pit

CORPORATE GOVERNANCE

The Newcrest Board believes that adherence by the Company and its people to the highest standards of corporate governance is critical in order to achieve its vision. The corporate governance practices in place at Newcrest during the year to 30 June 2010 are described below. This includes information required under the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (August 2007).

1. BOARD OF DIRECTORS

Role and Responsibilities

The Board sets the Company's strategic goals and objectives and oversees the management and performance of the Company's business on behalf of the shareholders.

The parameters for exercise of the functions of the Board are contained in the Board Charter which can be found at www.newcrest.com.au/corporate.asp. The role of the Board is not to manage the Company, but to set, on behalf of the shareholders, the strategic direction of the Company and to review, oversee and monitor the management and performance of the business by the Company's senior executive team.

The role of the Company's senior executive team, having responsibility and authority for the day-to-day management of the Company, is formally set out in a Statement of Management Authorities and Responsibilities. This Statement is agreed with the Board and is supported by a comprehensive framework of approval and authority limits.

Board Composition

Newcrest's Board currently comprises eight Directors – two Executive Directors and six Non-Executive Directors. Following the merger with Lihir Gold Limited, Newcrest intends to review the composition of the Newcrest Board.

Details of each current Director's skills, experience and relevant qualifications and expertise, as well as the term of office held by that Director as at the date of this Report, are set out on pages 10–11.

The Board has determined that as a general rule a Non-Executive Director will not serve on the Board for more than 10 years. In keeping with the Listing Rules, Directors are required to retire at the third annual general meeting since they were last elected or re-elected (subject to the Listing Rule, requirement that at least one Director must face election or re-election each year).

Selection and Appointment of Directors

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

When a Board position becomes vacant or additional Directors are required, candidates are identified, using external professional advisers if necessary. Candidates are considered and appointed by the full Board. Appointment of the Managing Director is made by the full Board, with professional advice taken if necessary. All Board appointments are subject to shareholder approval.

Board Committees

The Board operates three standing Committees, which provide a forum for more detailed analysis of key issues. The Board also operates an ad hoc Board Executive Committee as required. All Directors receive all Committee papers and minutes and are welcome to attend any Committee meeting. Each Committee reports its deliberations to the next Board meeting.

The Board does not have a nominations committee. This role is dealt with by the Board itself. The Board is best placed to undertake the work of that committee having regard to the size of the Company, and that all decision-making authorities in relation to the work of a nominations committee rest with it.

The current Committees of the Newcrest Board, their membership and functions are as follows. Each of the Audit and Risk Committee, Human Resources and Remuneration Committee and Safety and Environment Committee has its own charter.

Audit and Risk Committee

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

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

Human Resources and Remuneration Committee

Members: Don Mercer (Chairman), Rick Lee, Tim Poole and Vince Gauci (Executive Directors, Ian Smith and Greg Robinson may attend by invitation).

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

It should be noted that Newcrest already complies with the new ASX Listing Rule requirement (effective for the financial year commencing on/after 1 January 2011) that its remuneration committee comprise a majority of independent directors, with at least three members, and be chaired by an independent director. This composition avoids potential conflict on the part of executive directors and enhances investor and community confidence in its decisions.

Safety, Health and Environment Committee

Members: Richard Knight (Chairman), Vince Gauci and John Spark.

Function: monitors the Company's safety, health and environmental management practices and ensures that the Company has appropriate policies in place to provide a framework for compliance with all relevant laws, regulations and standards, and oversees safety, health and environment risk management.

Board Executive Committee

Members: Don Mercer (Chairman), Ian Smith (Managing Director) and at least one Non-Executive Director.

Function: acts as a delegate for the Board to make decisions where it is not practical or reasonable to convene the Board.

The Charter for each Board Committee can be found at www.newcrest.com.au/corporate.asp. Details of the number of meetings of the Board and each Committee held during the financial year in addition to each relevant Director's attendance at those meetings, are set out on page 28 of this Report.

Board Independence

The Board has determined that all Non-Executive Directors are independent and free of any relationship that might conflict with the interests of the Company. All Directors are required to disclose their relevant interests and to give notice of any potential conflict of interest. The Board has in place processes for dealing with a conflict of interest or loss of independence by a Director, should that situation arise. The Board will continue to monitor the independence of each Director and will periodically review its approach to assessing director independence.

Access to Independent Advice and Information

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

2. BOARD AND EXECUTIVE PERFORMANCE

Board Performance Evaluation

The Board undertakes an annual review of its own performance effectiveness and that of its Committees and individual Directors. This may occur through a process consisting of internal review led by the Chairman, or may in some years be performed with the assistance of external advisers as may be deemed appropriate.

For the 2009–10 reporting period, this process was led by the Chairman based on a formal questionnaire and evaluation provided to each Board member. The outcomes of the evaluation were reviewed and considered by the Board. The Chairman concluded that in respect of the 2009–10 reporting period, the Board and each of its committees were operating well, with no areas of concern to be addressed.

Consideration to improve the functionality and performance of the Board and its Committees occurs at regular intervals and the practice of having all Directors present at all subcommittees is strongly supported.

Executive Performance Evaluation

The Company has in place a performance appraisal system for executives that is designed to optimise performance. Details regarding the Newcrest performance management system for the period 2009–10 are set out in the Remuneration Report on pages 36–55.

Each of the Company's senior executives (including the Managing Director and the Director Finance) have undergone performance evaluation during the 2009–10 reporting period in accordance with the Company's Work Performance System.

3. DIRECTORS' FEES AND EXECUTIVE REMUNERATION

Directors' Fees

Our Human Resources and Remuneration Committee deals with all matters relating to remuneration policy, executive and employee remuneration levels and remuneration matters generally. A copy of the Committee's Charter is available on the website at www.newcrest.com.au/corporate.asp.

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

Non-Executive Directors 'Fee Pool'

Newcrest complies with the new Listing Rule amendment (effective 1 June 2010) that superannuation contributions made by a listed entity for the benefit of non-executive directors and fees that a non-executive director agrees to salary sacrifice (pre-tax) must be included in calculating the total amount of directors' fees payable. The total 'fee pool' for non-executive directors must be approved by ordinary shareholders and presently stands at $1,800,000.

Executive Remuneration

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

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

Details of the Company's policies and practices in relation to both Director and employee remuneration, and how they relate to Company performance, are set out in the Remuneration Report on pages 36–55.

Executive Termination Benefits

Executive Services Agreements entered into after 24 November 2009 are subject to new rules pursuant to section 200E of the Corporations Act. Those entered into before that date are not, unless a 'variation' occurs, which may include a renewal or extension.

Newcrest accordingly, will not provide a termination 'benefit' to a person who held (including in the past three years) a 'managerial or executive office' in the Company or a related company without shareholder approval, unless such payment falls within the prescribed exceptions under the legislation. Existing contracts held by the Managing Director, Director Finance and all members of the senior executive team (except the Chief Operating Officer (formerly Chief Operating Officer, Australian Operations), who joined the Company in January 2010, and the Executive General Manager Australian & West African operations, who joined the Company in September 2010) were entered into prior to 24 November 2009. The Newcrest Board is reviewing the situation with respect to the new rules.

4. RESPONSIBLE AND ETHICAL BEHAVIOUR

Code of Conduct and Values

The Newcrest Code of Conduct reflects our Company values and provides a suitable framework within which our entire workforce functions, including interaction with stakeholders. This ensures the appropriate degree of integrity in our dealings. Newcrest employees have been trained in these values and behaviours to ensure compliance 'in action'.

The Company also has a comprehensive range of corporate policies, which detail the framework for acceptable corporate behaviour, and these are subject to periodical review.

Speak-Out

Newcrest has in place a Speak-Out Policy, which encourages employees and contractors to raise concerns or to report instances of misconduct or suspected misconduct, if necessary, on an anonymous basis. Complaints are referred to an independent third party service provider for initial consideration. Issues identified are then reported to Newcrest management so that concerns can be addressed and, where appropriate, investigated further.

Securities Dealing Policy

Our *Securities Dealing Policy* already meets the requirements of the ASX Listing Rule change (commencing 1 January 2011), which states that as a minimum, the policy must cover 'blackout periods', restrictions on trading by key management, trading that is not subject to the trading policy/excluded trades (e.g. dividend reinvestment plans), exceptional circumstances where trades will be permitted (e.g. severe financial hardship) and the procedure to obtain written consent for waiver.

The Code and other policies can be found at www.newcrest.com.au/corporate.asp.

5. SHAREHOLDER COMMUNICATION, CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS

The Board recognises the importance of keeping the market fully informed of the Company's activities and stakeholder communication in a timely, balanced and transparent manner. In this respect, Newcrest already complies with the new listing rule requirements concerning analyst briefings, which have effect from 1 January 2011.

Our Continuous Disclosure Policy ensures that Company information considered to be material is announced immediately through the ASX and key presentations given by Company personnel to investors and institutions are also lodged with the ASX.

Key communications are placed immediately on the Company website and provided directly to all shareholders as necessary. General and historical information about the Company and its operations is also available on the website.

Board policy is to achieve effective communication with Newcrest shareholders through compliance with ASX listing rules and Corporations Act reporting requirements, webcasting half year and full year financial results presentations, holding an accessible and informative Annual General Meeting, posting all other ASX announcements and briefings (including investor, analyst and public forums) on the Newcrest website.

Shareholders may receive electronic versions of the annual report, other key shareholder communications and notices of meeting.

Newcrest's auditors are available to answer questions relating to the audit of the Company's financial statements and the accounting policies adopted by the Company in the preparation of its financial statements at the Annual General Meeting. Shareholder questions at the Annual General Meeting are encouraged by the Chairman. Any shareholders unable to attend may submit questions to the Chairman prior to the meeting.

6. DIVERSITY

From 1 January 2011, Newcrest will be required to meet a new Listing Rule requirement to report on Company achievement against measurable objectives for achieving gender diversity (set by the Board) in the annual report on an 'if not, why not basis'.

Diversity includes gender, age, ethnicity and cultural background. Newcrest has a culturally diverse workforce and numerous programs that support diversity. Our workforce at both Gosowong, Hidden Valley and now Lihir Island and Bonikro in West Africa is significantly comprised of national staff. Indigenous employment programs are in operation particularly at Telfer, in addition to development and training programs, which benefit local communities adjacent to Newcrest and joint venture operations both within Australia and overseas.

Newcrest's diversity policy promotes a culture that values tolerance of differences. Standards and procedures within Newcrest address specific barriers to groups of employees, including making reasonable provision for specific needs, such as flexible working arrangements and parental leave, which thereby help encourage equal opportunity. The Recruitment and Selection Standard and associated training ensures that Newcrest people interview and select in a non-discriminatory manner.

The diversity policy and the relevant standards, for example on parental leave and flexible working arrangements, will now all be reviewed in light of the new requirements.

7. RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board reviews the effectiveness of management's implementation of risk management and of the internal control systems at least annually. The Audit and Risk Committee assists the Board with respect to oversight of risk management policy and of effective internal controls and risk management processes.

Management of Risk

Newcrest's Risk Management Framework is used to identify and evaluate risk events, establish robust controls and mitigation strategies, and to provide an assurance process in relation to effectiveness and implementation of these. The aim is to provide an overarching, uniform and consistent framework for identifying, assessing, monitoring and managing material business risks across the spectrum, being:

– strategic, corporate and commercial, major hazard (including operational, safety and environmental) and project management risks.

The risk profiles, including identification and assessment of related controls, are reviewed and updated by management and reported to the Audit and Risk Committee at least annually.

Internal Control Framework

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

– An integrated, robust planning and budgeting process delivering a five-year strategic plan and linked detailed budget annually (both subject to the approval of the Board). Progress against performance targets is reported against monthly and supplemented regularly with forecast updates.

- A comprehensive capital approval process controlling the authorisation of capital expenditure and investments. Key capital decisions are subject to independent technical and commercial review.
- A system of delegated authorities that cascades authority levels for expenditure and commitments from the Board, the delegation to the CEO and the further cascading of authorities from the CEO to the rest of the organisation.
- Appropriate due diligence procedures for acquisitions and divestments.
- The annual preparation of a capital management plan setting out the key capital structure, liquidity and cash flow at risk objectives of the Company. In addition, Treasury has detailed policies for the management of debt and currency, investment of surplus cash and interest rate risk management.
- A system of financial control processes to ensure the integrity of financial reporting.
- Each half year, the completion by management of a detailed internal control questionnaire covering financial stewardship, legal and risk issues.
- Regularly reviewed and tested crisis management and emergency management systems.

Internal Audit

The Company has an independent internal audit function, currently resourced by KPMG and reporting to the Director Finance, which undertakes audits of critical finance and business processes and tests key internal controls. The annual audit plan, which is approved by the Audit and Risk Committee, is structured to cover all material operating sites and processes on a rolling program. Findings are reported to senior management and the Audit and Risk Committee and corrective actions are monitored, reviewed and reported. Material findings are reported to the Board. The internal audit function and the Audit and Risk Committee have direct access to each other and have the necessary access to management to seek information and explanations.

Management Assurance

At the Board meeting to approve Newcrest's annual and half yearly results in 2009–10, the Board received and considered statements in writing from the Managing Director and Chief Executive Officer and Director Finance in relation to Newcrest's system of risk oversight and management and internal compliance with internal controls. These assurance statements were supported by an internal process of compliance confirmations by Executive General Managers and General Managers responsible for operations and key functions.

The certificate of assurance stated that the financial statements have been prepared in conformity with generally accepted accounting principles and that they gave a true and fair view of the state of affairs of the Company.

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

8. SUSTAINABILITY

Sustainability is an important part of Newcrest's vision to develop successful mining operations through balancing economic prosperity, environmental quality and social responsibility. Newcrest is a signatory to the AMI Code for Environmental Management (2000) and integrates environmental management into all facets of the business. A Sustainability Report detailing the Company's environmental and social performance is prepared each year. A copy of the Report for 2009 can be found on the website at www.newcrest.com.au/sus_report.asp.

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of the Newcrest Mining Limited Group, comprising the Company and its controlled entities, for the year ended 30 June 2010 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:

Don Mercer
Non-Executive Chairman

Ian Smith
Managing Director and Chief Executive Officer

Greg Robinson
Director Finance

John Spark
Non-Executive Director

Rick Lee
Non-Executive Director

Tim Poole
Non-Executive Director

Richard Knight
Non-Executive Director

Vince Gauci
Non-Executive Director

All Directors held their position as a Director throughout the entire year and up to the date of this Report.

COMPANY SECRETARY

Stephen Creese
Bachelor of Laws (Hons) and Bachelor of Arts

Mr Creese was appointed General Counsel in November 2009 and Company Secretary on 10 December 2009. He is responsible for the Group's legal and secretarial function. Prior to joining Newcrest, Stephen was with the Rio Tinto group for 29 years, where he worked in various legal and commercial roles, including that of General Counsel of Rio Tinto Limited between 1995 and 2008 and, more recently, as Managing Director – Rio Tinto Australia. Stephen is also a part-time member of the Australian Takeovers Panel and the Independent Chair of the National Employment Services Association.

Bernard Lavery
Bachelor of Laws and Bachelor of Jurisprudence

Mr Lavery ceased in his role as Company Secretary on 10 December 2009. He had been Company Secretary since 1995.

PRINCIPAL ACTIVITIES

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

CONSOLIDATED RESULT

The profit of the Group for the year ended 30 June 2010 after income tax and non-controlling interest amounted to $556.9 million (2009: $248.1 million). The net profit for 2010 includes a negative $206.8 million impact due to losses on restructured hedges and closed-out hedge contracts (2009: $235.0 million).

The Underlying Profit [1] of the Group attributable to owners of the parent amounted to $763.7 million (2009: $483.1 million).

DIVIDENDS

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

- Final unfranked dividend for the year ended 30 June 2009 of 15 cents per share, amounting to $72.5 million was paid on 16 October 2009.
- Interim unfranked dividend for the year ended 30 June 2010 of 5 cents per share, amounting to $24.2 million was paid on 16 April 2010.
- Final unfranked dividend for the year ended 30 June 2010 of 20 cents per share, amounting to approximately $96.7 million (based on shares on issue at 30 June 2010) has been determined and is proposed to be paid on 22 October 2010 to shareholders registered by close of business on 1 October 2010.

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 Group.

FUTURE DEVELOPMENTS

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

SUBSEQUENT EVENTS

On 22 July 2010, the National Court of Papua New Guinea (National Court) approved the despatch of the Scheme of Arrangement booklet (Scheme) to Lihir Gold Limited (Lihir) shareholders in respect to the merger with Newcrest. The National Court has fixed 23 August 2010 as the date for the Extraordinary General Meeting of Lihir shareholders to vote on the Scheme. Assuming Lihir shareholders vote in favour of the Scheme and the National Court approves the Scheme at the second court hearing date fixed for 27 August 2010, the Scheme will be implemented by mid-September 2010.

Newcrest and Sumatra Copper & Gold plc (Sumatra) have signed a Heads of Agreement involving an equity investment by Newcrest in Sumatra and a joint venture investment in two of Sumatra's gold projects in the south-west region of the Island of Sumatra, Indonesia. Newcrest and Sumatra intend to enter into definitive agreements in relation to the three limbs of the transaction by 17 August 2010. The joint venture investments are also dependent on approvals by Indonesian authorities.

[1] Underlying Profit excludes the after tax impact of losses on restructured hedges and hedge close-out costs.

The Directors of Newcrest Mining Limited determined that a final unfranked dividend of 20 cents per ordinary share be paid in respect of the 2010 financial year. The total amount of the dividend is $96.7 million based on shares on issue at the reporting date. If the Scheme outlined in Note 33 is approved, a maximum of 280,988,130 shares will be issued pursuant to the Scheme (subject to adjustments). This will increase the total dividend payable by $56.2 million. The dividend has not been provided for in the 30 June 2010 financial statements.

The Company has undertaken to Lihir Gold Limited that the record date for the dividend will be after the implementation date under the Scheme of Arrangement (other than in certain limited circumstances). The Company reserves its right to amend the record and payment dates of the dividend if required to enable it to comply with this undertaking. The Company will provide at least seven business days notice to the ASX if such a change is to occur.

There are no other matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached. During the year, additional accounting advice and other assurance related services were provided by Ernst & Young (auditor to the Company) – refer Note 22 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 Group 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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted. It is the policy of the Group to comply with all relevant environmental regulations in all countries in which it operates including Indonesia, Papua New Guinea and Fiji. The Group 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 Group. The environmental laws and regulations generally address the potential impact of the Group's activities in relation to water and air quality, noise, surface disturbance and the impact upon flora and fauna.

The Group 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 Group.

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. No major environmental incidents were recorded during the year and there was a small decrease in the number of environmental incidents across the Group compared with the previous year. A major program of work has been initiated at MMJV Hidden Valley Mine to address downstream impacts of increased sediment loads in the Watut River during mine construction.

Category	II	III	IV	V
2010 – No. of incidents	32	5	0	0
2009 – No. of incidents	43	2	0	0

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 Group. The Directors are not aware of any environmental matters which would have a materially adverse impact on the overall business of the Group.

SHARE RIGHTS AND OPTIONS

During the year an aggregate of 91,598 rights were exercised, resulting in the issue of 91,598 ordinary shares of the Company for nil consideration. At the date of this report there were 1,308,912 unissued shares under rights (1,309,498 at 30 June 2010).

In order to prevent dilution of its share capital through the exercise of rights the Company has determined that it will buy the corresponding number of shares on market as and when required.

ROUNDING OF AMOUNTS

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

INFORMATION ON DIRECTORS

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 10–11.

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:

	Directors' Meetings		Audit and Risk Committee Meetings		Human Resources and Remuneration Committee Meetings		Safety, Health and Environment Committee Meetings	
Director	A	B	A	C	A	C	A	C
Don Mercer	12	12	–	–	3	3	–	–
Ian Smith	12	12	–	–	–	–	–	–
Greg Robinson	12	12	–	–	–	–	–	–
John Spark	12	12	4	4	–	–	4	4
Rick Lee	12	12	4	4	3	3	–	–
Tim Poole	12	12	4	4	3	3	–	–
Richard Knight	12	12	4	4	–	–	4	4
Vince Gauci	12	12	–	–	3	3	4	4

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.

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

DIRECTORS' INTERESTS

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

Director	Number of Ordinary Shares	Nature of Interest	Number of Rights Over Ordinary Shares
Don Mercer	15,546	Direct and Indirect	–
Ian Smith	4,235	Direct	423,570
Greg Robinson	4,235	Direct	112,041
John Spark	18,105	Direct and Indirect	–
Rick Lee	20,000	Indirect	–
Tim Poole	4,235	Indirect	–
Richard Knight	20,000	Indirect	–
Vince Gauci	3,400	Indirect	–

1. OVERVIEW

Newcrest had a very strong 2010 financial year, increasing gold production and stable operating costs while taking advantage of increasing commodity prices to generate record profits and operating cash flow. Growth has also continued to be a focus with two major projects moving into production during the year (Hidden Valley and Ridgeway Deeps) and the Gosowong Extension Project to complete commissioning in the first quarter of FY11. In addition, Newcrest is well advanced with its acquisition of Lihir Gold Limited by Scheme of Arrangement.

The 2010 full year Underlying Profit [3] of $763.7 million was an increase of 58% from the prior year. The Statutory Profit increased by 124% to $556.9 million. Operating cash flow [4] for 2010 was up 27% to $1,303.3 million.

Gold production of 1,762,200 ounces was 8% higher than the prior year, while copper production of 86,816 tonnes was 3% lower. The price for both gold and copper increased in both US$ and A$ terms. Operating costs were stable across years, providing a decrease in unit costs, with the volume-related increase in costs offset by significant input cost reductions driven mainly by the fall in diesel prices and the strengthening Australian dollar.

On 4 May 2010, Newcrest and Lihir Gold Limited (Lihir) entered into a Merger Implementation Agreement (MIA) to combine the two companies under a Scheme of Arrangement (Scheme). The merger with Lihir is consistent with Newcrest's focus on gold, expansion in South-East Asia and acquiring or building low-cost long-life assets. The combination of Newcrest and Lihir creates the leading South-East Asian gold company, the fourth largest gold company in the world by market capitalisation, and will deliver significant synergies and value for both sets of shareholders.

In accordance with the process to complete the Scheme as outlined in the MIA, the first PNG court hearing was held on 22 July 2010 and a Scheme booklet sent to Lihir shareholders on 26 July 2010. A Lihir shareholder meeting to vote on the Scheme is scheduled for 23 August 2010. Assuming Lihir shareholders vote in favour of the acquisition, the full scheme will be complete by mid-September 2010.

Newcrest's internal growth strategy also achieved key milestones with the operational commissioning of Ridgeway Deeps, Hidden Valley and the incremental commissioning of the Gosowong Extension Project during the year. Ridgeway Deeps was completed three months ahead of schedule and $40 million under the budget of $545 million. Hidden Valley was delayed in reaching operational completion, was commissioned in May and was on budget. Management are working through a detailed improvement plan. The Gosowong Extension Project is on schedule and remains under the budgeted expenditure of US$179 million. The Cadia East development was approved by the Newcrest Board in April 2010 with an estimated capital cost of $1.91 billion, with first production expected late in calendar 2012.

[2] 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 2010 (2010) compared with the 12 months ended 30 June 2009 (the prior year or 2009), except where otherwise stated. All reference to $ is a reference to Australian dollars unless specifically marked otherwise.

[3] Underlying Profit is profit after tax before hedge restructure and close-out impacts attributable to members of the parent entity.

[4] Represents net cash provided from operating activities as disclosed in the Statement of Cash Flows.

Studies on new projects have also been progressing, with particular emphasis on Wafi-Golpu, Namosi and O'Callaghans. Wafi-Golpu exploration results were impressive, particularly around the deeper Golpu resources. A new resource has been booked for Golpu with gold resources increasing almost threefold to 8.72 million ounces and copper resources increasing to 4.77 million tonnes (100% terms); a concept study is nearing completion. During the year Newcrest also completed a substantial drilling program on the O'Callaghans tungsten/base metal deposit where a substantial reserve has been booked. Study work continued on the exploitation of the resource and preliminary discussions have commenced with potential partners. Namosi drilling continues and resources have been expanded and a reserve has been booked.

Exploration expenditure for the year of $101.1 million has been focussed on study projects, improving existing resource positions and converting these resources to reserves. Accordingly, a high proportion of exploration expenditure was capitalised ($68.1 million). The majority of expenditure was spent on Telfer, Gosowong, Wafi-Golpu and Namosi.

The strong operating cash flow of $1,303.3 million exceeded expenditure on projects and exploration ($886.5 million) and financing activities ($130.7 million), resulting in an increase in Group net cash of $286.1 million.

Newcrest ended the financial year with no gearing and a net cash position of $216.5 million. Newcrest also renegotiated its Bilateral Debt Facilities during the period. The facility was increased from US$600 million to US$1,100 million with eight banks, domestic and international, holding tranches of US$137.5 million each. The facility remains undrawn.

Newcrest continued the progressive increase in dividends to shareholders with its first interim dividend declared in February 2010 and an increased final unfranked dividend of 20 cents per share.

2. DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND THE INCOME STATEMENT

2.1 Profit Overview

For the year ended 30 June 2010 Newcrest reported Underlying Profit of $763.7 million, an increase of 58% over the prior year result of $483.1 million.

The significant increase in Underlying Profit is due to increased gold production, lower operating costs and higher commodity prices. Sales revenue was 11% higher due to higher gold sales volumes and increased gold and copper prices. Gold sales volumes were 6.6% higher, while the average gold price for the year of A$1,252 per ounce was 7.1% higher than the prior year. The average copper price for the year of A$3.40 per pound was 17.6% higher than the prior year, while copper sales volumes were 6.7% lower.

Costs of sales were 4.2% lower than the prior year, notwithstanding the increase in production and sales volumes in 2010. Mine production costs were in line with last year, resulting in lower unit costs, reflecting the success of cost reduction initiatives in labour, maintenance and contract labour costs. Key input costs were lower due to lower diesel costs and the lagged impact of falling commodity prices and the strengthening of the Australian dollar.

Inventory on the balance sheet increased by $146.9 million, primarily due to an increase in ore stockpiled at Telfer and Cadia Hill open pits and an increase in gold ounces in concentrate at year end. Deferred mining costs increased 31%, due to higher waste amortisation from the Cadia Hill open pit. The deferred mining costs on the balance sheet ($228.4 million) are predominantly related to the Cadia Hill open pit and will be fully amortised by the end of the mine life late in calendar 2012.

Exploration expenditure of $33.0 million charged to profit decreased by $24.8 million during the current period, with a higher level of capitalisation due to increased focus on brownfields and reserve definition activity.

Statutory Profit for the year of $556.9 million was a record for Newcrest and an increase of 124% on the corresponding year's result of $248.1 million. The Statutory Profit includes hedge restructure and close-out impacts resulting from Newcrest's September 2007 equity raising and subsequent hedge book close-out and debt repayment. These are non-cash items that accounting rules require to be amortised over the original hedge designation period. The amortisation rates were lower in the current year, in line with the anticipated schedule.

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

	$M	$M
Underlying Profit for the year ended 30 June 2009		**483.1**
Changes in revenues:		
Volume:		
Gold	70.5	
Copper	(39.5)	
Price:		
Gold	140.5	
Copper	98.0	
Silver	1.5	271.0
Changes in mine costs:		
Mine cost of sales:		
Mine production cost	1.0	
Deferred mining and inventory movement	95.6	
Treatment, realisation and royalty	2.5	
Telfer gas disruption costs	8.6	
Depreciation	(38.4)	69.3
Other costs:		
Corporate administration	(19.6)	
Exploration	24.8	
Other revenue and Other income/expense	13.8	
Finance costs	1.7	20.7
Tax and minority interest:		
Income tax expense	(68.9)	
Non-controlling interest	(11.5)	(80.4)
Underlying Profit for the year ended 30 June 2010		**763.7**

2.2 Revenue

		12 months to		
		30 June 2010	30 June 2009	% Change
Production volumes				
Gold [1]	oz	1,762,200	1,631,183	8.0
Copper	t	86,816	89,877	(3.4)
Sales volumes				
Gold	oz	1,745,130	1,637,385	6.6
Copper	t	86,876	93,077	(6.7)
Realised prices				
Gold	A$/oz	1,252	1,169	7.1
Copper	A$/lb	3.40	2.89	17.6
Average AUD:USD		0.8808	0.7487	17.6
Revenue				
Gold	$m	2,125.5	1,914.4	11.0
Copper	$m	651.6	593.2	9.8
Silver	$m	24.7	23.2	6.5
Total Sales Revenue	**$m**	**2,801.8**	**2,530.8**	**10.7**

[1] Includes pre-production ounces from Hidden Valley (2010: 46,209 ounces; 2009: 225 ounces)

The higher gold price and increased gold sales volumes has resulted in a significant increase in gold revenue. Substantially higher copper prices have also resulted in a material increase in copper revenue, notwithstanding the lower copper sales volumes. Gold revenue represents 75.9% of Newcrest's overall sales revenue (2009: 75.6%).

Gold production and sales by site:

Ounces	12 months to 30 June 2010 Gold Production	12 months to 30 June 2010 Gold Sales	12 months to 30 June 2009 Gold Production	12 months to 30 June 2009 Gold Sales
Cadia	325,712	311,552	297,889	301,539
Ridgeway	171,974	170,887	234,298	239,355
Gosowong	442,525	437,059	400,220	401,160
Cracow	71,932	71,455	69,443	67,326
Telfer	688,909	701,261	629,108	628,005
Hidden Valley [1]	61,148	52,916	225	–
Total	**1,762,200**	**1,745,130**	**1,631,183**	**1,637,385**

[1] Hidden Valley production and sales are reported at Newcrest's 50% ownership and includes 46,209 commissioning ounces for the full year.

Copper production and sales by site:

Tonnes	12 months to 30 June 2010 Copper Production	12 months to 30 June 2010 Copper Sales	12 months to 30 June 2009 Copper Production	12 months to 30 June 2009 Copper Sales
Cadia	29,110	28,804	28,083	28,643
Ridgeway	22,891	22,955	28,889	29,662
Telfer	34,815	35,117	32,905	34,772
Total	**86,816**	**86,876**	**89,877**	**93,077**

Total gold production increased 8.0% to 1.762 million ounces, while sales volumes increased 6.6% to 1.745 million ounces. The overall production increase of 131,017 ounces included:

- a 9.5% increase of 59,801 ounces at Telfer due to a significant increase in mill throughput reflecting increased mill utilisation due to improved plant maintenance scheduling;
- a 9.3% increase of 27,823 ounces from Cadia Hill due to increased gold recoveries. Gold grade increased in the second half of the year with mining focussed on higher-grade zones which will continue with the completion of Cutback 3;
- a 26.6% decrease of 62,324 ounces at Ridgeway due to reduced throughput and grade as mining from the sub-level cave was completed and production transitioned to the Ridgeway Deeps block cave mine. The block cave mine production ramp-up continued with ore production rates increasing through the latter part of the year as additional drawpoints were completed;
- a 10.6% increase of 42,305 ounces at Gosowong due to substantially higher mill throughput and increased gold recoveries, offsetting the lower grade;
- a 3.6% increase of 2,488 ounces from Cracow due to increased throughput, partly offset by lower grades; and
- production of 60,924 ounces at Hidden Valley (Newcrest 50% share). The operation was fully commissioned in May 2010.

Total gold revenue increased by 11.0% to $2,125.5 million (2009: $1,914.4 million) as a result of higher prices and sales volumes. The average gold price of A$1,252 per ounce was 7.1% higher than the prior period (A$1,169 per ounce).

Group copper revenue increased by 9.8% to $651.6 million due to substantially higher prices partly offset by lower sales volumes. The average copper price of A$3.40 per pound was 17.6% higher than the A$2.89 per pound in the prior period. The lower sales and production was mostly from Ridgeway as mining transitioned from the sub-level cave to the Ridgeway Deeps block cave mine.

Silver revenue increased by $1.5 million due to higher sales prices partly offset by lower sales volumes. The lower sales volumes were mainly due to lower silver production at Gosowong, due to lower mined silver grade.

2.3 Costs

Mine Cost of Sales

$M	12 months ended 30 June 2010	30 June 2009	% Change Total	% due to volume [1]	% due to cost increases/ (decreases)
Mine production costs	**1,096.7**	**1,097.7**	(0.1)	7.9	(8.0)
– Employee Salaries	183.6	179.0	2.6	1.4	1.2
– Maintenance incl Contract Labour	247.1	263.6	(6.2)	5.0	(11.2)
– Mining Contracts	123.6	122.2	1.1	6.8	(5.7)
– Fuel & Lubes	92.0	109.8	(16.2)	5.2	(21.4)
– Utilities & Power	73.8	66.3	11.3	7.6	3.7
– Liners & Grinding Media	102.4	83.1	23.2	19.5	3.7
– Other Input Costs	274.2	273.7	0.2	3.6	(3.4)
Deferred mining costs	79.2	60.5			
Inventory movements	(115.3)	(1.0)			
Telfer gas disruption costs	–	8.6			

[1] The 50% NML share of Hidden Valley mine production costs of $19.2 million for the period 1 May to 30 June 2010 have been included in the volume column.

Overall mine production costs (before inventory movements and deferred mining costs) decreased by $1.0 million, or 0.1%, to $1,096.7 million, despite an increase in Group mining activity and production, and the inclusion of Hidden Valley's costs from 1 May 2010. The primary driver of the cost reduction was the strengthening A$ on major US$ cost inputs, mainly fuel and lubricants, maintenance parts and mining and milling consumables. Diesel input prices fell from A$0.98 cents per litre last year to A$0.78 cents per litre in the current year. In addition, the sustained benefits of cost reduction initiatives are evident across the Group, in particular at Telfer with savings in contract labour and plant maintenance, and site administration and engineering overheads.

The fall in input costs has been countered by higher costs associated with the significant increase in mining and milling activity across the Group, with a subsequent increase in metal production. However, Newcrest's unit cash costs continue to be in the lowest cost quartile for global gold producers. Newcrest's cash costs for the year fell to US$306 per ounce (FY09: US$350 per ounce) compared to the global average of US$516 per ounce (FY09: US$489 per ounce).[5]

Employee costs have risen by 2.6%, reflecting a combination of a disciplined management of workforce numbers, and restrained wage inflation during the current financial year. Overall employee headcounts have increased, however these increases have been at Gosowong, with the implementation of owner mining and maintenance, and the inclusion of the Hidden Valley workforce in operational reporting from 1 May.

Significant sustained benefits have been realised at Telfer through the implementation of a number of key improvement projects including Shutdown Optimisation and Mill Liner Design. These projects combined with improved work planning and execution regimes have resulted in increased plant availability and lower unit maintenance costs. In addition, costs in this category are lower in the current financial year, with the transition to owner maintenance at Gosowong. Maintenance activities are now performed in-house by Newcrest employees, at a lower unit cost than in prior years. Overall contract maintenance costs have also benefited from lower costs for parts and consumables, due to the stronger Australian dollar.

[5] Source: GFMS Limited Precious Metals Cost Service

Processing circuit modifications at Cadia Valley, and throughput increases at both Telfer and Gosowong, have driven a significant increase in the consumption of power and mill consumables, such as liners and grinding media. FY10 saw the integration of a new secondary crushing plant and two Vertimills into the High Grade Plant at Cadia Valley. The secondary crushing plant was installed to maintain milling rates for the harder Ridgeway Deeps ore, the first of the two Vertimills has de-bottlenecked the ball mill circuit, allowing for higher throughput rates. The second Vertimill was installed as a regrind mill within the flotation circuit, and has improved gold recovery.

Contract prices for liners and grinding media peaked during the second half of the prior financial year, coming off a relatively low base. Prices have since progressively declined, in line with Newcrest's other cost inputs.

'Other Input Costs' include variable mining and milling costs such as heavy equipment tyres and explosives and chemical reagents, in addition to other fixed costs such as insurance. Total 'Other Input Costs' have remained steady in FY10, with the consumption impact of higher reagents and mill consumables, countered by input cost reductions due to the stronger Australian currency and fixed cost savings initiatives across the operations. One specific area of saving this year has been in the lower group insurance premiums due to renegotiated rates and a stronger A$ resulting in an overall reduction of $4.9 million.

Deferred mining costs were $79.2 million for the year ended 30 June 2010, compared to $60.5 million in 2009, due to increased waste amortisation from Cadia Hill open pit. As Cadia Hill nears the end of production late in calendar 2012, the rest of the deferred mining provision will be amortised.

Inventory movements were a credit of $115 million, due to an increase in ore stockpiled at both Telfer and Cadia Hill open pit operations. Due to planned mine sequencing, Cadia Hill and Telfer both mined in excess of milling capacity during FY10, and as a consequence, increased the tonnes of ore stockpiled. In addition, there was an increase in gold ounces in concentrate at year end, which was a sales timing issue.

Treatment, Realisation and Royalty Costs

Concentrate treatment and realisation costs for the year of $139.6 million was a decrease of $14 million on the prior year, predominantly driven by the impact of the Australian dollar appreciation on USD denominated shipping and realisation costs. In addition, Newcrest has benefitted from a 20% reduction in the contracted rates for concentrate shipping, treatment and refining costs driven by market conditions. These benefits have been offset by significant increases in off-the-top metal deductions due to the increase in metal prices.

Royalties of $67.6 million for the year were $11.5 million higher than the prior year, consistent with the increased metal sales and higher metal prices.

Depreciation

Depreciation expense, included in cost of sales, increased by $38.4 million to $300.9 million. The unit rate of depreciation increased by 8.6% to $174.8 per ounce reflecting production generated from new developed mines at Ridgeway Deeps, Gosowong and Hidden Valley.

Corporate Administration Costs

Corporate administration costs of $77.2 million was an increase of $7.4 million from the prior year. The corporate expenses include corporate costs of $61.2 million (2009: $57.5 million), depreciation of $7.6 million (2009: $4.3 million) and the accounting impact of the share based remuneration of $8.4 million (2009: $8.0 million).

Acquisition and Integration Costs

Costs of $12.2 million were incurred for the year relating to the proposed Merger Implementation Agreement to combine Newcrest Mining and Lihir Gold Limited. If the proposed transaction is successful, there are expected to be additional costs in FY11 for advisory fees and integration costs.

Exploration

Total exploration expenditure for the year was $101.1 million (2009: $109.3 million) with $33.0 million charged against income compared to $57.8 million in the prior year. (Details of the nature and location of exploration expenditure is provided in the cash flow section.)

2.4 Other Revenue and Other Income/(Expense)

Other revenue and other income/(expense) was $28.9 million (2009: $15.1 million).

	12 months ended	
$M	**30 June 10**	30 June 09
Other Revenue		
Interest revenue	12.2	7.7
JV management fees	0.7	0.6
	12.9	**8.3**
Other Income/(Expense)		
Profit/(loss) on sale of non-current assets	(0.3)	0.9
Net foreign exchange gain/(loss)	(14.7)	(32.6)
Fair value gain/(loss) on gold and copper derivatives	44.1	34.0
Cadia Valley royalty dispute	(10.9)	–
Other income/(expenses)	(2.2)	4.5
	16.0	**6.8**
Other Revenue and Other Income/(Expense)	**28.9**	**15.1**

The foreign exchange loss of $14.7 million is due to the effect of the strengthening A$:US$ exchange rate on US$ denominated concentrate debtors.

The fair value gain on gold and copper derivatives relates to the movements in spot prices impacting the quotational period adjustments in sales. Newcrest locks in the copper price for certain concentrate shipments at the time of sale to minimise this impact. Gold prices are not locked in at the time of shipment due to the shorter quotational period for gold (usually one month for gold versus three or four months for copper).

During the year, Newcrest received an unfavourable ruling by the NSW Court of Appeal in respect to the mineral royalties dispute at Cadia Valley. This matter has been appealed by the Group to the High Court of Australia.

Other Revenue mainly comprises of interest revenue which was higher due to the improved cash generation during the year.

2.5 Finance Costs

As a result of strong operating cash flows, Newcrest reduced its debt levels resulting in lower gross borrowing costs of $33.2 million (2009: $39.5 million). Interest of $33.2 million was expensed for the year (2009: $34.9 million) with no capitalisation. Interest of $4.6 million capitalised in the prior year relates to the Hidden Valley development project.

2.6 Income Tax Expense

The income tax expense in the current year on Underlying Profit was $297.2 million, resulting in an effective tax rate of 26.9%. The prior year tax expense on Underlying Profit was $228.3 million with an effective tax rate of 30.6%. The effective tax rate in the current year benefited from an adjustment to the prior period research and development allowance.

2.7 Hedge Restructure and Close-out Impacts

Losses on Restructured and Closed-out Hedges

During the 2008 financial year, Newcrest closed out its gold hedge book and realised the gold hedging losses and extinguished any future obligation with respect to the hedge contracts.

Accounting standards require the accumulated losses on the contracts closed out to remain deferred in the Hedge Reserve within equity. The losses in the Hedge Reserve 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 $294.9 million has been recognised in the year (2009: $352.0 million).

There are no liabilities remaining for the closed-out contracts and the profit impacts on the current and future periods are all non-cash.

$M	Current 2010	To be released in future periods 2011	2012	Total
Total hedge losses	**294.9**	152.8	7.2	160.0
Tax effect	**(88.5)**	(45.8)	(2.2)	(48.0)
After tax hedge losses	**206.4**	107.0	5.0	112.0

Other close-out related gains/(losses)

The other close-out related impacts include:

- fair value loss of $12.5 million on gold put options (2009: $25.1 million). Newcrest purchased the gold put options following the close-out of the gold hedge book in September 2007 in order to manage its exposure to commodity price risk; and
- a foreign exchange gain of $12.0 million (2009: $41.4 million) on US dollar borrowings designated as cash flow hedges. This relates to the gain crystallised on the repayment of US dollar denominated borrowings using proceeds from the equity raising undertaken in September 2007. This gain has now been fully realised in the Income Statement.

3. DISCUSSION AND ANALYSIS OF THE CASH FLOW STATEMENT

3.1 Cash Flow – Operating Activities

The Group generated record operating cash flows in the current period. The strong operational performance and higher gold prices drove the operating cash flow of $1,303.3 million, which was significantly higher than the prior year ($1,024.1 million).

3.2 Cash Flow – Investing Activities

Net cash used in investing activities for the year of $886.5 million was a decrease of $495.1 million on the prior year. The prior year included acquisition payments of $470.6 million in respect to the Morobe Mining Joint Venture.

Capital expenditure during the period focussed on projects at Cadia East ($233.7 million), Ridgeway Deeps ($137.7 million), Hidden Valley ($127.6 million) and the Gosowong Expansion ($103.4 million). Hidden Valley and Ridgeway Deeps became operational during the year, while the Gosowong Expansion will be commissioned early in FY11. The Cadia East project was approved for development in April 2010. The investing cash flows during the year were:

12 months ended 30 June 2010	$M
Capital Expenditure:	
Sustaining	100.4
Development	21.6
Projects – Construction and Studies	663.5
	785.5
Exploration	101.1
Other investing activities	(0.1)
Total	**886.5**

Exploration expenditure

Exploration expenditure during the year has been focussed on near province opportunities, improving existing resource positions and converting these resources to reserves. During the year, this included:

- Telfer – Further drilling of the O'Callaghans deposit (tungsten base metals);
- Gosowong – Drilling to the north of the previously mined Toguraci open pit; and
- Papua New Guinea – Drilling at Wafi and Golpu.

A breakdown of exploration expenditure by nature was:

12 months ended 30 June 2010	$M
Greenfields	17.6
Brownfields	25.1
Reserve Definition	
– Cracow	1.4
– Telfer	24.6
– Gosowong	14.4
– Namosi, Fiji	3.1
– Morobe, PNG	14.9
Total	**101.1**

A breakdown of exploration expenditure by region was:

12 months ended 30 June 2010	$M
Australia	47.9
Indonesia	22.2
Papua New Guinea	20.9
Fiji	8.6
Americas	1.5
Total	**101.1**

3.3 Cash Flow – Financing Activities

Cash flows used in financing activities were $130.7 million (2009: $634.2 million inflow) with major activities including:

- $81.3 million dividend payment to owners of Newcrest and $30.4 million dividend payment to non-controlling interests; and
- $15.8 million for share buy-backs.

3.4 Cash Balances

The Group's overall cash balance increased by $276.9 million or 76% from the prior year, to $643.3 million.

4. DISCUSSION AND ANALYSIS OF THE BALANCE SHEET

4.1 Net Assets and Total Equity

Newcrest's Net Assets and Total Equity increased during the year by $651.1 million to $5,009.5 million. This was mainly due to the statutory profit of $556.9 million.

Property, plant and equipment and exploration, evaluation and development had a combined value on the balance sheet of $4,320.4 million as at 30 June 2010 representing an increase of $409.2 million on the prior year. Capital expenditure of $785.5 million was focussed on Cadia East, Hidden Valley and Gosowong. Depreciation for the year was $308.5 million.

Total deferred mining expenditure on the balance sheet at 30 June 2010 was $228.4 million (2009: $302.8 million) with the majority relating to the Cadia Hill open pit, which is expected to amortise over the next two years.

Capitalised exploration of $285.1 million represents an increase of $51.4 million from the prior year. The majority of this balance relates to the Morobe Province (PNG), Telfer and Cadia Valley.

Newcrest has carry-forward tax losses of $271.5 million recognised as an asset as at balance date. This is a reduction of $132.0 million from last year. The majority of these losses relate to the Australian tax consolidated group and include the hedge losses realised with the close-out of the hedge book and gold bullion forward sales contracts in the 2008 financial year. At the current level of profitability, we expect operating tax losses to be fully utilised in the next three to four years.

4.2 Net Debt and Gearing

As at 30 June 2010, Newcrest's total cash balance exceeded its total borrowings by $216.5 million (2009: net debt of $84.1 million). The movement in the net debt balance is shown below.

	$M
Net debt at 30 June 2009	**84.1**
Retranslation of USD debt	(20.5)
Increase in cash balances	(276.9)
Net movement in finance leases	(3.2)
Net debt/(cash) at 30 June 2010	**(216.5)**

The increase in cash balances was as a result of the strong operating cash flows for the year.

The gearing ratio of net debt to net debt plus equity decreased to negative 5% (2009: 2% positive) as shown below:

$M	30 June 2010	30 June 2009
Total debt	**426.8**	450.5
Less cash and cash equivalents	**(643.3)**	(366.4)
Net debt	**(216.5)**	84.1
Equity	**5,009.5**	4,358.4
Net debt and equity	**4,793.0**	4,442.5
Gearing (net debt/net debt and equity)	**(5%)**	2%

4.3 Liquidity and Debt Facilities

Newcrest renegotiated its US dollar bilateral debt facilities during the year. The Group has available bilateral debt facilities of US$1,100 million with eight banks. These are unsecured revolving facilities with maturities ranging between December 2012 and February 2013. Interest is based on LIBOR plus a margin.

Newcrest has US$350 million of long-term senior unsecured notes issued into the North American Private Placement market. The notes, comprising five tranches, have a repayment profile from May 2012 to May 2020. The vast majority of the notes are at a fixed interest rate of 5.6%. The current plan is for this facility to continue until maturity.

1. INTRODUCTION

1.1 About this Report

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) and the Group for the period 1 July 2009 – 30 June 2010 and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations. This entire Remuneration Report is designated as audited.

In accordance with the *Corporations Act 2001*, remuneration details are disclosed for the Group's Key Management Personnel which includes the six most highly 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, being the Company's Directors, whose names appear in Table 9, and the Executive Managers whose names appear in Table 10.

In sections of this Report where remuneration arrangements are dealt with separately for Directors and for Executive Managers, the term Directors is used to refer to all Directors, Executive Directors refers to the Managing Director and Director Finance and the term Key Management Personnel refers to Executive Managers only.

1.2 Overview of Contents

1.3 Executive Summary

In 2009–10, the Group's remuneration strategy was:

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

Key developments during the year in the implementation and administration of the remuneration policy were:

- Fixed pay for Key Management Personnel, together with executive and senior management across the group, was frozen in 2009–10 consistent with wider market practice in response to the global financial crisis and concerns about its potential impact on financial performance.
- The Board resolved that the Short Term Incentive Deferral Plan should operate as a 'cash only' plan in relation to both the upfront and deferred components in:
  - 2008–09 in response to uncertainty in relation to taxation treatment of employee share plans and in particular possible upfront taxation of deferred shares following the federal government's announcement of changes in May 2009 which were not finalised until December 2009; and
  - 2009–10 largely because of the changes to taxation of employee entitlements which came into effect in December 2009 and which have the effect of making grants of deferred equity significantly less attractive, in particular by bringing forward the taxing time for grants of rights where a participant elects to take the two-thirds upfront component as equity deferred and held on trust for two years from the grant date. The Company has also been unable to purchase shares on market to meet its obligation to provide shares held on trust to STI participants due to restrictions on its ability to purchase or deal in its own securities during negotiation and implementation of its proposed scheme of arrangement with Lihir Gold Limited.

2. REMUNERATION OVERVIEW 2009–10

2.1 Key Changes in 2009–10

Key changes to remuneration practices in 2009–10 are as outlined above, being the freezing of salary increases in response to wider market and economic conditions and operating the Short Term Incentive Deferral Plan as a 'cash only' plan.

2.2 Remuneration Policy

The Group's remuneration policy is to provide market-competitive levels of remuneration for all employees, including Non-Executive Directors, Executive Directors and Key Management Personnel, having regard to both the level of work and the impact that those employees can potentially have on Group performance. The policy also seeks to align the interests of employees and shareholders by ensuring an appropriate level of at-risk performance pay, linking incentives and performance measures to both Group and individual performance.

2.3 Non-Executive Directors

Non-Executive Director fees are set based upon the need to attract and retain individuals of appropriate calibre, reflecting the demands of the role and fairness in relation to prevailing market conditions.

Non-Executive Directors fees are reviewed every two years and were last reviewed by the Board in December 2008 and adjusted with effect from 1 January 2009. The Board will again review these fees in 2010–11. Details of current Non-Executive Directors fees are set out in section 4.4 of this Report.

In order to maintain independence and impartiality, Non-Executive Directors do not receive any performance-related remuneration.

2.4 Executive Director and Key Management Personnel

Executive Director and Key Management Personnel 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 cash and equity remuneration in 2009–10 was offered respectively under the Long Term Incentive employee share plan and the Short Term Incentive Deferral Plan.

Details of the above incentive schemes are set out in section 5 of this Report.

3. HUMAN RESOURCES AND REMUNERATION COMMITTEE

3.1 Role of the Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to review, advise and formulate recommendations to the Board in relation to matters within its Charter, to refer these to the Board for determination, and to oversee implementation by management of the Board's decisions on remuneration and related matters.

The Human Resources and Remuneration Committee has responsibility for approving and overseeing the implementation of the Group's human resources and remuneration policies and practices. Its role also includes wider employee and human resource issues including recruitment, retention, the Group's behavioural and cultural framework and performance management practices.

3.2 Duties and Responsibilities

Duties and Responsibilities are set out in the Human Resources and Remuneration Committee Charter (the Charter). The Charter is available on the Company's website www.newcrest.com.au/corporate.asp.

The key duties and responsibilities of the Committee are to assist the Board in the discharge of its responsibilities for oversight and approval of the human resources and remuneration policies and practices of the Group through considering and making recommendations to the Board in relation to:

- the oversight of organisational design and human capability at Newcrest commensurate and consistent with its strategic goals including:

  a. its recruitment strategies and practices;
  b. the identification of talent including training and development;
  c. retention and succession; and
  d. diversity.

- the behavioural and cultural framework and practices of the Group;
- the human resources and remuneration strategies, policies and practices of the Group;
- the remuneration framework for all employees including in particular, Key Management Personnel, Executive Directors and Non-Executive Directors;
- the remuneration levels for Directors, Executive Directors and Key Management Personnel and contract terms, incentive arrangements and retirement and termination entitlements for Executive Directors and Key Management Personnel;
- the implementation and administration of major components of the Group's remuneration strategy such as superannuation, share plans, and incentive and bonus payments; and
- performance management practices and outcomes.

3.3 Composition

The Human Resources and Remuneration Committee is appointed by the Board. It comprises four Non-Executive Directors: the Chairman of the Board, Don Mercer, who acts as the Committee Chairman; Vince Gauci; Rick Lee; and Tim Poole. The Executive Directors, the Executive General Manager People and Communications 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 Human Resources and Remuneration Committee relating to their personal remuneration arrangements.

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

3.4 Meetings

The Committee meets as required but must meet at least three times a year to review the structure and implementation of the Group's remuneration strategy including:

- fixed remuneration;
- at risk remuneration including:
  - short-term cash incentives; and
  - other equity-based remuneration.

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 Group's employee cash and equity remuneration schemes.

4.2 Fixed Fees

Non-Executive Directors, including the Chairman, are paid fixed fees for their services to the Group. Those fees are inclusive of any contribution to superannuation that a Non-Executive Director wishes to make or which the Group 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 Group 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.

Fixed Fees paid to Non-Executive Directors in 2009–10 are set out in Table 9.

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 Group outside the scope of their normal Director's duties.

No fees for such services were paid to Non-Executive Directors during 2009–10, other than Committee membership fees which are discussed below.

In addition to fixed fees, Non-Executive Directors are paid for participation on Board Committees. Details of Board Committee fees paid during 2009–10 are included under the heading 'Committee Fees' in Table 9.

4.4 Non-Executive Director Fees

The Group's practice is to review Non-Executive Director remuneration every two years. The last review, by an independent specialist remuneration consultant, was in December 2008 and included a process of benchmarking against independent Non-Executive Director fees paid by other ASX Top 40 Companies.

Current Non-Executive Director remuneration, (effective from 1 January 2009) comprises:

- base fees payable to the Board Chairman of $480,000 and to each Non-Executive Director of $160,000 per annum respectively;
- fees payable to the Audit and Risk Committee Chair and Committee members of $35,000 and $17,500 respectively;
- fees payable to the Safety, Health and Environment Committee Chair and Committee members of $30,000 and $15,000 respectively; and
- fees payable to the Human Resources and Remuneration Committee Chair and Committee members of $30,000 and $15,000 respectively. In line with the Group's practice, the Board Chairman does not receive any additional remuneration for work undertaken as Chair of the Human Resources and Remuneration Committee.

4.5 Requirement for Directors to Hold Shares

All Directors are required to hold shares in the Company. The number of shares to be held and the timeframe in which they are to be acquired are determined by the Board. Acquisition must comply with the Company's Securities Dealing Policy.

4.6 Retirement Benefits

Non-Executive Directors are not entitled to receive a retirement benefit. The practice of offering retirement benefits to Non-Executive Directors was discontinued from 31 December 2003 and accrued benefits held by Directors at that time were 'frozen'. The last of these benefits was paid out to Bryan Davis upon his retirement in 2008.

5. EXECUTIVE DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

5.1 Executive Reward Structure

The Group's executive reward structure consists of the following three elements:

- fixed remuneration;
- at-risk cash remuneration; and
- at-risk equity-based remuneration.

In 2009–10 the Group retained the remuneration elements outlined above for Executive Directors and Key Management Personnel.

5.2 Board Policy and Strategy on Executive Remuneration

The Board has adopted a policy and strategy on remuneration which apply to Key Management Personnel and the Executive Directors. The structure of remuneration arrangements for the above Group employees is, in broad terms, no different from those for other senior management in the Group. The main differences relate to the weighting and trigger points for the receipt of different components of their remuneration.

5.3 Determining Fixed Remuneration

The Board annually reviews and determines fixed remuneration for the Executive Directors. 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.

The Group engages the services of independent and specialist remuneration consultants in formulating recommendations on fixed remuneration for Executive Directors and Key Management Personnel.

Newcrest's policy is to encourage employees to strive for high performance by aligning personal reward with performance. In 2009–10, the Board's remuneration policy was to position Newcrest as highly competitive in the market for fixed remuneration, and to use variable remuneration as the key differentiator – both to attract and retain high performers.

Fixed remuneration paid to Executive Directors in 2009–10 is set out in Table 9 of this Report and Key Management Personnel fixed remuneration in 2009–10 is set out in Table 10 of this Report.

5.4 Determining Variable Remuneration

The Board takes the view that employee incentive schemes are important elements of remuneration which provide tangible incentives to employees to improve the Group's performance in both the short term and the longer term, for the benefit of shareholders.

To ensure that Newcrest's remuneration policy fully supports the Group's commitment to high performance and that high calibre talent continues to be attracted, remuneration levels must be competitive, but oriented more towards variable, performance-based incentives.

Newcrest's policy is to remain competitive with fixed remuneration levels against comparable companies in Australia and with global mining companies. Newcrest seeks to differentiate the Group via its performance-related incentives, thereby seeking to attract senior executives and other employees who can deliver high performance, whilst recognising the higher levels of risk and reward that this entails.

The Short Term Incentive Deferral Plan (STI Deferral Plan) (see 5.5.1) is a short-term incentive program, based on both Group and individual employee performance-related measures, incorporating a deferred element – one-third of the awarded STI each year will be deferred for two years, and held on trust either as cash or shares. Incentive payments (on the two-thirds upfront entitlement) are to be made in October 2010.

The LTI (see 5.5.2) complements the STI Deferral Plan with measures that help further drive performance within Newcrest.

5.5 Equity-based Remuneration

The Board reviews and adjusts on an annual basis the content and balance of equity-based remuneration to sharpen the effectiveness of equity incentives and to recognise the potential impact on the Group of senior executive employees.

The amount of equity remuneration received by employees is performance-dependent and will vary according to the extent to which applicable Group and individual performance measures are met.

All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Group or individual employees, as applicable.

The Board has directed that shares forming part of the Group's equity remuneration are to be bought on-market by the Company (rather than being issued by the Company as new capital) to avoid any dilution of shareholder value.

Newcrest's Securities Dealing Policy prohibits the use by employees of derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Group's equity incentive schemes, whether or not they are vested. The Directors and the Company Secretary are not permitted to enter into margin loans in relation to Newcrest securities at any time and other designated employees must notify the Company if they intend to enter into such transactions. The Securities Dealing Policy forms part of each employee's terms of employment and is binding upon each employee. Compliance by Non-Executive Directors, Executive Directors and Key Management Personnel is monitored through the Company's Compliance Assurance Questionnaires and certification process each year.

Table 1 shows the composition of Equity-based Remuneration for 2009–10.

Table 1: Equity-based Remuneration as a percentage of Fixed Remuneration for Executive Directors and Key Management Personnel in 2009–10

	Managing Director	Director Finance	Key Management Personnel
Total Equity-based Remuneration (maximum award)	100%	100%	60%

5.5.1 Short Term Incentive (STI) Deferral Plan

The STI Deferral Plan, was introduced by the Board following an independent review of the Group's reward strategy in 2008 and was offered for the first time in 2009 in relation to the 1 July 2008 to 30 June 2009 performance period. The aim of the STI Deferral Plan is to help drive performance within the Group by providing a vehicle for senior management and executive reward.

Through the deferred component, the STI Deferral Plan promotes both retention and continuing performance. The performance measures are a combination of Group and individual measures, with a slight weighting towards individual performance.

The amount of the entitlement is based on a percentage range of each participant's fixed remuneration, and is performance-tested against the measures referred to above.

Under the Plan, eligible employees are granted an upfront entitlement (two-thirds) and deferred entitlement (one-third). The upfront component is awarded to participants without any restriction. The deferred component is subject to restrictions for a period of two years after it is conferred.

The Plan provides that the upfront component and deferred component may be taken at each participant's election as either cash or shares or as a combination of cash and shares. Following the Federal Government's Budget announcement on 12 May 2009, and uncertainty with respect to the taxation of employee share schemes, the Board determined that entitlements under the Plan offered for the 2008–09 year would be restricted to cash entitlements. As a result, no shares and no entitlement to elect to take shares instead of cash were offered.

In 2009–10 the Board has likewise determined that entitlements under the STI Deferral Plan offered in 2010 in relation to the 1 July 2009 to 30 June 2010 performance period will be restricted to cash entitlements. This is largely because of the changes to taxation of employee entitlements which came into effect in December 2009 and which have the effect of making grants of deferred equity significantly less attractive, in particular by bringing forward the taxing time for grants of rights where a participant elects to take the two-thirds upfront component as equity deferred and held on trust for two years from the grant date. The Company has also been unable to purchase shares on market to meet its obligation to provide shares held on trust to STI participants due to restrictions on its ability to purchase or deal in its own securities during negotiation and implementation of its proposed scheme of arrangement with Lihir Gold Limited.

In respect of the 2009–10 year, STI at-target performance for Key Management Personnel, was set at 60% of fixed remuneration. Around 46% of the target depended on Group performance and around 54% on personal performance against a set of Key Performance Indicators established with the Managing Director. The Group performance measures and outcomes for 2009–10 are set out in Table 7.

Table 2 contains a summary of key features of the STI Deferral Plan.

Table 2: Short Term Incentive Deferral Plan

Summary of Short Term Incentive Deferral Plan	
What is the Short Term Incentive Deferral Plan?	An incentive plan under which eligible employees are granted an Upfront Component (two-thirds) and a Deferred Component (one-third) the amount of which is based on a percentage range of each participant's fixed remuneration. Both the upfront component and deferred component may be taken at each participant's election as either cash or shares or as a combination of cash and shares. Note: as outlined in Section 5.5.1 of this report that cash-only and no shares are being offered to STI Deferral Plan participants in relation to the 2009–10 year.
How is the Upfront Component treated?	– The Upfront Component if cash is elected will be paid to each participant at or near the time of grant and will not be subject to any further restrictions. – If a participant elects to take the Upfront Component as shares, these will be transferred into that participant's name and will vest in each participant upon grant, but will be subject to a 'lock' on disposal or other dealings for two years from the grant date. These are known as Voluntary Deferred Shares. These shares will attract a right to dividends, to vote at AGMs and to participate in rights issues where eligible.
How is the Deferred Component treated?	– If a participant elects to take the Deferred Component as cash, that cash will not vest/be paid to each participant for two years from the grant date. This component is known as Compulsory Deferred Cash. Interest will accrue on that cash at a notional rate determined by the Board. – If a participant elects to take the Deferred Component as shares, these will be transferred into that participant's name upon grant, but will be subject to a 'lock' on disposal or other dealings and will not vest in the participant for two years from the grant date. These are known as Compulsory Deferred Shares. These shares will attract a right to dividends, to vote at AGMs and to participate in rights issues where eligible.
Who participates in the STI?	The Executive Directors, Key Management Personnel and Senior Management participate in the STI.
Why does the Board consider the STI an appropriate incentive?	A STI is a globally-recognised form of reward for management, aimed at ensuring focus and alignment with Group goals and strategy. Based on both group and individual measures – and in conjunction with other factors – it helps encourage and reward high performance.
What consideration is payable to the Group by STI participants?	No amount is payable by participants to the Group with respect to the STI Upfront Component or the Deferred Component upon grant, vesting or disposal or other dealings by a participant.
In what circumstances are STI entitlements forfeited?	– Compulsory Deferred Cash and Compulsory Deferred Shares are forfeited upon cessation of employment with the Group during the two year deferral period, except in limited circumstances including death, incapacity, redundancy or retirement in which case participants (or in case of death, their representatives) are entitled to Compulsory Deferred Cash and Compulsory Deferred Shares. – Voluntary Deferred Shares will not be forfeited upon cessation of employment with the Group, having vested at grant date, and will be transferred in full to participants upon the above events occurring. – Voluntary and Compulsory Deferred Entitlements will be forfeited by a participant guilty of fraud.
What happens to STI Deferred Entitlements upon a change of control in the Group?	– Under the STI, pro-rated vesting is triggered by change of control. The vesting of Compulsory Deferred Entitlements upon change of control is not automatic under the 2009 STI. Newcrest's Board must determine at the relevant time whether this is the appropriate outcome in all the circumstances. – Voluntary Deferred Components will be paid out in full upon change of control.

Table 2: Short Term Incentive Deferral Plan (continued)

Summary of Short Term Incentive Deferral Plan	
What are the performance conditions under the STI?	Group performance measures relate to: – safety: – earnings; and – costs; plus – one further discretionary Group performance measure determined annually. Personal performance measures relate to: – 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 Group's Work Performance System (WPS) and/or documented on a STI 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. Performance metrics are measured for the financial year immediately preceding the date of grant of the relevant STI entitlements. In addition, participants must meet a minimum prescribed level of individual performance in the two years from the grant date to vesting, in order to qualify to receive the Compulsory Deferred Component upon vesting. (This does not apply to the Voluntary Deferred Component)
What is the relationship between Group performance and allocation of STI?	Performance against Group 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 Group performance is measured as the simple average of achieved performance against the four Group 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 Group performance multiplied by personal performance. The actual award of STI is calculated by multiplying the overall performance rating by a participating employee's target STI.
What is the period over which Group performance is assessed?	The assessment period is the 1 July to 30 June financial year preceding the grant date of the Upfront Component and the Deferred Component.
How are shares provided to participants under the STI?	Shares are bought on market.

5.5.2 Long Term Incentive (LTI)

The LTI equity incentive scheme was offered to Executive Directors and Key Management Personnel in 2008–09 and again in 2009–10. The Group performance measures in 2009–10, over a three-year vesting period, were three equally weighted performance measures, being:

– Reserves Growth;

– Comparative Cost Position; and

– Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of Group performance. Reserves Growth and Comparative Cost Position being drivers of shareholder value in a gold mining company, and ROCE being a direct measure of capital efficiency. The previous TSR-based performance measures continue to apply to rights issued under the LTI plan in 2007 which are due to vest (subject to satisfying performance hurdles) in November 2010.

Table 3 contains a summary of the LTI's key features.

Table 3: Long Term Incentive (LTI)

Summary of LTI	
What is the LTI?	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 Group achieving a performance hurdle over a set performance period.
Who participates in the LTI?	The Executive Directors, Key Management Personnel and senior management participate in the LTI.
Why does the Board consider the LTI an appropriate incentive?	The LTI is designed to reward participants for Group performance and to align the long-term interests of shareholders, senior and executive management and the Group, by linking a significant proportion of participating employees' remuneration at risk, to the Group's future performance, currently assessed over a three year period from the date of grant of the related Performance Rights.
What are the key features of the LTI?	– 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 Group, 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.
What are the performance conditions under the LTI?	Rights issued under the Plan are subject to three performance measures based on: – Reserves Growth; – Comparative Cost Position; and – Return on Capital Employed (ROCE). Performance against each of these measures over the three year vesting period accounts for one-third of any grant made to participants. The results are independently audited by the Group's external auditor each year. Reserves Growth is an absolute performance measure which refers to the growth in total in situ ore reserves at the end of each performance period, net of mining depletion. Reserves Growth is an absolute and objective measure, based on independently reviewed reserves figures which are reported in the Company's annual accounts. Broadly, the percentage increase in reserves will determine the number of rights granted. Comparative Cost Position is a relative measure of the Group's cash cost of production after any by-product credits, compared to other global producers. The GFMS Precious Metals Cost Service is an independent web-based service, updated quarterly, which offers access to industry cost and production data. The gold section of the GFMS Service captures cost and production data for around 200 operating mines controlled by 90 companies, accounting for 1400 tonnes of annual gold mine production (approximately two-thirds of global gold production annually). GFMS data is used for performance measurement over the LTI's three-year vesting period. The comparison is made by ranking the Group's performance against all other producers included in the GFMS Precious Metals Cost Service in accordance with their cash costs of production. All measurements are verified by an independent third party. Return on Capital Employed (ROCE) is an absolute measure, defined as underlying earnings before interest and tax (EBIT), divided by Capital Employed, being shareholders' equity plus net debt. One-third of LTI rights vest to the extent to which the ROCE performance condition is satisfied each year of the performance period. As this is an internal Newcrest performance measure all results are verified by an independent third party.

Table 3: Long Term Incentive (LTI) (continued)

Summary of LTI	
What is the relationship between Group performance and allocation of Performance Rights?	**Reserves Growth** Performance against this measure accounts for one-third of Rights which may vest in any grant of LTI entitlements. – Less than 10% growth leads to a zero award of these Rights. – 10% growth leads to a 50% award of these Rights. – Greater than 10% growth up to 30% growth. Award of these rights is calculated pro-rata with an additional 2.5% of Rights vesting for each percentage point above 10% growth. – 30% growth or more leads to a 100% award of these Rights. **Comparative Cost Position** Performance against this measure accounts for one-third of Rights which may vest in any grant of LTI entitlements. – Comparative costs at or above the 50th percentile leads to a zero award of these Rights. – Comparative costs less than the 50th percentile but at or above the 25th percentile leads to a 50% award of Rights. – Below the 25th percentile but at or above the 10th percentile leads to an 80% award of Rights. – Below the 10th percentile leads to a 100% award of these Rights. Straight-line vesting occurs between each of these thresholds. **ROCE** Performance against this measure accounts for one-third of Rights which may vest in any grant of LTI entitlements. – ROCE below 7% leads to a zero award of these Rights. – ROCE from 7% and below 17% leads to an award of 10% of these Rights percentage point above 7%. – ROCE at or above 17% leads to 100% of these Rights vesting.
What is the vesting period for the LTI?	Performance Rights vest in participants (i.e. may be exercised) three years after the date of grant, provided performance conditions are met.
What is the period over which Group performance is assessed?	The assessment period is three years following the date of grant of Performance Rights.
How are shares provided to participants under the LTI?	Once Performance Rights have vested, shares are either bought on market or transferred by the Company to eligible LTI participants.
Why did the Board choose the above performance hurdles?	The Board considers that these performance measures are key factors which impact on the share price and which drive the value of the Group over the long term.
Is the benefit of participation in the LTI affected by changes in the share price?	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.
Are the performance conditions retested?	No, the performance conditions are only tested once at the end of the three-year performance period.
What is the maximum number of Performance Rights that may be granted to an LTI participant?	The maximum number of Performance Rights that may be granted is determined by the level of Equity-based remuneration applicable to each participant. See Table 1.

5.5.3 Medium Term Incentive (MTI)

The MTI equity incentive scheme offered participants Restricted Rights to receive ordinary fully paid shares in the Company after a three-year vesting period – based on the Company's Total Shareholder Return (TSR) performance against a comparator group of companies in the financial year immediately prior to the date of grant of those rights. This was not offered to Executive Directors and Key Management Personnel in 2008–09 or in 2009–10 and has been discontinued as an incentive scheme. Restricted Rights that were issued to Executive Directors and Key Management Personnel under the MTI in prior periods are unaffected by this decision, and are still to vest. It is for this reason that a detailed summary of the MTI is included in this Report.

Table 4 contains a summary of the MTI's key features.

Table 4 – Medium Term Incentive (MTI)

Summary of MTI	
What is the MTI?	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 Group'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 Group throughout the vesting period (subject to limited exceptions outlined below) and achieves minimum acceptable personal performance.
Who participates in the MTI?	The Executive Directors, Key Management Personnel, senior management and other selected high-performance personnel.
Why does the Board consider the MTI an appropriate incentive?	The MTI is designed to link Group performance, individual performance and retention by putting a significant proportion of participating employees' remuneration at risk.
What are the key features of the MTI?	– 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.
What are the performance conditions under the MTI?	– Performance is measured according to the Company's Total Shareholder Return (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 & Poor's.
What is the relationship between Group performance and allocation of Restricted Rights?	In terms of the relationship between Group performance and the allocation of Restricted Rights: – 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 and below the 75th 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.
What is the period over which Company performance is assessed?	The financial year immediately prior to the date of grant of Restricted Rights.
Are MTIs awarded where performance falls below a minimum threshold?	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 Group's Work Performance System (WPS).
How are shares provided to participants under the MTI?	Once Restricted Rights have vested, shares are either bought on market or transferred by the Company to eligible MTI participants.
Why did the Board select a TSR performance hurdle?	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 at that time.

Table 4 – Medium Term Incentive (MTI) (continued)

Summary of MTI

Is the benefit of participation in the MTI affected by changes in the share price?	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.
Are the performance conditions retested?	No, the performance conditions are only tested once, at the end of the one year performance period.
What is the maximum number of Restricted Rights that may be granted to an MTI participant?	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% offered to management, 30% for senior management, and 50% for Key Management Personnel including the Director Finance and 75% for the Managing Director.
Which Companies are in the TSR Comparator Group?	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: Executive Share Plan Performance Hurdles 2005–2009

The following is a summary of Performance Hurdles that relate to Share Plan awards for the period 2005 to 2009. Note: 2010 awards are scheduled to be made in November 2010.

Year	Grant Date	Performance Hurdle
2009 (LTI) **2008 (LTI)**	10 Nov 2009 11 Nov 2008	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details.)
2007 (MTI) **2006 (MTI)** **2005 (MTI)**	9 Nov 2007 3 Nov 2006 8 Nov 2005	The performance hurdle is based on the TSR ranking of the Company. If at a grant 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 is granted is zero; (b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 30% (except for the 2005 MTI plan which is 50%) 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 is granted is 100% of the rights comprised in the grant; (d) greater than the 50th percentile and less than the 75th percentile, then in addition to the rights exercisable under paragraph (b) above, further rights are granted, the number being calculated on a straight-line basis.
2007 (LTI) **2006 (LTI)**	9 Nov 2007 3 Nov 2006	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: (a) less than the 50th percentile of the TSR for the comparator group, the number of rights which is granted is zero; (b) equal to the 50th percentile of the TSR for the comparator group, the number of rights which is granted is 50% 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 is granted is 100% of the rights comprised in the grant; (d) greater than the 50th percentile and less than the 75th percentile, then in addition to the rights exercisable under paragraph (b) above, further rights are granted with the number being calculated on a straight-line basis.
2006 (MD & CEO)	14 July 2006	The performance hurdle is the achievement of initial performance objectives by Ian Smith during the first 180 days in his role as Managing Director and Chief Executive Officer and was agreed with Ian Smith upon his employment with the Company. In February 2007 the Board reviewed Ian 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 and became convertible to ordinary shares in the Company on the third anniversary of his appointment.

6. RELATIONSHIP OF INCENTIVES TO NEWCREST'S FINANCIAL PERFORMANCE

Performance measures since the November 2008 LTI have been based on a combination of the Group's Reserves Growth, Comparative Cost Position and Return on Capital Employed over a three-year performance period.

Table 6 sets out the Company's performance in TSR for the period 30 June 2005 to 30 June 2010. LTI outcomes (for allocations prior to 2008) have been aligned to, and reflect, TSR performance.

Table 6: Newcrest's financial performance

Year Ended 30 June	2005	2006	2007	2008	2009	2010
Basic Earnings Per Share (EPS) [1] (cents)	39.4	39.6	19.4	30.8	53.0	115.2
Dividends (cents)	5.0	5.0	5.0	10.0	15.0	25.0
Share Price at 30 June ($)	17.38	21.08	22.85	29.30	30.51	35.10
Share Price Increase [2] ($)	3.60	3.70	1.77	6.45	1.21	4.59
Total Shareholder Returns [3] (%)	32.8	38.4	2.0	57.0	- 4.4	6.6

[1] Basic EPS is calculated as net profit after tax and non-controlling interests divided by the weighted average number of ordinary shares.

[2] Share price movement during the financial year.

[3] 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 the STI awarded for 2009–10, the Group's performance against the Group performance objectives for Executive Directors and Key Management Personnel is set out in Table 7. It shows that overall, the Group's performance was at 116% of the target, reflecting above-target performance for earnings and safety and costs. Performance above or below target results in a percentage of target outcome based on a scale of pro-rating pre-determined by the Board. The outcome for each of the Executive Directors and Key Management Personnel for 2009–10 has been determined by the overall personal performance multiplied by the Group's overall performance.

Table 7: Performance objective for year ending 30 June 2010 (Executive Directors and 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)	<6.0	5.8	117% (50% weighting)
Safety Risk List (% Action) [1]	10% Risk Reduction Actions Overdue	100% Risk Reduction Actions on Time	125% (50% weighting)
Earnings (Adjusted Net Profit after Tax and Significant Items) [2]	A$522.0 million	A$610.0 million	125%
Costs (Total Production Costs per ounce before by-product revenue credits divided by total gold production)	A$948/oz	A$934/oz	104%
Discretionary Component [3]			115%
Overall Company Performance (including discretionary component)			116%

[1] The Safety Risk List comprises risk reduction actions that have been developed as part of the risk assessment process conducted on the major safety hazards across the Group.

[2] 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. Significant Items represent hedge restructure and close-out impacts.

[3] The discretionary component is a discretionary assessment by the Board of the overall performance of the Group in areas other than safety, earnings and costs.

7. EXECUTIVE SERVICE AGREEMENTS

7.1 Overview and 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 8: 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	2,200,000	3 months	12 months	1.0 times total annual remuneration
Greg Robinson Director Finance	Open	1,100,000	3 months	12 months	1.0 times total annual remuneration
Ron Douglas Executive General Manager Projects	Open	680,000	3 months	12 months	1.0 times total annual remuneration
Geoff Day Chief Operating Officer Offshore Operations	Open	680,000	3 months	12 months	1.0 times total annual remuneration
Colin Moorhead Executive General Manager Minerals	Open	680,000	3 months	12 months	1.0 times total annual remuneration
Debra Stirling Executive General Manager People and Communications	Open	630,000	3 months	12 months	1.0 times total annual remuneration
Stephen Creese General Counsel and Company Secretary (Commenced 30 November 2009)	Open	680,000	3 months	12 months	1.0 times total annual remuneration
Greg Jackson Chief Operating Officer Australian Operations (Commenced 18 January 2010)	Open	680,000	3 months	12 months	1.0 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 2010.

[2] Termination payment if Newcrest terminates the Executive's employment other than for cause. Annual remuneration includes all elements of remuneration including cash and equity incentives.

7.2 Executive Service Agreements entered into in 2009–10

7.2.1 Greg Jackson

Greg Jackson commenced employment with the Company on 18 January 2010, 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 Jackson may resign at any time on giving three (3) months written notice, and the Company may terminate his employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Greg Jackson's duties and responsibilities.
- Base salary of $680,000 per annum to be reviewed annually.
- STI of 60% of base salary at target, with a maximum up to 120%, dependent upon Greg Jackson meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance.
- Greg Jackson will also be offered an annual award in accordance with the Group's Remuneration Policy in relation to LTI equal to 60% 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 Stephen Creese

Stephen Creese commenced employment with the Company on 30 November 2009, 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. Stephen Creese may resign at any time on giving three (3) months written notice, and the Company may terminate his employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Stephen Creese's duties and responsibilities.
- Base salary of $680,000 per annum to be reviewed annually.
- STI of 60% of base salary at target, with a maximum up to 120%, dependent upon Stephen Creese meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance.
- Stephen Creese will also be offered an annual award in accordance with the Group's Remuneration Policy in relation to LTI equal to 60% 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 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 Smith may resign at any time on giving three (3) months written notice, and the Company may terminate his employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Ian Smith's duties and responsibilities.
- Base salary of $2,200,000 per annum to be reviewed annually. This amount was frozen during 2009–10 as part of the Company's response to the Global Financial Crisis.
- STI of up 100% of base salary at target, up to a maximum of 120% of base salary dependent upon Ian Smith meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance.
- He 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 his 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 vested and became convertible to Newcrest ordinary shares on the third anniversary of his appointment. The deferred vesting of Performance Rights provided alignment between his interests and those of shareholders during the three year period. The award of the initial Performance Rights was approved by shareholders at the 2006 Annual General Meeting.
- Ian Smith will also be offered an annual award in accordance with the Group's Remuneration Policy in relation to LTI equal to 100% 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 Greg Robinson

Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Director Finance on 23 November 2006, 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 Robinson may resign at any time on giving three (3) months written notice, and the Company may terminate his employment on giving twelve (12) months written notice, or payment in lieu of notice.
- The Agreement sets out Greg Robinson's duties and responsibilities.
- Base salary of $1,100,000 per annum to be reviewed annually. This amount was frozen during 2009–10 as part of the Company's response to the Global Financial Crisis.
- STI of 100% at target, with a maximum of up to 120% of base salary dependent upon him meeting specified personal and Group performance targets, where 120% is only achievable for 'outstanding' performance.
- Greg Robinson will also be offered an annual award in accordance with the Group's Remuneration Policy in relation to LTI equal to 100% 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 9: Directors' Remuneration

	Short Term				Post-Employment	Share-Based Payments			
Directors	Salary & Fees (A) $'000	Committee Fees (B) $'000	Salary at Risk (C) $'000	Other Benefits/ Services (D) $'000	Super-annuation (E) $'000	Value of Rights (G) $'000	**Total** **$'000**	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
2009–10									
Executive Directors									
Ian Smith Managing Director and Chief Executive Officer	2,186	–	2,113	6	14	1,666	**5,985**	27.8	63.1
Greg Robinson Director Finance	1,086	–	1,225	6	14	754	**3,085**	24.4	64.1
Non-Executive Directors									
Don Mercer Chairman	466	–	–	–	14	–	**480**	–	–
John Spark	146	50	–	–	14	–	**210**	–	–
Rick Lee	146	33	–	4	14	–	**197**	–	–
Tim Poole	152	33	–	–	8	–	**193**	–	–
Richard Knight	146	48	–	–	14	–	**208**	–	–
Vince Gauci	146	30	–	–	14	–	**190**	–	–
	4,474	**194**	**3,338**	**16**	**106**	**2,420**	**10,548**		
2008–09									
Executive Directors									
Ian Smith Managing Director and Chief Executive Officer	2,136	–	1,835	6	14	2,196	**6,187**	35.5	65.2
Greg Robinson Director Finance	1,061	–	932	6	14	448	**2,461**	18.2	56.1
Non-Executive Directors									
Don Mercer Chairman	451	–	–	–	14	–	**465**	–	–
John Spark	141	41	–	–	14	–	**196**	–	–
Rick Lee	141	24	–	2	14	–	**181**	–	–
Tim Poole	141	24	–	–	14	–	**179**	–	–
Richard Knight	141	33	–	–	14	–	**188**	–	–
Vince Gauci Appointed 10 Dec 2008	82	16	–	–	7	–	**105**	–	–
Bryan Davis Resigned 30 Oct 2008	45	5	–	2	4	–	**56**	–	–
Michael O'Leary Resigned 30 Oct 2008	45	10	–	5	5	–	**65**	–	–
	4,384	**153**	**2,767**	**21**	**114**	**2,644**	**10,083**		

See Table 10 for explanation of notes (A)–(J).

8.2 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 10: Key Management Personnel Remuneration

	Short Term			Post-Employment	Share-Based Payments					
Key Management Personnel	Salary & Fees (A) $'000	Salary at Risk (C) $'000	Other benefits/ Services (D) $'000	Super-annuation (E) $'000	Value of Options (F) $'000	Value of Rights (G) $'000	Termination Benefits (H) $'000	Total $'000	Equity Compensation Value (I) %	Performance-Related Remuneration (J) %
2009–10										
Executives										
Ron Douglas EGM Projects	666	473	–	14	–	299	–	**1,452**	20.6	53.2
Colin Moorhead EGM Minerals	666	511	6	14	–	285	–	**1,482**	19.2	53.7
Debra Stirling EGM People and Communications	616	526	6	14	–	280	–	**1,442**	19.4	55.9
Geoff Day COO Offshore Operations	666	355	6	14	–	216	–	**1,257**	17.2	45.4
Greg Jackson COO Australian Operations Commenced 18 Jan 2010	304	219	–	7	–	80	–	**610**	13.1	49.0
Stephen Creese Legal Counsel and Company Secretary Commenced 30 Nov 2009	390	442	3	8	–	80	–	**923**	8.7	56.6
Former Executives										
Bernard Lavery EGM Corporate Services and Company Secretary[1]	264	–	3	6	–	123	–	**396**	31.1	31.1
	3,572	**2,526**	**24**	**77**	**–**	**1,363**	**–**	**7,562**		
2008–09										
Executives										
Bernard Lavery EGM Corporate Services	581	492	6	14	33	220	–	**1,346**	18.8	55.3
Ron Douglas EGM Development & Projects	659	507	4	14	–	162	–	**1,346**	12.0	49.7
Colin Moorhead EGM Minerals	630	507	6	14	7	162	–	**1,326**	12.7	51.0
Debra Stirling EGM People, Communication & Environment	616	534	6	14	–	154	–	**1,324**	11.6	52.0
Geoff Day EGM Operations Commenced 10 Nov 2008	430	280	4	9	–	79	–	**802**	9.9	44.8
Former Executives										
Dan Wood Exploration Executive Retired 30 Sep 2008	175	–	–	3	33	47	476	**734**	10.9	10.9
Tim Lehany EGM Operations Resigned 31 Oct 2008	228	–	2	5	17	43	1,170	**1,465**	4.1	4.1
	3,319	**2,320**	**28**	**73**	**90**	**867**	**1,646**	**8,343**		

[1] Bernard Lavery ceased in his role as Company Secretary on 10 December 2009 at which date he was no longer considered Key Management Personnel (KMP). The remuneration disclosed above represents his remuneration for the period he was KMP.

Notes to Tables 9 and 10:

(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) Short Term Incentive relates to the Executive Directors and Key Management Personnel performance in the 2009–10 year (of which one-third is deferred for two years) and for comparatives, performance in the 2008–09 year (of which one-third is deferred for two years).

(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.

(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 an 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 2009	Rights LTI Nov 2008	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	Options Dec 2003
Fair value*	$34.63	$22.00	$23.38	$35.64	$18.19	$23.81	$19.52	$18.78	$4.11
Exercise price	–	–	–	–	–	–	–	–	$12.29
Estimated volatility	40%	40%	36%	36%	36%	36%	36%	34%	37%
Risk-free interest rate	5.04%	3.97%	6.69%	6.69%	5.99%	5.99%	5.99%	5.42%	6.33%
Dividend yield	0.50%	0.20%	0.20%	0.20%	0.40%	0.40%	0.40%	0.40%	0.39%
Expected life of award/option	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	5 years

* Fair value has been calculated 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. RIGHTS HELD BY EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

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 11: Movement in Restricted Rights and Performance Rights for Executive Directors and Key Management Personnel 2009–10

				Movements During the Year					As at 30 June 2010	
KMP	Grant Date	Type	Share Price at Grant Date	Balance at 1 July 2009	Rights Granted	Rights Exercised	Rights Lapsed	Balance at 30 June 2010	Vested and Exercisable	Non-Vested*
I. Smith	14 Jul 06	LTI	$19.52	165,000	–	–	–	165,000	165,000	–
	3 Nov 06	MTI	$24.10	8,845	–	–	–	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
	11 Nov 08	LTI	$22.13	100,048	–	–	–	100,048	–	100,048
	10 Nov 09	LTI	$35.15	–	63,977	–	–	63,977	–	63,977
				359,593	**63,977**	**–**	**–**	**423,570**	**216,726**	**206,844**
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
	11 Nov 08	LTI	$22.13	50,024	–	–	–	50,024	–	50,024
	10 Nov 09	LTI	$35.15	–	31,988	–	–	31,988	–	31,988
				80,053	**31,988**	**–**	**–**	**112,041**	**16,252**	**95,789**
C. Moorhead	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
	11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
	10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
				27,200	**11,864**	**–**	**–**	**39,064**	**2,937**	**36,127**
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
	11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
	10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
				27,509	**11,864**	**–**	**–**	**39,373**	**–**	**39,373**
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
	11 Nov 08	LTI	$22.13	17,190	–	–	–	17,190	–	17,190
	10 Nov 09	LTI	$35.15	–	10,992	–	–	10,992	–	10,992
				25,870	**10,992**	**–**	**–**	**36,862**	**–**	**36,862**
G. Day	11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
	10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
				18,554	**11,864**	**–**	**–**	**30,418**	**–**	**30,418**
G. Jackson	10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
				–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**
S. Creese	10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
				–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**

* All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Group or individual employees, as applicable.

Table 11: Movement in Restricted Rights and Performance Rights for Executive Directors and Key Management Personnel 2009–10 (continued)

				Movements During the Year					As at 30 June 2010	
KMP	Grant Date	Type	Share Price at Grant Date	Balance at 1 July 2009	Rights Granted	Rights Exercised	Rights Lapsed	Balance at 30 June 2010	Vested and Exercisable	Non-Vested*
B. Lavery	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
	11 Nov 08	LTI	$22.13	16,508	–	–	–	16,508	–	16,508
	10 Nov 09	LTI	$35.15	–	10,556	–	–	10,556	–	10,556
				38,372	**10,556**	**–**	**–**	**48,928**	**14,080**	**34,848**

* All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Group or individual employees, as applicable.

9.3 Performance Conditions for Rights

Table 12: Value of Restricted Rights and Performance Rights

Key Management Personnel	Value at Grant Date (A) $'000	Value at Exercise Date (B) $'000	Value at Lapse Date (C) $'000
Ian Smith	2,216	–	–
Greg Robinson	1,108	–	–
Ron Douglas	411	–	–
Colin Moorhead	411	–	–
Debra Stirling	381	–	–
Geoff Day	411	–	–
Greg Jackson	411	–	–
Stephen Creese	411	–	–
Bernard Lavery	366	–	–

Table 12 above shows the total value of any Restricted Rights or Performance Rights granted, exercised and lapsed in 2009–10 in relation to Executive Directors and Key Management Personnel based on the following assumptions:

(A) The value of Performance Rights at grant date reflects the fair value of a Right multiplied by the number of Performance or Restricted Rights granted during 2009–10. (Refer footnotes F&G to Tables 9 & 10).

(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 Right exercise price multiplied by the number of Rights exercised during 2009–10. During the year no Rights were exercised.

(C) The value at lapse date has been determined by the share price at the close of business on the date the Restricted Right or Performance Right lapsed, less the exercise price multiplied by the number of Performance or Restricted Rights that lapsed during the year. During the year no Rights lapsed.

Performance conditions for Restricted Rights and Performance Rights are set out in Table 13.

Table 13: Executive Directors and Key Management Personnel – Rights granted between the 2005–06 and 2009–10 years

Note: Refer Table 5 for a summary of the applicable Performance Hurdles.

Grant Date	Expiry Date	Comparator Group	Strike Price	Performance Date (for LTI) or Vesting Date (for MTI)	Performance Achieved	Percentage Vested
10 Nov 2009 (LTI)	10 Nov 2014	Performance Conditions referred to in the Plan Rules	Nil	10 Nov 2012	To be determined	N/A
11 Nov 2008 (LTI)	11 Nov 2013	Performance Conditions referred to in the Plan Rules	Nil	11 Nov 2011	To be determined	N/A
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%
3 Nov 2006 (LTI)	3 Nov 2011	Newcrest's TSR ranking against FTSE Gold Index	Nil	3 Nov 2009	82nd percentile resulting in 100% of the maximum award of Rights	100%
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%
14 July 2006 (MD & CEO)	14 July 2011	Performance objectives agreed with Board	Nil	14 Jan 2007	Fully achieved became convertible to ordinary shares on 14 July 2009	100% on 14 July 2009
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

Table 14: Short Term Incentive and allocation of the November 2009 Equity Grant

	Short Term Incentive (A)		Long Term Incentive (B)			
	As a percentage of maximum STI		Estimates of the maximum remuneration amounts which could be received under the 2009 performance rights grants in future years			
Executive Directors and Key Management Personnel	Percentage Awarded	Percentage Forfeited	2010–11 $'000	2011–12 $'000	2012–13 $'000	Maximum Total $'000
Ian Smith	80.0%	20.0%	739	739	308	1,786
Greg Robinson	92.8%	7.2%	369	369	154	892
Ron Douglas	58.0%	42.0%	137	137	57	331
Colin Moorhead	62.6%	37.4%	137	137	57	331
Debra Stirling	69.6%	30.4%	127	127	53	307
Geoff Day	43.5%	56.5%	137	137	57	331
Greg Jackson	59.7%	40.3%	137	137	57	331
Stephen Creese	92.8%	7.2%	137	137	57	331

(A) To be awarded a STI of 120% an Executive has to have met outstanding personal performance and Group performance must be at or above the maximum level pre-determined by the Board. Personal performance and Group performance each at target 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 November 2009, 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.

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

Don Mercer
Chairman

16 August 2010
Melbourne

Ian Smith
Managing Director and
Chief Executive Officer

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 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R C Piltz

Rodney Piltz
Partner
16 August 2010

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $M	2009 $M
Operating sales revenue	3(a)	**2,801.8**	2,530.8
Cost of sales	3(b)	**(1,568.7)**	(1,638.0)
Gross profit		**1,233.1**	892.8
Exploration expenses	13	**(33.0)**	(57.8)
Corporate administration expenses	3(c)	**(89.4)**	(69.8)
Operating profit		**1,110.7**	765.2
Other revenue	3(d)	**12.9**	8.3
Other income/(expenses)	3(e)	**16.0**	6.8
Finance costs	3(f)	**(33.2)**	(34.9)
Profit before tax, restructure and close-out impacts		**1,106.4**	745.4
Losses on restructured and closed-out hedge contracts	3(j)	**(294.9)**	(352.0)
Other close-out related costs	3(k)	**(12.5)**	(25.1)
Foreign exchange gain on US dollar borrowings	3(l)	**12.0**	41.4
Profit before income tax		**811.0**	409.7
Income tax expense	4(b)	**(208.6)**	(127.6)
Profit after income tax		**602.4**	282.1
Profit after tax attributable to:			
Non-controlling interest		**45.5**	34.0
Owners of the parent		**556.9**	248.1
		602.4	282.1
Profit after tax attributable to owners of the parent comprises:			
Profit after tax attributable to owners of the parent		**556.9**	248.1
Losses on restructured and closed-out hedge contracts (after tax)	3(j)	**206.4**	246.4
Other close-out related costs (after tax)	3(k)	**8.8**	17.6
Foreign exchange gain on US dollar borrowings (after tax)	3(l)	**(8.4)**	(29.0)
Profit after tax before hedge restructure and close-out impacts attributable to owners of the parent ('Underlying Profit')		**763.7**	483.1
Earnings per share (EPS) (cents per share)	6		
Basic earnings per share		**115.2**	53.0
Diluted earnings per share		**114.9**	52.9
Earnings per share on Underlying Profit:			
Basic earnings per share		**158.0**	103.2
Diluted earnings per share		**157.5**	103.0

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $M	2009 $M
Profit after income tax		**602.4**	282.1
Other comprehensive income			
Cashflow hedges			
US dollar debt cashflow hedge deferred in equity		**3.4**	(68.4)
Other cashflow hedges deferred in equity		**1.1**	(0.3)
Losses on restructured hedge contracts transferred to the Income Statement	3(j)	**294.9**	352.0
Foreign exchange gains on US dollar borrowings transferred to the Income Statement	3(l)	**(12.0)**	(41.4)
Income tax		**(86.3)**	(72.5)
		201.1	169.4
Foreign currency translation			
Foreign currency translation		**(31.9)**	(2.8)
Net loss on hedge of net investment		**–**	(76.9)
Income tax		**–**	7.7
		(31.9)	(72.0)
Other comprehensive income for the year, net of tax		**169.2**	97.4
Total comprehensive income for the year		**771.6**	379.5
Total comprehensive income attributable to:			
Non-controlling interest		**43.9**	35.6
Owners of the parent		**727.7**	343.9
		771.6	379.5

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	Consolidated 2010 $M	2009 $M
Current assets			
Cash and cash equivalents	7(a)	**643.3**	366.4
Trade and other receivables	8	**280.0**	272.6
Inventories	9	**267.0**	272.8
Financial derivative assets	10	**39.4**	13.5
Other	11	**180.8**	156.0
Total current assets		**1,410.5**	1,081.3
Non-current assets			
Other receivables	8	**8.9**	9.1
Inventories	9	**152.7**	–
Property, plant and equipment	12	**1,764.4**	1,470.0
Exploration, evaluation and development	13	**2,556.0**	2,441.2
Intangible assets	14	**82.6**	32.5
Deferred tax assets	4	**271.5**	403.5
Financial derivative assets	10	**2.8**	14.8
Other	11	**84.4**	163.6
Total non-current assets		**4,923.3**	4,534.7
Total assets		**6,333.8**	5,616.0
Current liabilities			
Trade and other payables	15	**209.1**	212.6
Borrowings	16	**5.8**	5.0
Provisions	17	**78.7**	93.9
Financial derivative liabilities	18	**17.1**	6.8
Income tax payable		**16.2**	1.1
Other	19	**0.5**	1.1
Total current liabilities		**327.4**	320.5
Non-current liabilities			
Borrowings	16	**421.0**	445.5
Provisions	17	**87.8**	76.6
Deferred tax liabilities	4	**488.1**	414.5
Other	19	**–**	0.5
Total non-current liabilities		**996.9**	937.1
Total liabilities		**1,324.3**	1,257.6
Net assets		**5,009.5**	4,358.4
Equity			
Issued capital	20	**3,639.8**	3,641.6
Retained earnings		**1,492.0**	1,031.8
Reserves	21	**(178.2)**	(357.4)
Parent entity interest		**4,953.6**	4,316.0
Non-controlling interest		**55.9**	42.4
Total equity		**5,009.5**	4,358.4

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $M	Consolidated 2009 $M
Cash flows from operating activities			
Receipts from customers		**2,755.6**	2,517.0
Payments to suppliers and employees		**(1,358.0)**	(1,368.2)
Interest received		**10.9**	7.7
Interest paid		**(31.1)**	(29.9)
Income taxes paid		**(74.1)**	(102.5)
Net cash provided by operating activities	7(b)	**1,303.3**	1,024.1
Cash flows from investing activities			
Payments for property, plant and equipment		**(100.4)**	(114.3)
Mine under construction, development and feasibility expenditure		**(632.0)**	(657.1)
Exploration and evaluation expenditure		**(101.1)**	(109.3)
Information systems development		**(53.1)**	(28.3)
Acquisition of interest in joint venture	30(b)	**–**	(470.6)
Interest capitalised to development projects		**–**	(4.6)
Proceeds from sale of non-current assets		**0.1**	2.6
Net cash (used in) investing activities		**(886.5)**	(1,381.6)
Cash flows from financing activities			
Proceeds from borrowings:			
– US dollar bilateral debt		**–**	570.1
Repayment of borrowings:			
– US dollar bilateral debt		**–**	(647.0)
Net repayment of finance lease principal		**(3.2)**	(2.8)
Proceeds from equity issue net of costs	20(c)	**–**	792.7
Proceeds from other share issues		**–**	6.3
Share buy-back	20(e)	**(15.8)**	(25.1)
Dividends paid:			
– Members of the parent entity		**(81.3)**	(40.1)
– Non-controlling interest		**(30.4)**	(19.9)
Net cash (used in)/provided by financing activities		**(130.7)**	634.2
Net increase in cash and cash equivalents		**286.1**	276.7
Cash and cash equivalents at the beginning of the financial year		**366.4**	77.5
Effects of exchange rate changes on cash held		**(9.2)**	12.2
Cash and cash equivalents at the end of the financial year	7(a)	**643.3**	366.4

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	Issued Capital $M	FX Translation Reserve* $M	Hedge Reserve* $M	Equity Settlements Reserve* $M	Retained Earnings $M	Total $M	Non-Controlling Interest $M	Total $M
	Attributable to Owners of the Parent							
Balance at 1 July 2009	**3,641.6**	**(93.6)**	**(291.4)**	**27.6**	**1,031.8**	**4,316.0**	**42.4**	**4,358.4**
Profit for the year	–	–	–	–	556.9	556.9	45.5	602.4
Other comprehensive income for the year	–	(30.3)	201.1	–	–	170.8	(1.6)	169.2
Total comprehensive income for the year	**–**	**(30.3)**	**201.1**	**–**	**556.9**	**727.7**	**43.9**	**771.6**
Transactions with owners in their capacity as owners								
Share-based payments	–	–	–	8.4	–	8.4	–	8.4
Exercise of options	–	–	–	–	–	–	–	–
Shares issued – Dividend Reinvestment Plan	15.4	–	–	–	–	15.4	–	15.4
Shares issued – Equity Raising	(1.4)	–	–	–	–	(1.4)	–	(1.4)
Share buy-back	(15.8)	–	–	–	–	(15.8)	–	(15.8)
Dividends paid	–	–	–	–	(96.7)	(96.7)	(30.4)	(127.1)
Balance at 30 June 2010	**3,639.8**	**(123.9)**	**(90.3)**	**36.0**	**1,492.0**	**4,953.6**	**55.9**	**5,009.5**

* Refer Note 21 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

Consolidated	Issued Capital $M	FX Translation Reserve* $M	Hedge Reserve* $M	Equity Settlements Reserve* $M	Retained Earnings $M	Total $M	Non-Controlling Interest $M	Total $M
	Attributable to Owners of the Parent							
Balance at 1 July 2008	**2,857.4**	**(20.0)**	**(460.8)**	**19.6**	**829.0**	**3,225.2**	**26.7**	**3,251.9**
Profit for the year	–	–	–	–	248.1	248.1	34.0	282.1
Other comprehensive income for the year	–	(73.6)	169.4	–	–	95.8	1.6	97.4
Total comprehensive income for the year	**–**	**(73.6)**	**169.4**	**–**	**248.1**	**343.9**	**35.6**	**379.5**
Transactions with owners in their capacity as owners								
Share-based payments	–	–	–	8.0	–	8.0	–	8.0
Exercise of options	6.3	–	–	–	–	6.3	–	6.3
Shares issued – Dividend Reinvestment Plan	5.2	–	–	–	–	5.2	–	5.2
Shares issued – Equity Raising	797.8	–	–	–	–	797.8	–	797.8
Share buy-back	(25.1)	–	–	–	–	(25.1)	–	(25.1)
Dividends paid	–	–	–	–	(45.3)	(45.3)	(19.9)	(65.2)
Balance at 30 June 2009	**3,641.6**	**(93.6)**	**(291.4)**	**27.6**	**1,031.8**	**4,316.0**	**42.4**	**4,358.4**

* Refer Note 21 for description of reserves.

The above statement should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Newcrest Mining Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 16 August 2010.

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

The nature of operations and principal activities of Newcrest Mining Limited and its controlled entities are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

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 the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian 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 also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board.

The financial report has been presented in Australian dollars and all values are rounded to the nearest $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 (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of controlled entities is presented in Note 27.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

Non-controlling interest in the results and equity of the entity that is controlled by the Group is shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

(c) Interest in Jointly Controlled Assets

Where the Group'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 Group's interests in jointly controlled assets are shown in Note 30.

(d) Foreign Currency

Functional and Presentation Currency

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the majority of the Group's foreign operations is US dollars (US$).

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the Income Statement with the exception of differences on certain US dollar denominated borrowings where the foreign currency components are designated as 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 Foreign Operations

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest Mining Limited (Australian dollars) at the rates of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve (refer Note 2(s)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and Cash Equivalents

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

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

(f) Trade and Other Receivables

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

Other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for impairment.

(g) 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.

Ore stockpiles which are not scheduled to be processed in the 12 months after the reporting date are classified as non-current inventory. The Group believes the processing of these stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

(h) Deferred Mining Expenditure

The Group 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.

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(n). The release of deferred mining costs is included in site operating costs.

(i) Property, Plant and Equipment

Cost

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Financial costs incurred directly in relation to major capital works are capitalised up to the time of commissioning the asset. Freehold land is held for extractive industry operations and its value is wholly dependent upon those operations. 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 (n)).

Depreciation and Amortisation

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

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

For the remainder of assets the straight-line method is used, resulting in estimated useful lives between 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of plant and equipment under which the Group assumes substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

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

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

(j) Exploration, Evaluation and Feasibility Expenditure

Exploration and Evaluation

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

(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 Group, together with an appropriate portion of directly related overhead expenditure.

Deferred Feasibility

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

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine development where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis.

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

(k) Mine Construction and Development

Mines Under Construction

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mine Development

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

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

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

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(n)).

(l) Mineral Rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are classified within Exploration, Evaluation and Development assets.

Mineral rights attributable to each area of interest are amortised when commercial production commences on a unit-of-production basis over the estimated economic reserve of the mine to which the rights relate.

(m) Intangible Assets

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Costs capitalised include external costs of materials and services and the cost of employee benefits. Amortisation is calculated on a straight-line basis over the useful life, ranging from three to seven years.

(n) 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 Group evaluating its mine properties on a geographical basis.

(o) Trade and Other Payables

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

(p) Borrowings

Bank loans are initially recognised at fair value and subsequently at amortised cost.

(q) 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 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled. These amounts are recognised in 'Trade and Other Payables' (for amounts other than annual leave and salary at risk) and 'Current Provisions' (for annual leave and salary at risk) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Long 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 Group 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 12 months are discounted using the rates attaching to national government securities at the reporting date, which most closely match the terms of maturity of the related 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 Group's experience with staff departures and periods of service. Related on-costs have also been included in the liability.

Defined Contribution Superannuation Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based Payments

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

Currently the Group operates 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 an option pricing model, further details of which are given in Note 23.

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 Group 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 Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement 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.

(r) Provision for Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to 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 asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the Income Statement. The carrying amount capitalised as a part of mining 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.

(s) Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments to manage its risk to commodity prices. The instruments used by the Group include forward sale contracts, gold put options, diesel forward contracts and foreign currency forward contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the Income Statement depends on the nature of the hedge relationship.

The fair value of forward sale contracts, diesel forward contracts and foreign currency forward contracts are calculated by reference to current forward commodity prices. The fair value of gold put options is calculated by reference to an option pricing model.

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

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- Cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; and
- Hedges of a net investment in a foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arise on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arise on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

Copper Forward Sales Contracts

Copper forward sales contracts have been entered into by the Group 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/Expenses' in the Income Statement.

Gold Put Options

The Group 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 Group 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 permit 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 (i.e. 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. 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.

Hedges of a Net Investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity in the Foreign Currency Translation Reserve while any gains or losses relating to the ineffective portion are recognised in the Income Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the Income Statement.

(t) Issued Capital

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

(u) 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.

(v) Revenue Recognition

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

Gold and Silver Bullion Sales

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

Gold, Copper and Silver in Concentrate Sales

Contract terms for the Group'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 price in concentrate 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.

Interest Revenue

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

(w) Government Royalties

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

(x) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year used to develop the qualifying asset.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(y) Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences (except as noted below) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

- Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Goods and Services Tax (GST)

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

– where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables are stated with the amount of GST included.

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

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

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

(aa) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the:

– assets transferred by the Group;

– liabilities incurred by the acquirer to former owners of the acquiree;

– equity issued by the Group; and

– the amount of any non-controlling interest in the acquiree.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured.

(ab) Critical Accounting Judgements, Estimates and Assumptions

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

i. Mine Rehabilitation Provision

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy Note 2(r). 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/Amortisation

The Group uses the unit-of-production basis when depreciating/amortising 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 Group 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(n). 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 Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed in Note 23.

v. Deferred Mining Expenditure

The Group defers mining costs incurred during the production stage of its operations which are calculated in accordance with accounting policy Note 2(h). 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 Group 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 Group's accounting policy for exploration and evaluation expenditure is set out in Note 2(j). 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.

(ac) New Accounting Standards and Interpretations

Adoption of New Standards and Interpretations

The Group has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 July 2009:

- AASB 3 – Business Combinations
- AASB 8 – Operating Segments
- AASB 101 – Presentation of Financial Statements
- AASB 123 – Borrowing Costs
- AASB 127 – Consolidated and Separate Financial Statements
- AASB 2008-1 – Share-based Payments: Vesting Conditions and Cancellations
- AASB 2009-2 – Improving Disclosures about Financial Instruments
- Interpretation 16 – Hedges of a Net Investment in a Foreign Operation.

Adoption of the above Standards, Amendments and Interpretations did not have any effect on the financial position or performance of the Group with the exception of AASB 3. AASB 8 and AASB 101 did have an impact of the disclosures included in the financial statements.

AASB 3 Business Combinations

The revised standard introduced a number of changes to the accounting for business combinations. The key impact to the Group is the requirement to expense acquisition-related costs as incurred, whereas previously they were accounted for as part of the cost of the acquisition. Acquisition-related costs incurred in respect to the proposed acquisition of Lihir Gold Limited have been expensed in the current year in accordance with the revised standard. Refer Note 3(c).

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114 with the exception of Exploration and Other which was previously included as part of Corporate and Unallocated. AASB 8 disclosures are shown in Note 31, including the related revised comparative information.

AASB 101 Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new Statement of Comprehensive Income. The Statement of Comprehensive Income presents all items of recognised income and expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

Reference and Title	Details of New Standard/Amendment/Interpretation	Impact on Group	Application date for the Group
AASB 2009-5 Amendments arising from the Annual Improvements Project [AASB 101, 107, 117]	The key amendments to standards relate to: – AASB 101 – Stipulates that the terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. – AASB 107 – States that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. – AASB 117 – Removes the specific guidance on classifying land as a lease so that only the general guidance remains.	(i)	1 July 2010
AASB 2009-5 (cont) Amendments arising from the Annual Improvements Project [AASB 136 & 139]	AASB 136 – Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. AASB 139 – Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. AASB 139 – Clarifies the scope exemption for business combination contracts and provides clarification in relation to accounting for cash flow hedges.	(i)	1 July 2010
AASB 2009-8 Amendments – Group Cash-settled Share-based Payment Transactions [AASB 2]	The amendments include clarifying the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	(i)	1 July 2010
AASB 2009–10 Amendments – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	(i)	1 July 2010
AASB 9 Financial Instruments	The revised standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: – two categories for financial assets being amortised cost or fair value; – removal of the requirement to separate embedded derivatives in financial assets; – reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and – changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	(ii)	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	(i)	1 July 2013
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	Clarifies that equity instruments issued to a creditor to extinguish a financial liability are 'consideration paid' in accordance with AASB 139. States that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably.	(i)	1 July 2010

(i) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.
(ii) The Group has not yet determined the extent of the impact, if any.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered, however their impact is considered insignificant to the Group.

3. REVENUE AND EXPENSES

	Consolidated 2010 $M	Consolidated 2009 $M
Specific items		
Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group:		
(a) Operating sales revenue		
Gold	**2,125.5**	1,914.4
Copper	**651.6**	593.2
Silver	**24.7**	23.2
Total operating sales revenue	**2,801.8**	2,530.8
(b) Cost of sales		
Mine production costs	**1,096.7**	1,097.7
Royalty	**67.6**	56.1
Concentrate treatment and realisation	**139.6**	153.6
Depreciation	**300.9**	262.5
Deferred mining adjustment	**79.2**	60.5
Inventory movements	**(115.3)**	(1.0)
Gas disruption costs [1]	**–**	8.6
Total cost of sales	**1,568.7**	1,638.0
(c) Corporate administration expenses		
Corporate costs	**61.2**	57.5
Corporate depreciation	**7.6**	4.3
Equity settled share-based payments	**8.4**	8.0
Business acquisition costs [2]	**12.2**	–
Total corporate administration expenses	**89.4**	69.8
(d) Other revenue		
Interest from other persons	**12.2**	7.7
Joint venture management fees	**0.7**	0.6
Total other revenue	**12.9**	8.3
(e) Other income/(expenses)		
Profit/(loss) on sale of non-current assets	**(0.3)**	0.9
Net foreign exchange gain/(loss)	**(14.7)**	(32.6)
Fair value gain/(loss) on gold and copper derivatives	**44.1**	34.0
Royalty dispute [3]	**(10.9)**	–
Other	**(2.2)**	4.5
Total other income/(expenses)	**16.0**	6.8

[1] Represents the additional costs, net of insurance proceeds, associated with securing alternative sources of gas for Telfer as a result of the Varanus Island gas plant explosion in June 2008.

[2] Represents costs associated with the proposed acquisition of Lihir Gold Limited. Refer Note 33.

[3] Refer Note 26(a).

3. REVENUE AND EXPENSES (continued)

	Consolidated 2010 $M	Consolidated 2009 $M
(f) Finance costs		
Interest costs:		
Interest on loans	**21.0**	31.8
Finance leases	**1.2**	0.2
Other:		
Facility fees and other costs	**5.8**	3.7
Discount unwind on provisions	**5.2**	3.8
	33.2	39.5
Less: Capitalised borrowing costs	**–**	(4.6)
Total finance costs	**33.2**	34.9
(g) Depreciation and amortisation		
Property, plant and equipment	**155.3**	151.0
Mine development	**166.2**	130.5
Intangible assets	**8.0**	0.9
	329.5	282.4
Less: Capitalised to inventory on hand or mines under construction	**(21.0)**	(15.6)
Total depreciation and amortisation expense	**308.5**	266.8
Included in:		
Cost of sales depreciation	**300.9**	262.5
Corporate depreciation	**7.6**	4.3
Total depreciation and amortisation expense	**308.5**	266.8
(h) Employee benefits expense		
Defined contribution plan expense	**20.4**	18.3
Defined benefit plan expense [1]	**–**	0.8
Equity settled share-based payments	**8.4**	8.0
Termination benefits expense	**–**	1.6
Other employment benefits	**239.3**	219.7
Total employee benefits expense	**268.1**	248.4

[1] In 2009, the remaining employees of the defined benefit plan retired or left the Group and the plan was subsequently closed.

	Consolidated 2010 $M	Consolidated 2009 $M
(i) Other items		
Operating lease rentals	**5.0**	5.4
(j) Losses on restructured and closed-out hedge contracts		
Losses on restructured and closed-out hedge contracts transferred from reserves (Note 21(c))	**294.9**	352.0
Applicable income tax (benefit)	**(88.5)**	(105.6)
Total losses on restructured and closed-out hedges (after tax)	**206.4**	246.4
(k) Other close-out related costs		
Fair value loss on gold put options (Note 24(e))	**12.5**	25.1
Applicable income tax (benefit)	**(3.7)**	(7.5)
Total other close-out related costs (after tax)	**8.8**	17.6
(l) Foreign exchange gain on US dollar borrowings		
Foreign exchange gain/(loss) on US dollar borrowings transferred from reserves (Note 21(c))	**12.0**	41.4
Applicable income tax (expense)	**(3.6)**	(12.4)
Total foreign exchange gain on US dollar borrowings (after tax)	**8.4**	29.0

4. INCOME TAX

	Consolidated 2010 $M	Consolidated 2009 $M
(a) Income tax expense comprises:		
Income Statement		
Current income tax		
Current income tax expense	**268.0**	188.9
Under/(over) provision in respect of prior years	**(41.4)**	(24.5)
	226.6	164.4
Deferred tax		
Relating to origination and reversal of temporary differences	**(17.1)**	(53.4)
Under/(over) provision in respect of prior years	**(0.9)**	16.6
	(18.0)	(36.8)
Income tax expense per the Income Statement	**208.6**	127.6
(b) Reconciliation of prima facie income tax expense to income tax expense per the Income Statement		
Accounting profit before tax	**811.0**	409.7
Income tax expense calculated at 30% (2009: 30%)	**243.3**	122.9
– Investment, research and development allowance	**(16.4)**	(3.8)
– Non-deductible share-based payment expense	**2.1**	2.0
– Effect of higher tax rates in foreign jurisdictions	**16.1**	12.0
– Foreign tax losses not brought to account	**(0.4)**	1.4
– Other non-deductible expenses	**6.2**	1.0
– (Over) provided in prior years [1]	**(42.3)**	(7.9)
Income tax expense per the Income Statement	**208.6**	127.6

[1] The over provision for the Group predominantly relates to higher actual research and development allowance claimed for prior years.

4. INCOME TAX (continued)

	Consolidated			
	Balance at 1 July $M	Charged/ (credited) to income $M	Charged/ (credited) to equity $M	Balance at 30 June $M
(c) Movement in deferred taxes				
2010				
Deferred tax assets				
Carry-forward revenue losses recognised:				
– Australian entities	403.5	(153.2)	–	250.3
– Overseas entities	–	21.2	–	21.2
	403.5	(132.0)	–	271.5
Deferred tax liabilities				
Temporary differences:				
– Property, plant and equipment	(289.6)	(89.6)	–	(379.2)
– Deferred mining	(89.0)	23.7	–	(65.3)
– Financial instruments	(4.6)	83.0	(86.3)	(7.9)
– Provisions	24.0	(2.7)	–	21.3
– Other	(55.3)	3.6	(5.3)	(57.0)
	(414.5)	18.0	(91.6)	(488.1)
Net deferred taxes	**(11.0)**	**(114.0)**	**(91.6)**	**(216.6)**
2009				
Deferred tax assets				
Carry-forward revenue losses recognised	490.7	(87.2)	–	403.5
Deferred tax liabilities				
Temporary differences:				
– Property, plant and equipment	(249.0)	(40.6)	–	(289.6)
– Deferred mining	(111.9)	22.9	–	(89.0)
– Financial instruments	(12.2)	72.4	(64.8)	(4.6)
– Provisions	16.2	7.8	–	24.0
– Other	(28.5)	(25.7)	(1.1)	(55.3)
	(385.4)	36.8	(65.9)	(414.5)
Net deferred taxes	**105.3**	**(50.4)**	**(65.9)**	**(11.0)**

(d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of carry-forward capital losses of $295.7 million (2009: $295.7 million) because it is not probable that the Group will have future capital gains available against which carry-forward capital losses could be utilised, as the Group has no current intention to dispose of capital assets.

5. DIVIDENDS

	Cents per share	Total amount $M	Date of payment
(a) Dividend declared and paid			
The following dividends (unfranked) on ordinary shares were declared and paid:			
2009			
Final – In respect to the year ended 30 June 2008	10.0	45.3	17 Oct 2008
	10.0	45.3	
2010			
Final – In respect to the year ended 30 June 2009	15.0	72.5	16 Oct 2009
Interim – In respect to the year ended 30 June 2010	5.0	24.2	16 Apr 2010
	20.0	96.7	
Participation in the Dividend Reinvestment Plan reduced the cash amount paid to $81.3 million (2009: $40.1 million).			
(b) Dividend proposed and not recognised as a liability			
Subsequent to the end of the year, the Directors determined the following dividend (unfranked) be paid:			
Final – In respect to the year ended 30 June 2010	20.0	96.7[1]	22 Oct 2010

[1] Total amount is based on shares on issue at the reporting date. The total amount will be higher if the proposed acquisition of Lihir Gold Limited is successful. Refer Note 33.

(c) Dividend franking account balance

Franking credits at 30% available for the subsequent financial year is nil (2009: nil).

6. EARNINGS PER SHARE (EPS)

	Consolidated 2010 ¢	2009 ¢
EPS (cents per share)		
Basic EPS	**115.2**	53.0
Diluted EPS	**114.9**	52.9
Earnings per share on Underlying Profit:		
Basic EPS	**158.0**	103.2
Diluted EPS	**157.5**	103.0

	2010 $M	2009 $M
Earnings used in calculating EPS		
Earnings used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to owners of the parent	**556.9**	248.1
Earnings used in the calculation of basic and diluted EPS on Underlying Profit:		
Profit after tax before hedge restructure and close-out impacts	**763.7**	483.1

	2010 No. of shares	2009 No. of shares
Weighted average number of shares		
Share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS	**483,495,632**	467,951,049
Effect of dilutive securities:		
Share options	**1,309,498**	1,167,735
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	**484,805,130**	469,118,784

7. CASH AND CASH EQUIVALENTS

	Consolidated 2010 $M	2009 $M
(a) Components of cash and cash equivalents		
Cash at bank	**86.8**	46.4
Short-term deposits	**556.5**	320.0
Total cash and cash equivalents	**643.3**	366.4
(b) Reconciliation of net profit after income tax to net cash flow from operating activities		
Profit after income tax	**602.4**	282.1
Non-cash items:		
Depreciation and amortisation	**308.5**	266.8
Hedge restructure and close-out expense	**282.9**	310.6
Net fair value change on derivatives	**(16.1)**	(8.2)
Share-based payments	**8.4**	8.0
Other non-cash items	**(28.5)**	(7.0)
Items presented as investing or financing activities:		
(Profit)/loss on disposal of non-current assets	**0.3**	(0.9)
Exploration expenditure written off	**33.0**	57.8
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Trade and other receivables	**(7.2)**	(62.6)
Inventories	**(146.9)**	(50.2)
Deferred mining	**74.4**	54.2
Prepayments current	**(20.8)**	30.2
Prepayments non-current	**0.8**	(7.5)
Deferred tax assets	**132.0**	87.2
(Decrease)/Increase in:		
Trade and other payables	**(3.5)**	(2.9)
Provisions current	**(15.2)**	49.7
Provisions non-current	**11.2**	13.4
Current tax liabilities	**15.1**	(20.4)
Deferred tax liabilities	**73.6**	29.1
Deferred income	**(1.1)**	(5.3)
Net cash from operating activities	**1,303.3**	1,024.1
(c) Non-cash financing and investing activities		
Dividends paid by the issue of shares under the Dividend Reinvestment Plan	**15.4**	5.2

8. TRADE AND OTHER RECEIVABLES

	Consolidated 2010 $M	2009 $M
Current		
Metal in concentrate receivables [1]	**198.9**	170.4
Bullion awaiting settlement [2]	**24.5**	18.9
GST receivable [3]	**42.6**	27.0
Other receivables [3]	**14.0**	56.3
Total current receivables	**280.0**	272.6
Non-current		
Other receivables [4]	**8.9**	9.1
Total non-current receivables	**8.9**	9.1

[1] Are non-interest bearing and are generally expected to settle within 1 to 6 months, refer Note 2(f).

[2] Are non-interest bearing and are generally expected to settle within 7 days, refer Note 2(f).

[3] Recorded at amortised cost, are non-interest bearing and are generally expected to settle within 1 to 2 months.

[4] Comprises security deposits and are carried at amortised cost.

9. INVENTORIES

	Consolidated 2010 $M	2009 $M
Current		
Ore	**54.2**	98.5
Gold in circuit	**31.8**	26.4
Concentrate	**21.1**	16.8
Materials and supplies	**159.9**	131.1
Total current inventories	**267.0**	272.8
Non-current		
Ore	**152.7**	–
Total non-current inventories	**152.7**	–

10. FINANCIAL DERIVATIVE ASSETS

	Consolidated 2010 $M	2009 $M
Current		
Gold put options	**0.1**	0.6
Quotational period derivatives [1]	**21.4**	12.9
Copper forward sales contracts	**17.1**	–
Other financial derivatives	**0.8**	–
Total current financial derivative assets	**39.4**	13.5
Non-current		
Gold put options	**2.8**	14.8
Total non-current financial derivative assets	**2.8**	14.8

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(v).

11. OTHER ASSETS

	Consolidated 2010 $M	2009 $M
Current		
Prepayments	**30.1**	9.3
Deferred mining expenditure	**150.7**	146.7
Total current other assets	**180.8**	156.0
Non-current		
Prepayments	**6.7**	7.5
Deferred mining expenditure	**77.7**	156.1
Total non-current other assets	**84.4**	163.6

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Freehold Land $M	Buildings, Plant and Equipment $M	Leased Plant and Equipment $M	Total $M
At 30 June 2010				
Cost	32.8	2,909.1	29.6	2,971.5
Accumulated depreciation	–	(1,196.0)	(11.1)	(1,207.1)
	32.8	**1,713.1**	**18.5**	**1,764.4**
Year ended 30 June 2010				
Carrying amount at 1 July 2009	32.7	1,415.2	22.1	1,470.0
Additions	0.1	87.6	–	87.7
Disposals at written-down value	–	(0.2)	–	(0.2)
Depreciation charge for the year	–	(151.2)	(4.1)	(155.3)
FX translation	–	(1.1)	0.5	(0.6)
Reclassifications/transfers	–	362.8	–	362.8
Carrying amount at 30 June 2010	**32.8**	**1,713.1**	**18.5**	**1,764.4**
At 30 June 2009				
Cost	32.7	2,510.2	29.8	2,572.7
Accumulated depreciation	–	(1,095.0)	(7.7)	(1,102.7)
	32.7	**1,415.2**	**22.1**	**1,470.0**
Year ended 30 June 2009				
Carrying amount at 1 July 2008	26.3	1,375.2	3.5	1,405.0
Additions	6.4	134.6	–	141.0
Acquisition of joint venture (Note 30(b))	–	25.8	19.9	45.7
Disposals at written-down value	–	(2.6)	–	(2.6)
Depreciation charge for the year	–	(150.6)	(0.4)	(151.0)
FX translation	–	4.0	–	4.0
Reclassifications/transfers	–	28.8	(0.9)	27.9
Carrying amount at 30 June 2009	**32.7**	**1,415.2**	**22.1**	**1,470.0**

13. CAPITALISED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES

	Consolidated				
	Exploration & Evaluation Expenditure $M	Deferred Feasibility Expenditure $M	Mines Under Construction $M	Mine Development $M	Total $M
At 30 June 2010					
Cost	275.4	23.0	476.9	2,642.1	3,417.4
Accumulated depreciation	–	–	–	(868.4)	(868.4)
	275.4	**23.0**	**476.9**	**1,773.7**	**2,549.0**
Year ended 30 June 2010					
Carrying amount at 1 July 2009	233.7	227.4	911.5	1,068.6	2,441.2
Expenditure during the year	101.1	191.9	397.6	29.8	720.4
Expenditure written off during the year	(33.0)	–	–	–	(33.0)
Depreciation charge for the year	–	–	–	(166.2)	(166.2)
FX translation	(6.6)	(5.0)	(23.3)	(5.1)	(40.0)
Reclassifications/transfers	(10.1)	(394.0)	(808.9)	846.6	(366.4)
Carrying amount at 30 June 2010	**285.1**	**20.3**	**476.9**	**1,773.7**	**2,556.0**
At 30 June 2009					
Cost	233.7	227.4	911.5	1,739.3	3,111.9
Accumulated depreciation	–	–	–	(670.7)	(670.7)
	233.7	**227.4**	**911.5**	**1,068.6**	**2,441.2**
Year ended 30 June 2009					
Carrying amount at 1 July 2008	77.5	164.6	137.8	1,090.3	1,470.2
Expenditure during the year	109.3	123.8	434.0	96.2	763.3
Capitalised borrowing costs [1]	–	–	–	4.6	4.6
Acquisition of joint venture (Note 30(b))	126.0	–	315.3	–	441.3
Expenditure written off during the year	(54.1)	(3.7)	–	–	(57.8)
Depreciation charge for the year	–	–	–	(130.5)	(130.5)
FX translation	(6.4)	0.3	(13.4)	4.1	(15.4)
Reclassifications/transfers	(18.6)	(57.6)	37.8	3.9	(34.5)
Carrying amount at 30 June 2009	**233.7**	**227.4**	**911.5**	**1,068.6**	**2,441.2**

Reclassifications/transfers:

Expenditure included in mines under construction has been reclassified from/to mine development or buildings plant and equipment, as appropriate, upon initial utilisation of the assets.

[1] Borrowing costs were capitalised on qualifying assets at a weighted average rate of 3.0%.

Areas of interest in the exploration phase at cost:

	Consolidated	
	2010 $M	2009 $M
Cadia Valley, NSW	**54.3**	63.6
Telfer, WA	**40.0**	12.9
Cracow, QLD	**6.2**	4.7
Gosowong, Indonesia	**15.9**	0.9
Marsden, NSW	**4.7**	4.7
Fiji	**23.5**	16.3
Morobe Province, PNG	**140.5**	130.6
	285.1	233.7

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

14. INTANGIBLE ASSETS

	Consolidated Information Systems Development 2010 $M	2009 $M
At 30 June		
Cost	**106.4**	49.0
Accumulated amortisation	**(23.8)**	(16.5)
	82.6	32.5
Year ended 30 June		
Carrying amount at 1 July	**32.5**	–
Reclassifications	**3.6**	4.9
Additions	**54.5**	28.5
Amortisation charge for the year	**(8.0)**	(0.9)
Carrying amount at 30 June	**82.6**	32.5

Reclassifications:

Information systems development previously classified as Property, Plant and Equipment has been reclassified as Intangible Assets. The reclassification for 2009 of $4.9 million comprised cost of $20.5 million and accumulated amortisation of $15.6 million.

15. TRADE AND OTHER PAYABLES

	Consolidated 2010 $M	2009 $M
Trade payables [1]	**20.8**	42.5
Other payables and accruals [1]	**188.3**	170.1
Total trade and other payables	**209.1**	212.6

[1] All payables are unsecured, non-interest bearing and are normally settled on 30–60 day terms.

16. BORROWINGS

		Consolidated 2010 $M	2009 $M
Current			
Finance lease liabilities – secured	(i)	**5.8**	5.0
US dollar bilateral debt – unsecured	(ii)	**–**	–
Total current borrowings		**5.8**	5.0
Non-current			
Finance lease liabilities – secured	(i)	**9.3**	13.3
US dollar private placement notes – unsecured	(iii)	**411.7**	432.2
Total non-current borrowings		**421.0**	445.5

(i) Finance lease facility

The Group's lease liabilities are secured by the assets leased. In the event of default, the assets revert to the lessor.

(ii) US dollar bilateral debt

The Group renegotiated its US dollar bilateral debt facilities during the year ended 30 June 2010. The Group has available bilateral debt facilities of US$1,100.0 million (2009: US$969.0 million) with eight banks. These are committed unsecured revolving facilities with maturities ranging between December 2012 and February 2013, 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.

16. BORROWINGS (continued)

(iii) US dollar private placement notes

During the year ended 30 June 2005, the Group 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 five tranches:

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

Interest on the fixed rate notes is payable semi-annually at an average of 5.6%. Floating rate interest is based on LIBOR plus a margin and is payable quarterly at an average of 1.2% (2009: 1.7%).

These notes were fully drawn as at 30 June 2010 and have been restated to the spot exchange rate at the reporting date.

(iv) Hedging: US dollar denominated debt

Where considered appropriate the foreign currency component of US dollar denominated debt is designated either as a cash flow hedge of future US dollar denominated commodity sales or a net investment in foreign operations. Refer Note 24(d) for further details.

(v) Financial arrangements

	Consolidated 2010 $M	Consolidated 2009 $M
The Group has access to the following financing arrangements:		
Unsecured		
Bank overdrafts (payable at call)	**1.5**	1.5
USD bilateral facilities (2010: US$1,100.0M, 2009: US$969.0M)	**1,294.1**	1,196.4
USD private placement notes (US$350.0M)	**411.7**	432.2
	1,707.3	1,630.1
Facilities utilised at reporting date:		
Unsecured		
Bank overdrafts (payable at call)	**–**	–
USD bilateral facilities	**–**	–
USD private placement notes (US$350.0M)	**411.7**	432.2
	411.7	432.2
Facilities not utilised at reporting date:		
Unsecured		
Bank overdrafts (payable at call)	**1.5**	1.5
USD bilateral facilities (2010: US$1,100.0M, 2009: US$969.0M)	**1,294.1**	1,196.4
USD private placement notes	**–**	–
	1,295.6	1,197.9

17. PROVISIONS

		Consolidated 2010 $M	Consolidated 2009 $M
Current			
Employee benefits	(i)	**70.7**	88.0
Mine rehabilitation and restoration	(ii)	**5.0**	2.0
Other		**3.0**	3.9
Total current provisions		**78.7**	93.9
Non-current			
Employee benefits	(i)	**11.1**	5.4
Mine rehabilitation and restoration	(ii)	**76.7**	71.2
Other		**–**	–
Total non-current provisions		**87.8**	76.6

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

(ii) Mine rehabilitation and restoration
The Group recognises that it has an obligation to restore its mine sites to their original condition at the end of the life of mine. Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques. When this liability is recognised a corresponding asset is also recognised as part of the development costs of the mine and is amortised across the same useful life.

	$M
Movements in mine rehabilitation and restoration provision	
At 1 July 2009	73.2
Increase/(decrease) in provision	5.8
Paid during the year	(0.7)
Unwinding of discount	5.2
FX translation	(1.8)
At 30 June 2010	81.7
Split between:	
Current	5.0
Non-current	76.7
	81.7

18. FINANCIAL DERIVATIVE LIABILITIES

	Consolidated 2010 $M	Consolidated 2009 $M
Current		
Quotational period derivatives [1]	**17.1**	–
Copper forward sales contracts	**–**	6.5
Other financial derivatives	**–**	0.3
Total current financial derivative liabilities	**17.1**	6.8

[1] Represents the embedded derivatives relating to quotational period movements on commodity sales. Refer note 2(v).

19. OTHER LIABILITIES

	Consolidated 2010 $M	Consolidated 2009 $M
Current		
Deferred income	**0.5**	1.1
Total current other liabilities	**0.5**	1.1
Non-current		
Deferred income	**–**	0.5
Total non-current other liabilities	**–**	0.5

20. ISSUED CAPITAL

		Consolidated 2010 $M	Consolidated 2009 $M
Opening balance		**3,641.6**	2,857.4
Shares issued under:			
– Share plans	(a)	**–**	6.3
– Dividend Reinvestment Plan	(b)	**15.4**	5.2
– New shares – Equity Raising	(c)	**–**	809.8
Less: Transaction costs	(c)	**–**	(17.1)
Add: Tax effect of transaction costs		**(1.4)**	5.1
– Share buy-back	(e)	**(15.8)**	(25.1)
Total issued capital		**3,639.8**	3,641.6

		2010 No.	2009 No.
Movement in issued ordinary shares for the year			
Opening number of shares		**483,344,644**	453,365,629
Shares issued under:			
– Share plans	(a)	**91,598**	638,308
– Dividend Reinvestment Plan	(b)	**451,537**	200,328
– New shares – Equity Raising	(c)	**–**	29,991,655
– Employee Share Acquisition Plan	(d)	**43,680**	43,632
– Share buy-back	(e)	**(432,682)**	(894,908)
Closing number of shares		**483,498,777**	483,344,644

(a) Represents options/rights exercised under the Company's share-based payments plans. Refer Note 23.

(b) 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.

(c) On 2 February 2009, Newcrest announced an Equity Raising at an issue price of $27.00 per share which represented a 12.9% discount to Newcrest's closing price on 30 January 2009. The Equity Raising resulted in 29,991,655 new ordinary shares being issued, resulting in cash proceeds of $809.8 million. Transaction costs associated with the Equity Raising were $17.1 million, resulting in net cash proceeds of $792.7 million.

(d) 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.

(e) Comprises of the following on-market buy-backs:

	Shares Bought Back and Cancelled			
Date	No	Average Price	Low	High
5 Jan 2010	266,359	35.98	35.70	36.00
6 Jan 2010	166,323	36.83	36.75	36.90
	432,682			

The total cost of $15.8 million has been deducted from Issued Capital.

In order to prevent dilution of its share capital through the issue of shares under the Company's share-based payments plans and the Dividend Reinvestment Plan ('DRP'), the Company has determined that it will buy the corresponding number of shares on market as and when required. It is anticipated that on market buy-backs will be undertaken periodically in response to exercise of rights, or operation of the DRP. The share buy-back plan will only be used to purchase shares that are issued under the above mentioned plans.

21. RESERVES

	Note	Consolidated 2010 $M	2009 $M
Equity Settlements Reserve	(a)	**36.0**	27.6
Foreign Currency Translation Reserve	(b)	**(123.9)**	(93.6)
Hedge Reserve	(c)	**(90.3)**	(291.4)
Total reserves		**(178.2)**	(357.4)

(a) Equity Settlements Reserve
The Equity Settlements Reserve is used to recognise the fair value of rights and options issued to employees, including Key Management Personnel in relation to equity-settled share-based payments.

(b) Foreign Currency Translation Reserve
The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record gains and losses on hedges of the net investment in foreign operations (refer Note 2(s)).

During the prior year, the Group drew down on its USD bilateral debt facility. The loan proceeds were used to fund the acquisition of the Morobe Mining Joint Venture. This loan was designated as a hedge against the net assets of the foreign subsidiaries which hold the joint venture assets. The exchange gains or losses upon subsequent revaluation of the effective portion of this US dollar denominated debt from the historical draw-down rate to the period end spot exchange rate were deferred in equity in the foreign currency translation reserve, up until the bilateral debt facility was repaid. These cumulative gains or losses will remain deferred in equity until the disposal of the foreign operation, at which point they will be transferred to the Income Statement.

(c) Hedge Reserve
The Hedge Reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer note 2(s)).
The components of the Hedge Reserve at year end were as follows:

	30 June 2010			30 June 2009		
	Gross Gains/ (Losses) $M	**Tax impact $M**	**Net Gains/ (Losses) $M**	Gross Gains/ (Losses) $M	Tax impact $M	Net Gains/ (Losses) $M
FX gains on US dollar denominated borrowings:						
– USD bilateral debt [i]	**–**	**–**	**–**	12.0	(3.6)	8.4
– USD private placement notes [ii]	**30.2**	**(9.1)**	**21.1**	26.8	(8.0)	18.8
	30.2	**(9.1)**	**21.1**	38.8	(11.6)	27.2
Losses on hedge contracts [iii]	**(160.0)**	**48.0**	**(112.0)**	(454.9)	136.5	(318.4)
Other cash flow hedges	**0.8**	**(0.2)**	**0.6**	(0.3)	0.1	(0.2)
	(129.0)	**38.7**	**(90.3)**	(416.4)	125.0	(291.4)

(i) FX gains on USD bilateral debt
Part of the proceeds from the September 2007 Equity Raising were used to repay US dollar denominated bilateral debt in full in 2008. This crystallised a cumulative foreign exchange gain on these borrowings, which had been designated as cash flow hedges of future US dollar denominated commodity sales.

The total foreign currency gain (some of which was released in prior years) has now been fully released to the Income Statement.

(ii) FX gains on USD private placement notes
The foreign currency component of this US dollar denominated debt was designated as a cash flow hedge of future US dollar denominated commodity sales. During the year, this hedge was de-designated. As a result of this de-designation, foreign exchange differences on the retranslation of this debt, from the date of de-designation are recorded in the Income Statement.

At the date of de-designation, the balance of this cash flow hedge deferred in equity was $21.1 million (net of tax). This balance will continue to remain deferred in equity and will be released to the Income Statement, in the same period as the anticipated hedged US dollar denominated commodity sales.

(iii) Losses on hedge contracts
Losses on hedge contracts incurred in previous years (which were restructured/closed out in previous years) will be released to the Income Statement in line with the original sales to which they were designated. This has resulted in the following release profile:

	Current Year	To be released in future years		
	2010 $M	2011 $M	2012 $M	Total $M
Hedge losses deferred in equity	**294.9**	152.8	7.2	160.0
Tax effect	**(88.5)**	(45.8)	(2.2)	(48.0)
After tax hedge losses	**206.4**	107.0	5.0	112.0

22. REMUNERATION OF AUDITORS

	Consolidated 2010 $	Consolidated 2009 $
(a) Audit services		
Amounts received, or due and receivable, for the audit and review of the financial reports of the entity by:		
– Ernst & Young (Australia)	**707,900**	650,158
– Related practices of Ernst & Young (Australia)	**90,800**	107,729
– Other firms	**99,327**	–
Total audit fees	**898,027**	757,887
(b) Other services		
Amounts receivable, or due and receivable for other services in relation to the entity:		
– Ernst & Young (Australia) [1]	**947,510**	375,113
– Other firms	**64,327**	–
Total other service fees	**1,011,837**	375,113
Total remuneration of auditors	**1,909,864**	1,133,000

[1] Other services comprised of:
- Advice and assurance services in relation to information technology systems development, $223,510 (2009: $295,802);
- Assurance services in relation to the Equity Raising, nil (2009: $20,000);
- Assurance services in respect of acquisitions, $714,000 (2009: $59,311); and
- Accounting advice and other assurance-related services, $10,000 (2009: nil).

23. SHARE-BASED PAYMENTS

(a) Executive Performance Share Plan (LTI Plan)

The Executive Performance Share Plan (also referred to as the Long Term Incentive (LTI) plan) entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The Executive Directors, Executive General Managers and Senior Executives participate in this plan.

The performance measures for the Performance Rights granted in the 2009 and 2010 financial years comprised of three equally weighted measures, being:

– Reserves Growth;

– Comparative Cost Position; and

– Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of group performance:

– Reserves Growth and Comparative Cost Position being key drivers of shareholder return in a gold mining company; and

– ROCE being a direct measure of returns per unit of capital.

Performance against each of these measures over the three year vesting period accounts for one-third of any grant made to participants. There is no ability to retest performance under the Plan after the performance period.

The assessed fair value at grant date of the share rights granted under the plan during the 2010 year was $34.63 (2009: $22.00).

The fair value is independently determined using a Black-Scholes option pricing model. The model inputs for share rights granted included:

– Exercise price	Nil	(2009: Nil)
– Expected volatility	40%	(2009: 40%)
– Risk-free interest rate	5.04%	(2009: 3.97%)
– Expected life of right (years)	3 years	(2009: 3 years)
– Share price at grant date	$35.15	(2009: $22.13)
– Expected dividend yield	0.5%	(2009: 0.2%)

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.

In the 2008 and prior financial years, the entitlement to receive Performance Rights was contingent on the Group achieving a performance hurdle over a three-year forward period commencing on the date on which the Performance Rights were granted. Group performance is measured against the TSR of the same comparator group of companies. If TSR performance of the Group is below the threshold 50th percentile of TSR for the comparator group, then no award will be made. If the Group'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.

(b) 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 Group 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 is measured at the weighted average market price of the shares on the ASX over a period of a week prior to the grant date. The fair value of shares issued under the plan during the year was $1.4 million (2009: $1.2 million).

Members of the plan receive all the rights of ordinary shareholders. Unrestricted possession of these shares occurs at the earliest of, three years from the date of issue or the date employment ceases. During 2010, 1,456 employees participated in the plan (2009: 1,212 employees).

(c) Restricted Share Plan (MTI Plan)

The Restricted Share Plan (also referred to as the Medium Term Incentive 'MTI' Plan) was an annual incentive plan under which eligible employees were granted rights to receive ordinary fully paid shares in the Company (Restricted Rights).

The MTI Plan was last awarded to:

– Managers and other selected high performance personnel in 2009; and

– Executive Directors, Executive General Managers (being Key Management Personnel) and Senior Executives in 2008.

The amount of the award was determined by the Group's performance in the financial year immediately prior to the date the award was granted. Once awarded, the Restricted Rights vested at the end of two or three years (depending on the level of the employee), provided that the participating employee had been employed throughout the vesting period and achieved minimal acceptable personal performance. Each Restricted Right granted, initially entitled the holder to subscribe for one ordinary share. Group performance in relation to the award was measured according to the Group's Total Shareholder Return (TSR) measured against a comparator group of companies over the previous financial year, taken from the FTSE Gold Mine Index.

The assessed fair value at grant date of the share rights granted under the MTI plan during the 2009 year was $22.04.

Outstanding Restricted Rights at the end of 2010 have an expiry date of 11 November 2012.

23. SHARE-BASED PAYMENTS (continued)

(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:

				Movement in Number of Options/Rights During the Year					
Grant date	Exercise date on or after	Expiry date	Exercise price $[1]	Number at beginning of year	Granted	Exercised	Forfeited	Number at end of year	Number exercisable at end of year
2010									
Shares Rights									
8 Nov 2005	8 Nov 2008	8 Nov 2010	–	22,883	–	(10,880)	(837)	11,166	11,166
14 Jul 2006	14 Jul 2009	14 Jul 2011	–	165,000	–	–	–	165,000	165,000
3 Nov 2006	3 Nov 2009	3 Nov 2011	–	217,172	–	(75,729)	(639)	140,804	140,804
9 Nov 2007	9 Nov 2010	9 Nov 2012	–	228,389	–	(2,061)	(5,357)	220,971	–
11 Nov 2008	11 Nov 2010	11 Nov 2012	–	153,936	–	(2,928)	(4,736)	146,272	–
11 Nov 2008	11 Nov 2011	11 Nov 2013	–	380,355	–	–	(19,149)	361,206	–
10 Nov 2009	10 Nov 2012	10 Nov 2014	–	–	264,079	–	–	264,079	–
Total				**1,167,735**	**264,079**	**(91,598)**	**(30,718)**	**1,309,498**	**316,970**
Weighted average exercise price				$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2009									
Options									
2 Dec 2003	2 Dec 2005	2 Dec 2008	$10.42	593,900	–	(593,900)	–	–	–
Shares Rights									
8 Nov 2005	8 Nov 2008	8 Nov 2010	–	62,008	–	(35,754)	(3,371)	22,883	22,883
14 Jul 2006	14 Jul 2009	14 Jul 2011	–	165,000	–	–	–	165,000	–
3 Nov 2006	3 Nov 2009	3 Nov 2011	–	251,919	–	(6,016)	(28,731)	217,172	2,265
9 Nov 2007	9 Nov 2010	9 Nov 2012	–	265,684	–	(2,638)	(34,657)	228,389	1,011
11 Nov 2008	11 Nov 2010	11 Nov 2012	–	–	162,931	–	(8,995)	153,936	–
11 Nov 2008	11 Nov 2011	11 Nov 2013	–	–	385,730	–	(5,375)	380,355	–
Total				**1,338,511**	**548,661**	**(638,308)**	**(81,129)**	**1,167,735**	**26,159**
Weighted average exercise price				$5.45	$0.00	$9.70	$0.00	$0.00	$0.00

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

24. 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:

– withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due;

– maintain the capacity to fund its forecasted project developments and exploration and acquisition strategies; and

– maintain the equivalent of an investment grade credit rating around BBB+.

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.

	Consolidated	
Category	2010 $M	2009 $M
Financial assets		
Cash and cash equivalents	**643.3**	366.4
Loans and receivables	**288.9**	281.7
Derivatives at fair value through profit or loss	**41.4**	28.3
Derivatives in designated hedge accounting relationship	**0.8**	–
Financial liabilities		
Trade and other payables	**209.1**	212.6
Borrowings	**426.8**	450.5
Derivatives at fair value through profit or loss	**17.1**	6.5
Derivatives in designated hedge accounting relationship	**–**	0.3

(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 letters of credit) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was $8.0 million (2009: $34.8 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 2010 or 30 June 2009.

The majority of the Group's receivables are due from concentrate customers in Japan, China, Europe and Korea. There have been no credit defaults with these customers in recent history. Newcrest's treasury department evaluates credit risk on a continual basis. At the reporting date there were no other significant concentrations of credit risk.

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

24. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Trade and other receivables	Not past due $M	Past due but not impaired: Less than 30 days $M	Past due but not impaired: Between 30 & 90 days $M	Total $M
2010				
Metal in concentrate receivables	198.9	–	–	198.9
Bullion awaiting settlement	24.5	–	–	24.5
GST receivable	42.6	–	–	42.6
Other receivables	21.9	0.9	0.1	22.9
	287.9	**0.9**	**0.1**	**288.9**
2009				
Metal in concentrate receivables	170.4	–	–	170.4
Bullion awaiting settlement	18.9	–	–	18.9
GST receivable	27.0	–	–	27.0
Other receivables	65.1	0.3	–	65.4
	281.4	**0.3**	**–**	**281.7**

(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 detail for the next 12 months and longer term to five years.

The Group maintains a balance between continuity of funding and flexibility through the use of loans and committed available credit lines. Included in Note 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.

Consolidated	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
2010						
Payables	208.0	1.1	–	–	–	209.1
Borrowings	13.8	13.8	169.7	172.9	169.2	539.4
Derivatives	17.1	–	–	–	–	17.1
	238.9	**14.9**	**169.7**	**172.9**	**169.2**	**765.6**
2009						
Payables	212.3	0.3	–	–	–	212.6
Borrowings	11.6	14.5	28.9	342.0	193.8	590.8
Derivatives	6.8	–	–	–	–	6.8
	230.7	**14.8**	**28.9**	**342.0**	**193.8**	**810.2**

(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 Statement of Financial Position can be affected significantly by movements in the USD:AUD exchange rate. The Group also has exposure to other foreign currencies such as the Indonesian rupiah, Papua New Guinea kina and Fiji dollar. However, these exposures are less significant.

Newcrest hedges certain non-functional-currency capital commitment exposures to provide some budget certainty in the functional currency.

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

The carrying amounts of the Group's US dollar denominated financial assets and liabilities in entities which do not have a US dollar functional currency at the reporting date are as follows:

US dollar denominated balances	2010 A$M	2009 A$M
Financial assets		
Cash and cash equivalents	**80.9**	48.4
Trade and other receivables	**198.9**	150.3
Derivatives	**38.5**	12.9
	318.3	211.6
Financial liabilities		
Payables	**5.6**	2.6
Borrowings	**411.7**	432.2
Derivatives	**17.1**	6.8
	434.4	441.6
Net exposure	**(116.1)**	(230.0)

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. Where considered appropriate the foreign currency component of the US dollar denominated debt is designated either as a:

- Cash flow hedge of future US dollar denominated commodity sales. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw-down rate to the period end spot exchange rate are deferred in equity in the Hedge Reserve and will be released to the Income Statement as the anticipated hedged US dollar denominated commodity sales to which the deferred gains/(losses) are designated, occur.
- Net investment in foreign operations. Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings from the historical draw-down rate to the period end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve and will be released to the Income Statement if the foreign operation is sold.

Forward Foreign Exchange Contracts

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average Exchange Rate		Contract Value A$M		Fair Value A$M	
Outstanding Contracts	2010	2009	2010	2009	2010	2009
Buy USD/Sell AUD	**0.89**	0.79	**1.9**	11.7	**0.1**	(0.3)
Buy JPY/Sell AUD	**78.26**	–	**1.2**	–	**0.1**	–
Buy EUR/Sell AUD	**0.69**	–	**14.8**	–	**0.2**	–
Buy EUR/Sell USD	**1.22**	–	**2.8**	–	**–**	–
			20.7	11.7	**0.4**	(0.3)

The above contracts are for periods up to 13 months.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% movement (i.e. increase and decrease) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant.

	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2010 $M	2009 $M	2010 $M	2009 $M
AUD/USD +5%	**(9.9)**	(6.3)	**3.9**	8.1
AUD/USD –5%	**10.9**	7.0	**(4.3)**	(9.0)

24. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(d) Foreign Currency Risk (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates.
- The reasonably possible movement of 5% was calculated by taking the USD spot rate as at the reporting date, moving this spot rate by 5% and then re-converting the USD into AUD with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group.
- The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement.
- The net exposure at the reporting date is representative of what the Group was and is expecting to be exposed to in the next 12 months from the reporting date.
- The sensitivity analysis includes only the impact on the balance of financial assets and financial liabilities at the reporting date.

(e) Commodity Price Risk

The Group's revenue is exposed to commodity price fluctuations, in particular to gold and copper prices. The Group has entered into copper forward sales contracts, gold put options and diesel forward contracts to manage its exposure to movements in commodity prices. The carrying amount of the Group's derivative financial instruments as at the reporting date are disclosed in Notes 10 and 18.

Copper forward sales contracts

The Group enters into copper forward sales contracts to effectively fix the US dollar 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:

	2010			2009		
Copper forward sale contracts	**Tonnes**	**Weighted Average Price US$**	**Fair Value A$M**	Tonnes	Weighted Average Price US$	Fair Value A$M
Maturing:						
Less than 3 months	**19,204**	**7,250**	**17.1**	17,276	4,664	(6.5)

Gold put options

In September 2007, the Group 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 Group 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.

The following table details the Australian dollar gold put options outstanding as at the reporting date:

	2010			2009		
Gold put options	**Ounces**	**Strike Price A$**	**Fair Value A$M**	Ounces	Strike price A$	Fair Value A$M
Maturing:						
Less than 1 year	**500,000**	**800**	**0.1**	500,000	800	0.7
Between 1–2 years	**500,000**	**800**	**2.8**	500,000	800	5.1
Between 2–3 years	**–**	**–**	**–**	500,000	800	9.6
	1,000,000		**2.9**	1,500,000		15.4

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. The movement in fair value has been recognised in the Income Statement. Refer Note 3(k).

Diesel forward contracts

The Group undertakes short-term diesel hedging in line with budget to fix certain Australian dollar diesel costs.

	2010			2009		
Diesel forward contracts	**Barrels**	**Weighted Average Price US$**	**Fair Value A$M**	Barrels	Weighted Average Price US$	Fair Value A$M
Maturing:						
Less than 6 months	**177,526**	**100**	**0.4**	–	–	–

Sensitivity analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold and copper commodity prices, with all other variables held constant. The 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.

	Impact on Profit [1] Higher/(Lower)		Impact on Equity [2] Higher/(Lower)	
Post-tax gain/(loss)	**2010 $M**	2009 $M	**2010 $M**	2009 $M
Gold [3]				
Gold +10%	**9.0**	6.7	**9.0**	6.7
Gold -10%	**(9.0)**	(6.7)	**(9.0)**	(6.7)
Copper				
Copper +10%	**0.7**	0.7	**0.7**	0.7
Copper –10%	**(0.7)**	(0.7)	**(0.7)**	(0.7)

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

[2] As the majority of these derivatives are not in hedging relationships, all fair value movements are recognised in the Income Statement and therefore the impact on equity only represents retained earnings impacts.

[3] The impact on profit predominantly relates to the change in value of the gold put options and the embedded derivative relating to quotational period movements on gold sales (refer note 2(v)).

(f) Interest Rate Risk

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

Interest rate exposure

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

	2010			2009		
Consolidated	**Floating Interest $M**	**Fixed Interest $M**	**Effective Interest Rate %**	Floating Interest $M	Fixed Interest $M	Effective Interest Rate %
Financial assets						
Cash and cash equivalents	**643.3**	**–**	**4.1**	366.4	–	2.5
	643.3	**–**		366.4	–	
Financial liabilities						
Lease liabilities – floating	**13.7**	**–**	**1.9**	16.2	–	1.9
Lease liabilities – fixed	**–**	**1.4**	**6.8**	–	2.1	6.8
Private placement – floating	**29.4**	**–**	**1.1**	30.9	–	1.7
Private placement – fixed	**–**	**382.4**	**5.6**	–	401.3	5.6
	43.1	**383.8**		47.1	403.4	
	600.2	**(383.8)**		319.3	(403.4)	

The other financial instruments of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

Sensitivity analysis

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

	Impact on Profit Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2010 $M	2009 $M	**2010 $M**	2009 $M
+1% (100 basis points)	**4.2**	2.2	**4.2**	2.2
–1% (100 basis points)	**(4.2)**	(2.2)	**(4.2)**	(2.2)

The Group's sensitivity to interest rates has increased during the current year due to higher cash balances.

24. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(g) Fair Value

Fair value of financial instruments carried at amortised cost

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

	Carrying amount		Fair value	
Financial Assets/(Liabilities)	**2010 $M**	2009 $M	**2010 $M**	2009 $M
Borrowings:				
Fixed rate debt [1]	**(382.4)**	(401.3)	**(418.0)**	(366.5)

[1] Amount recorded at amortised cost and the movements in the fair valuation are not recorded on the Statement of Financial Position.

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010			
Financial Assets/(Liabilities)	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial Assets				
Gold put options	–	2.9	–	2.9
Quotational period derivatives	–	21.4	–	21.4
Copper forward sales contracts	–	17.1	–	17.1
Other financial derivatives	–	0.8	–	0.8
Financial Liabilities				
Quotational period derivatives	–	(17.1)	–	(17.1)

(h) Capital Management

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

The capital structure of Newcrest consists of debt, which includes borrowings as disclosed in Note 16, cash, cash equivalents and equity. Newcrest balances its overall capital structure through the issue of new shares, share buy-backs, capital returns, the payment of dividends as well as the issue of new debt or redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

Newcrest's gearing ratio is monitored and maintained at a level that is appropriate for financial risk and growth plans. Newcrest's strategy is to maintain gearing below 20% and maintain the equivalent of an investment grade credit rating around BBB+. In the current financial and economic environment, the Group will continue with a lower level of gearing.

The gearing ratio at year end was as follows:

	2010 $M	2009 $M
Total debt	**426.8**	450.5
Less: Cash and cash equivalents	**(643.3)**	(366.4)
Net debt	**(216.5)**	84.1
Equity	**5,009.5**	4,358.4
Total capital (net debt and equity)	**4,793.0**	4,442.5
Gearing ratio	**(5%)**	2%

25. COMMITMENTS

(a) Finance Lease Commitments

	Consolidated 2010 $M	2009 $M
Within 1 year	**6.0**	5.3
Later than 1 year but not later than 5 years	**9.6**	13.4
Later than 5 years	**–**	–
Total minimum lease payments	**15.6**	18.7
Less future finance charges	**(0.5)**	(0.4)
Present value of minimum lease payments	**15.1**	18.3
Included in the financial statements as borrowings (Note 16):		
Current	**5.8**	5.0
Non-current	**9.3**	13.3
	15.1	18.3

Finance leases were entered into as a means of financing the acquisition of mining equipment. No lease arrangements create restrictions on other financing transactions.

(b) Capital Expenditure Commitments

	Consolidated 2010 $M	2009 $M
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within 1 year	**191.1**	102.6
Total	**191.1**	102.6

This represents contracted mining development expenditure.

(c) Operating Lease Commitments

	Consolidated 2010 $M	2009 $M
Future minimum rentals payable on non-cancellable operating leases due:		
Within 1 year	**3.7**	12.3
Later than 1 year but not later than 5 years	**12.4**	9.3
Later than 5 years	**3.3**	0.8
Total	**19.4**	22.4

The Group leases assets for operations including plant and office premises. These leases have an average life ranging from 1 to 10 years. There are no restrictions placed upon the lessee by entering into these leases.

(d) Mineral and Exploration Leases

Expenditure of $4.3 million (2009: $5.0 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 Group at no cost.

(e) Other Commitments

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

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) In 2008, the New South Wales Supreme Court found in favour of Newcrest as plaintiff with respect to the obligation to pay mineral royalties on copper produced by the Cadia Valley operations on Newcrest owned land with no express reservation by the Crown of rights to copper royalties. The Supreme Court ordered the State of New South Wales to refund Newcrest A$10.9 million in royalty and interest payments relating to the 2008 financial year and prior financial years. The decision was appealed by the State of New South Wales and the matter went to the New South Wales Court of Appeal in 2009. The New South Wales Court of Appeal upheld the State of New South Wales' appeal. Newcrest was granted leave to appeal this matter in the High Court of Australia. The matter was heard in the High Court on 9 March 2010. The High Court is yet to hand down its decision.

(b) Following a tax audit of PT Nusa Halmahera Minerals ('PTNMH'), an 82.5% owned Indonesian subsidiary, the Indonesian Tax Office denied the tax deductibility of a number of items relating to the financial years 1997–2002, in particular in relation to the deductibility of pre-Contract of Work expenditure. PTNHM defended the claim from the Tax Office, and was successful in October 2007 at the Indonesian Tax Court. Taxes and interest on underpaid tax of US$12.5 million plus interest income on overpaid tax of US$4.8 million were refunded/paid by the Tax Office to PTNHM during the year ending 30 June 2008 and 30 June 2009. The Tax Office has appealed this decision to the Indonesian Supreme Court (which is the final court of appeal), and a decision by the Indonesian Supreme Court may possibly occur in the next 12 months. Based on independent advice, Newcrest believes that it will be successful in defending this claim.

(c) PTNHM has been named as a defendant in proceedings in a local Indonesian court regarding customary ownership of land situated within the Gosowong Contract of Work. The proceedings were initiated by five local residents seeking compensation and have been defended by PTNHM. The proceedings were dismissed by the local court, as the court found that the plaintiffs had been unable to prove the existence of communal land. It should be noted that the plaintiffs cannot file a new proceeding with the same merits. The plaintiffs appealed to the High Court of Indonesia, which also dismissed their claims. The plaintiffs have now appealed to the Supreme Court (the final court of appeal), which can only consider questions of law, not fact. Based on independent advice, Newcrest believes that it will be successful in defending this claim. The Supreme Court appeal process could take several years.

(d) In addition to the above matters, companies in the Group 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 will not have a material effect on the financial position of the Group if disposed of unfavourably, or are at a stage which does not permit a reasonable evaluation of the likely outcome of the matter.

(e) The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is $126.3 million (2009: $117.4 million).

(f) During the year ended 30 June 1998 the Group 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 Group would be required to purchase land subject to the put option agreements. No liability has been taken of these options as at 30 June 2010 as there is no certainty of their exercise. The total value of unexpired land options at 30 June 2010 is $3.0 million (2009: $3.0 million).

27. CONTROLLED ENTITIES

Entity	Notes	Place of Incorporation	Percentage Holding 2010 %	Percentage Holding 2009 %
Parent entity				
Newcrest Mining Limited		Australia (Vic)		
Subsidiaries				
Newcrest Operations Ltd	(a)	Australia (WA)	**100**	100
Australmin Holdings Ltd	(e)	Australia (ACT)	**100**	100
Cadia Holdings Pty Ltd	(a)	Australia (NSW)	**100**	100
Contango Agricultural Co. Pty Ltd	(b)	Australia (NSW)	**100**	100
Horskar Pty Limited	(b)	Australia (Vic)	**100**	100
Newcrest Exploration Holdings Pty Ltd	(a)	Australia (Vic)	**100**	100
Newcrest Finance Pty Ltd	(a)	Australia (Vic)	**100**	100
Newcrest International Pty Ltd	(a)	Australia (Vic)	**100**	100
Newcrest Services Pty Ltd [1]	(b)	Australia (Vic)	**100**	100
Newcrest Technology Pty Ltd [2]	(b)	Australia (Vic)	**100**	100
Newgen Pty Ltd	(b)	Australia (Vic)	**100**	100
Sulawesi Investments Pty Ltd	(a)	Australia (Vic)	**100**	100
600 Holdings Inc	(b)	USA	**100**	100
Newcrest Resources Inc	(b)	USA	**100**	100
Newmont Pty Ltd	(b)	USA	**100**	100
Newroyal Resources Inc	(b)	USA	**100**	100
Newcrest Mining BC Ltd	(b)	Canada	**100**	100
Newcrest Singapore Holdings Pte Ltd	(d)	Singapore	**100**	100
Newcrest Insurance Pte Ltd	(c)	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
Newcrest Peru Holdings 1	(b)	Bermuda	**100**	100
Newcrest Peru Holdings 2	(b)	Bermuda	**100**	100
Minera Newcrest Chile SRL	(b)	Chile	**100**	100
Minera Newcrest Peru SAC	(b)	Peru	**100**	100
Newcrest (Fiji) Ltd	(c)	Fiji	**100**	100
Newcrest PNG 1 Ltd	(d)	Papua New Guinea	**100**	100
Newcrest PNG 2 Ltd	(d)	Papua New Guinea	**100**	100
Newcrest PNG 3 Ltd	(d)	Papua New Guinea	**100**	100

[1] Formerly Cadia Mines Pty Ltd
[2] Formerly Cracow Holdings Pty Ltd

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 and Investments Commission. (Refer Note 29 for further information)
(b) Not required to prepare 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.

28. PARENT ENTITY INFORMATION

The summarised Income Statement and Statement of Financial Position in respect to the parent entity ('Company') is set out below.

(a) Income Statement

	Company 2010 $M	Company 2009 $M
Profit after income tax	**129.6**	122.2
Total comprehensive income for the year	**129.6**	122.2

(b) Statement of Financial Position

	Company 2010 $M	Company 2009 $M
Current assets	**728.3**	845.8
Non-current assets	**3,375.8**	3,239.3
Total assets	**4,104.1**	4,085.1
Current liabilities	**77.1**	112.1
Non-current liabilities	**141.6**	127.1
Total liabilities	**218.7**	239.2
Net assets	**3,885.4**	3,845.9
Issued capital	**3,639.8**	3,641.6
Retained earnings	**209.6**	176.7
Equity settlements reserve	**36.0**	27.6
Total equity	**3,885.4**	3,845.9

(c) Commitments

	Company 2010 $M	Company 2009 $M
Capital expenditure commitments		
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within one year	**35.0**	13.2
Total	**35.0**	13.2
Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	**1.6**	3.3
Later than one year but not later than five years	**5.8**	5.3
Later than five years	**–**	0.8
Total	**7.4**	9.4

(d) Guarantees and Contingent Liabilities

The Company and each of the Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding-up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 29. At the reporting date, no amounts have been recognised in the financial statements of the Company in respect of this Deed on the basis that the possibility of default is remote.

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 27 are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

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

A consolidated Income Statement and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out below.

	Consolidated	
Income Statement	2010 $M	2009 $M
Operating sales revenue	**2,236.5**	2,057.2
Cost of sales	**(1,377.9)**	(1,460.2)
Gross profit	**858.6**	597.0
Exploration costs	**(19.9)**	(30.0)
Corporate administration costs	**(89.4)**	(66.4)
Operating profit	**749.3**	500.6
Other revenue	**144.5**	230.6
Other income/(expenses)	**11.7**	3.1
Finance costs	**(31.9)**	(39.5)
Profit before tax, restructure and close-out impacts	**873.6**	694.8
Losses on restructured and closed-out hedge contracts	**(294.9)**	(352.0)
Other close-out related costs	**(12.5)**	(25.1)
Foreign exchange gain on US dollar borrowings	**12.0**	41.4
Profit before income tax	**578.2**	359.1
Income tax expense	**(93.0)**	(38.7)
Profit after income tax	**485.2**	320.4

29. DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	Consolidated 2010 $M	Consolidated 2009 $M
Current assets		
Cash and cash equivalents	**547.2**	285.8
Trade and other receivables	**636.3**	590.3
Inventories	**187.8**	219.5
Financial derivative assets	**39.4**	13.5
Other	**148.4**	153.3
Total current assets	**1,559.1**	1,262.4
Non-current assets		
Other receivables	**8.7**	8.7
Inventories	**152.7**	–
Investment in subsidiaries	**469.5**	356.0
Property, plant and equipment	**1,361.2**	1,338.9
Exploration, evaluation and development expenditure	**1,900.7**	1,679.8
Intangible assets	**75.8**	32.5
Deferred tax assets	**250.4**	403.5
Financial derivative assets	**2.8**	14.7
Other	**84.4**	157.5
Total non-current assets	**4,306.2**	3,991.6
Total assets	**5,865.3**	5,254.0
Current liabilities		
Trade and other payables	**148.4**	145.2
Borrowings	**0.9**	0.7
Provisions	**62.1**	77.1
Financial derivative liabilities	**17.1**	6.8
Other	**0.5**	1.1
Total current liabilities	**229.0**	230.9
Non-current liabilities		
Borrowings	**412.3**	433.6
Deferred tax liabilities	**414.6**	387.4
Provisions	**69.5**	58.0
Other	**–**	0.5
Total non-current liabilities	**896.4**	879.5
Total liabilities	**1,125.4**	1,110.4
Net assets	**4,739.9**	4,143.6
Equity		
Issued capital	**3,639.8**	3,641.6
Retained earnings	**1,273.4**	884.9
Reserves	**(173.3)**	(382.9)
Total equity	**4,739.9**	4,143.6

30. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS

(a) Interests

The Group has an interest the following unincorporated joint ventures:

Name	Country	Principal Activity	Ownership Interest 2010	Ownership Interest 2009
Cracow JV	Australia	Gold production and mineral exploration	**70.0%**	70.0%
Hidden Valley JV	Papua New Guinea	Gold production and mineral exploration	**50.0%**	50.0%
Wafi-Golpu JV	Papua New Guinea	Mineral exploration	**50.0%**	50.0%
Morobe Exploration JV	Papua New Guinea	Mineral exploration	**50.0%**	50.0%
Namosi JV	Fiji	Mineral exploration	**69.94%**[1]	65.0%[1]

[1] During the 2009 financial year, Newcrest completed its initial $21.5 million of expenditure and earned a 65.0% interest in the Namosi Joint Venture. On 15 May 2009, Newcrest accepted the transfer of an additional 4.94% interest in the Joint Venture. This transfer was subject to Fiji government approval. This was approved during the 2010 financial year.

For operating and capital expenditure commitments and contingent liability disclosures relating to the joint ventures refer to Note 25 and Note 26 respectively.

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

Joint Ventures	Consolidated 2010 $M	Consolidated 2009 $M
Current assets		
Cash assets	**9.6**	12.1
Receivables	**1.8**	0.5
Inventories	**42.8**	23.1
Other assets	**13.6**	4.0
	67.8	39.7
Non-current assets		
Property, plant and equipment	**370.8**	86.9
Exploration, evaluation and development	**153.7**	385.2
Intangible assets	**0.3**	–
Other assets	**3.6**	8.4
	528.4	480.5
	596.2	520.2

(b) Acquisition of Interest in the Morobe Mining Joint Venture

During the 2009 financial year Newcrest acquired a 50% interest in the Papua New Guinea (PNG) gold assets of Harmony Gold Mining Company Limited (Harmony) via unincorporated joint venture structures. The joint venture assets comprise:

– the Hidden Valley mining operation, a gold and silver project, expected to produce over 250,000 ounces of gold and 4 million ounces of silver per annum over a 14-year mine life;

– the Wafi–Golpu gold–copper deposit and its surrounding exploration tenements; and

– extensive exploration tenements in the Morobe province of PNG.

The acquisition of the interest in the joint ventures comprised two stages:

– In the first stage, which was completed on 7 August 2008, Newcrest acquired an initial 30.01% interest for cash consideration of US$228.0 million (A$249.4 million) consisting of an initial payment of US$180.0 million together with a reimbursement to Harmony of US$48.0 million in project expenditure incurred between 1 January 2008 and 7 August 2008.

– The second stage represented a farm-in commitment for the remaining 19.99% interest. In this stage, Newcrest solely funded all project expenditure up to 30 June 2009 which totalled US$297.7 million (A$420.8 million).

30. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS (continued)

(b) Acquisition of Interest in the Morobe Mining Joint Venture (continued)

Newcrest's 50% interest in the net assets of the Morobe Mining Joint Venture at 7 August 2008 is detailed below.

	7 Aug 2008 $M
Current assets	
Trade and other receivables	0.6
Inventory	1.6
Non-current assets	
Exploration, evaluation and development assets	441.3
Property, plant and equipment	45.7
Current liabilities	
Borrowings	3.3
Provisions	0.9
Non-current liabilities	
Borrowings	13.7
Provisions	0.7
Net assets	**470.6**

Cash outflow from the acquisition of and subsequent expenditure on the Morobe Mining Joint Venture is reconciled to the Statement of Cash Flows as follows:

	30 Jun 2009 $M
Cash outflow	
Stage 1 payments	(249.4)
Stage 2 payments	(420.8)
Stamp duty and acquisition costs	(7.1)
Total cash outflow	**(677.3)**
Included in the Statement of Cash Flows as follows:	
Acquisition of interest in joint venture	(470.6)
Payments for mines under construction and development	(190.7)
Exploration and evaluation expenditure	(16.0)
	(677.3)

31. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee (the chief operating decision-makers) in assessing performance. The operating segments represent the Group's operating mines and projects which are organised and managed according to their location.

The Group's reportable operating segments are:

– Cadia Valley, NSW, Australia

– Telfer, WA, Australia

– Cracow JV (70% interest), QLD, Australia

– Gosowong, Indonesia

– Hidden Valley JV (50% interest), Papua New Guinea

– Exploration and Other.

Hidden Valley was acquired on 7 August 2008 and was commissioned on 1 May 2010.

Exploration and Other mainly comprises projects in the exploration, evaluation and feasibility phase and includes Namosi in Fiji, Wafi–Golpu in Papua New Guinea, and Marsden and O'Callaghans in Australia.

Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on their Revenues, Costs and Operating EBIT (Segment Result).

Segment revenues represent gold, copper and silver sales at unhedged prices. Operating EBIT is earnings before interest and income tax. Operating EBIT does not include the allocation of hedging and litigation settlements.

Segment assets exclude deferred tax assets and intercompany receivables.

Segment liabilities exclude current and deferred tax liabilities and intercompany payables.

2010	Cadia Valley Operations $M	Telfer $M	Cracow $M	Gosowong $M	Hidden Valley $M	Exploration & Other $M	Total Segments $M	Corporate & Unallocated[1] $M	Total Group $M
External sales revenue	1,000.8	1,146.1	89.6	554.8	10.5	–	2,801.8	–	2,801.8
Other revenue	–	–	–	–	–	–	–	0.7	0.7
Total segment revenue	1,000.8	1,146.1	89.6	554.8	10.5	–	2,801.8	0.7	2,802.5
Segment EBITDA	548.6	517.0	49.7	418.2	0.5	(33.0)	1,501.0	(65.1)	1,435.9
Depreciation and amortisation	(63.1)	(176.5)	(17.5)	(40.1)	(4.1)	–	(301.3)	(7.2)	(308.5)
Segment result (Operating EBIT)	**485.5**	**340.5**	**32.2**	**378.1**	**(3.6)**	**(33.0)**	**1,199.7**	**(72.3)**	**1,127.4**
Interest revenue								12.2	12.2
Interest expense								(33.2)	(33.2)
Net finance costs								(21.0)	(21.0)
Hedge restructure and close-out impacts								(295.4)	(295.4)
Profit before tax								**(388.7)**	**811.0**
Other segment information									
Segment assets	1,906.6	2,033.3	67.3	438.9	681.6	285.1	5,412.8	921.0	6,333.8
Segment liabilities	120.4	97.9	8.2	60.0	45.4	3.5	335.4	988.9	1,324.3
Acquisition of segment assets	406.5	55.1	13.5	120.0	91.4	101.1	787.6	75.0	862.6

[1] Includes eliminations.

2009	Cadia Valley Operations $M	Telfer $M	Cracow $M	Gosowong $M	Hidden Valley $M	Exploration & Other $M	Total Segments $M	Corporate & Unallocated[1] $M	Total Group $M
External sales revenue	991.5	985.4	80.3	473.6	–	–	–	–	2,530.8
Other revenue	–	–	–	–	–	–	–	0.6	0.6
Total segment revenue	991.5	985.4	80.3	473.6	–	–	–	0.6	2,531.4
Segment EBITDA	474.5	302.8	44.9	332.3	–	(57.8)	1,096.7	(57.3)	1,039.4
Depreciation and amortisation	(53.0)	(162.4)	(13.8)	(40.8)	–	–	(270.0)	3.2	(266.8)
Segment result (Operating EBIT)	**421.5**	**140.4**	**31.1**	**291.5**	**–**	**(57.8)**	**826.7**	**(54.1)**	**772.6**
Interest revenue								7.7	7.7
Interest expense								(34.9)	(34.9)
Net finance costs								(27.2)	(27.2)
Hedge restructure and close-out impacts								(335.7)	(335.7)
Profit before tax								**(417.0)**	**409.7**
Other segment information									
Segment assets	1,571.4	2,135.2	75.9	314.0	630.1	233.7	4,960.3	655.7	5,616.0
Segment liabilities	102.0	100.9	6.8	71.1	63.5	6.0	350.3	907.3	1,257.6
Acquisition of segment assets	383.3	69.9	9.4	109.5	598.3	235.3	1,405.7	18.6	1,424.3

[1] Includes eliminations.

31. SEGMENT INFORMATION (continued)

Geographical Segments

Revenue from external customers by geographical region is detailed below. Revenue is attributable to geographic location based on the location of customers.

Sales Revenue from External Customers	2010 $M	2009 $M
Bullion		
Australia	**981.3**	858.2
Other Asia	**2.2**	1.8
Concentrate		
Japan	**769.6**	989.7
Korea	**130.3**	134.6
China	**154.9**	103.8
Europe [1]	**670.6**	364.2
USA [1]	**92.9**	78.5
Total sales revenue	**2,801.8**	2,530.8

[1] The majority of concentrate sales to customers in Europe and the USA are shipped to smelters in Japan, Korea and China.

Non-Current Assets	2010 $M	2009 $M
Australia	**3,438.5**	3,232.0
Indonesia	**278.8**	148.4
Papua New Guinea	**756.6**	726.1
Other	**25.2**	24.7
Total Non-Current Assets	**4,499.1**	4,131.2

Major Customer Information

Major customers to which the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		% of external revenue	
	2010 $M	2009 $M	2010 %	2009 %
Customer A	**556.3**	734.0	**19.9**	29.0
Customer B	**453.3**	859.4	**16.2**	34.0
Customer C	**425.4**	129.5	**15.2**	5.1
Customer D	**325.3**	–	**11.6**	–

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 Executives. Herein Directors are referred to as Directors and the term Key Management Personnel refers to the Executives who are members of the Group's Executive Committee (Exco) along with the Director Finance 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 Group.

Name	Position
Directors	
Ian Smith	Managing Director and Chief Executive Officer
Greg Robinson	Director Finance
Don Mercer	Non-Executive Chairman
John Spark	Non-Executive Director
Rick Lee	Non-Executive Director
Tim Poole	Non-Executive Director
Richard Knight	Non-Executive Director
Vince Gauci	Non-Executive Director
Executives	
Ron Douglas	Executive General Manager – Projects
Colin Moorhead	Executive General Manager – Minerals
Debra Stirling	Executive General Manager – People and Communications
Geoff Day	Chief Operating Officer – Offshore Operations
Greg Jackson	Chief Operating Officer – Australian Operations (commenced 18 January 2010)
Stephen Creese	General Counsel and Company Secretary (commenced 30 November 2009)
Bernard Lavery	Executive General Manager – Corporate Services and Company Secretary (ceased 10 December 2009)

(b) Remuneration of Directors and Key Management Personnel

	2010 $'000	2009 $'000
Short-term	**14,144**	12,998
Post employment	**183**	179
Termination benefits	**–**	1,646
Share-based payments	**3,783**	3,600
	18,110	18,423

(c) Loans to Directors and Key Management Personnel

There are no loans made to Directors and Key Management Personnel, or their related entities, by the Group.

32. KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings of Directors and Key Management Personnel

Shares held in Newcrest Mining Limited:

Directors and Key Management Personnel	Balance at 1 July 2009	Received as Remuneration	Acquired on Exercise of Rights	Net Other Changes	Balance at 30 June 2010
Directors					
I. Smith	4,235	–	–	–	4,235
G. Robinson	4,235	–	–	–	4,235
D. Mercer	15,546	–	–	–	15,546
J. Spark	18,105	–	–	–	18,105
R. Lee	16,185	–	–	3,815	20,000
T. Poole	4,235	–	–	–	4,235
R. Knight	10,185	–	–	9,815	20,000
V. Gauci	–	–	–	3,400	3,400
Executives					
C. Moorhead	32,317	–	–	–	32,317
R. Douglas	–	–	–	–	–
D. Stirling	5,603	–	–	–	5,603
G. Day	–	–	–	–	–
G. Jackson	–	–	–	–	–
S. Creese	–	–	–	–	–
B. Lavery	10,185	–	–	–	10,185

(e) Other Transactions of Directors and Key Management Personnel

Transactions are conducted by entities within the Group with Directors and KMP 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 an unrelated person.

(f) 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 Director and Key Management Personnel, including their personally related entities is shown in the following table.

Directors and KMP			Movements During the Year					As at 30 June 2010	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/09	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/10	Vested and Exercisable	Non-Vested
I. Smith									
14 Jul 06	LTI	$19.52	165,000	–	–	–	165,000	165,000	–
3 Nov 06	MTI	$24.10	8,845	–	–	–	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
11 Nov 08	LTI	$22.13	100,048	–	–	–	100,048	–	100,048
10 Nov 09	LTI	$35.15	–	63,977	–	–	63,977	–	63,977
			359,593	**363,977**	**–**	**–**	**423,570**	**216,726**	**206,844**
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
11 Nov 08	LTI	$22.13	50,024	–	–	–	50,024	–	50,024
10 Nov 09	LTI	$35.15	–	31,988	–	–	31,988	–	31,988
			80,053	**31,988**	**–**	**–**	**112,041**	**16,252**	**95,789**

(f) Rights Held by Directors and Key Management Personnel (continued)

Directors and KMP			Movements During the Year					As at 30 June 2010	
Grant Date	Type	Share Price at Grant Date	Balance at 1/07/09	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/10	Vested and Exercisable	Non-Vested
C. Moorhead									
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
11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
			27,200	**11,864**	**–**	**–**	**39,064**	**2,937**	**36,127**
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
11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
			27,509	**11,864**	**–**	**–**	**39,373**	**–**	**39,373**
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
11 Nov 08	LTI	$22.13	17,190	–	–	–	17,190	–	17,190
10 Nov 09	LTI	$35.15	–	10,992	–	–	10,992	–	10,992
			25,870	**10,992**	**–**	**–**	**36,862**	**–**	**36,862**
G. Day									
11 Nov 08	LTI	$22.13	18,554	–	–	–	18,554	–	18,554
10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
			18,554	**11,864**	**–**	**–**	**30,418**	**–**	**30,418**
G. Jackson									
10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
			–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**
S. Creese									
10 Nov 09	LTI	$35.15	–	11,864	–	–	11,864	–	11,864
			–	**11,864**	**–**	**–**	**11,864**	**–**	**11,864**
Former KMP									
B. Lavery									
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
11 Nov 08	LTI	$22.13	16,508	–	–	–	16,508	–	16,508
10 Nov 09	LTI	$35.15	–	10,556	–	–	10,556	–	10,556
			38,372	**10,556**	**–**	**–**	**48,928**	**14,080**	**34,848**

33. MERGER IMPLEMENTATION AGREEMENT WITH LIHIR

Newcrest and Lihir Gold Limited (Lihir) entered into a Merger Implementation Agreement (MIA) on 4 May 2010 to combine the two companies under a Scheme of Arrangement (Scheme). Newcrest completed the due diligence process on 8 June 2010, at which time the two parties commenced working exclusively together to complete the Scheme between Lihir and its shareholders under which Newcrest will acquire Lihir.

On 22 July 2010, the National Court of Papua New Guinea (National Court) approved the despatch of the Scheme Booklet to Lihir shareholders. The National Court has fixed 23 August 2010 as the date for the Extraordinary General Meeting (EGM) of Lihir shareholders to vote on the Scheme.

Assuming Lihir shareholders vote in favour of the Scheme and the National Court approves the Scheme at the second court hearing date fixed for 27 August 2010, the Scheme will be implemented by mid-September 2010.

34. EVENTS SUBSEQUENT TO REPORTING DATE

Newcrest and Sumatra Copper & Gold plc (Sumatra) have signed a Heads of Agreement involving an equity investment by Newcrest in Sumatra and a joint venture investment in two of Sumatra's gold projects in the south-west region of the Island of Sumatra, Indonesia. Newcrest and Sumatra intend to enter into definitive agreements in relation to the three limbs of the transaction by 17 August 2010. The joint venture investments are also dependent on approvals by Indonesian authorities.

The Directors of Newcrest Mining Limited determined that a final unfranked dividend of 20 cents per ordinary share be paid in respect of the 2010 financial year. The total amount of the dividend is $96.7 million based on shares on issue at the reporting date. If the Scheme outlined in Note 33 is approved, a maximum of 280,988,130 shares will be issued pursuant to the Scheme (subject to adjustments). This will increase the total dividend payable by $56.2 million. The dividend has not been provided for in the 30 June 2010 financial statements.

The Company has undertaken to Lihir that the record date for the dividend will be after the implementation date under the Scheme of Arrangement (other than in certain limited circumstances). The Company reserves its right to amend the record and payment dates of the dividend if required to enable it to comply with this undertaking. The Company will provide at least seven business days notice to the ASX if such a change is to occur.

There are no other matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:
   (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Group is in accordance with the *Corporations Act 2001*, including:
      (i) Giving a true and fair view of the Group s financial position as at 30 June 2010 and of its performance for the year ended on that date; and
      (ii) Complying with Australian Accounting Standards and *Corporations Regulations 2001*.
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2010.
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 29 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

Don Mercer
Chairman

Ian Smith
Managing Director and
Chief Executive Officer

16 August 2010
Melbourne, Victoria

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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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 statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Director's 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.

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.

ERNST & YOUNG

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 consolidated entity's financial position at 30 June 2010 and of its 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 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Rodney Piltz
Partner
Melbourne
16 August 2010

SHAREHOLDER INFORMATION

CAPITAL (ON 31 AUGUST 2010)

Share Capital	483,499,363
Ordinary shareholders	40,876
Shareholdings with less than a marketable parcel of $500 worth of ordinary shares	938
Market price	$37.25

SHAREHOLDER BREAKDOWN AT 31 AUGUST 2010

	%
International Institutions	75
Domestic Institutions	19
Retail & Other	6

NEWCREST TOP 20 INVESTORS AT 31 AUGUST 2010

	Name	Current Balance	Issued Capital %
1	HSBC Custody Nominees (Australia) Limited	162,077,911	33.52
2	National Nominees Limited	133,030,139	27.51
3	J P Morgan Nominees Australia Limited	49,014,466	10.14
4	Citicorp Nominees Pty Limited	44,601,640	9.22
5	ANZ Nominees Limited	13,393,456	2.77
6	Warbont Nominees Pty Ltd	4,438,179	0.92
7	Cogent Nominees Pty Limited	4,090,499	0.85
8	UBS Nominees Pty Ltd	3,092,999	0.64
9	AMP Life Limited	3,007,962	0.62
10	Australian Reward Investment Alliance	1,900,915	0.39
11	HSBC Custody Nominees (Australia) Limited A/C 3	1,480,790	0.31
12	Queensland Investment Corporation	1,478,018	0.31
13	Citicorp Nominees Pty Limited	1,184,830	0.25
14	RBC Dexia Investor Services Australia Nominees Pty Limited	1,159,264	0.24
15	HSBC Custody Nominees (Australia) Limited GSCO ECA	971,226	0.20
16	Merrill Lynch (Australia) Nominees Pty Limited	744,075	0.15
17	Cogent Nominees Pty Limited	722,018	0.15
18	Bainpro Nominees Pty Limited	629,818	0.13
19	UBS Wealth Management Australia Nominees Pty Ltd	609,280	0.13
20	Woodross Nominees Pty Ltd	588,298	0.12
Total		**428,215,783**	**88.57**

SUBSTANTIAL SHAREHOLDERS AT 31 AUGUST 2010

	%
Blackrock	14.69
Fidelity	11.16
Commonwealth Bank of Australia	10.75

INVESTOR CATEGORIES

Ranges	Investors	Securities	Issued Capital %
1 – 1,000	30,391	10,725,376	2.22
1,001 – 5,000	9,309	19,352,313	4.00
5,001 – 10,000	732	5,078,261	1.05
10,001 – 100,000	379	9,087,576	1.88
100,001 and Over	65	439,255,837	90.85
Total	**40,876**	**483,499,363**	**100.00**

VOTING RIGHTS

Each ordinary shareholder is entitled to one vote for each share held.

The Company encourages shareholders to express their views on the conduct of business by speaking at shareholder meetings or by writing to the Chairman of the Board of Directors.

DIVIDENDS

The company has determined an unfranked final dividend of 20 cents per share. The dividend is payable to shareholders on 22 October 2010. Shareholders registered as at the close of business on 1 October 2010 will be eligible for the dividend. The Dividend Reinvestment Plan remains in place and will be offered to shareholders at market price.

US INVESTOR INFORMATION

Newcrest may also be traded in the form of American Depositary Receipts (ADRs). Each ADR represents one Newcrest ordinary share. The program is administered on behalf of the Company by The Bank of New York and enquiries should be directed in writing to: BNY – Mellon Shareowner Services, PO Box 358516 Pittsburgh, PA 15252-8516

ADR holders are not members of the Company, but may instruct The Bank of New York as to the exercise of voting rights pertaining to the underlying shareholding.

During the year the net movement for ADRs was positive 5,266,755 and at year end a net 14,381,872 ADRs were outstanding.

REPORTING TO SHAREHOLDERS

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

SHARE REGISTRY INFORMATION

You can do so much more online

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

Visit Link Market Services' website www.linkmarketservices.com.au and access a wide variety of holding information, make some changes online or download forms. You can:

- Check your current and previous holding balances
- Elect to receive financial reports electronically
- Update your address details
- Update your bank details
- Confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Check transaction and dividend history
- Enter your email address
- Check the share prices and graphs
- Download a variety of instructions forms.

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

Don't miss out on your dividends

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

Better still, why not have us bank your dividend payments for you

How would you like to have immediate access to your dividend payment? Your dividend payments can be credited directly into any nominated bank, building society or credit union account in Australia.

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

CONTACT INFORMATION

You can also contact the Newcrest Mining Limited share registry by calling 1300 554 474 or from outside Australia +61 (0)2 8280 7111. Share registry contact details are contained in the Corporate Directory of this Report on the inside back cover.

FIVE YEAR SUMMARY

For the 12 months ended 30 June	2010	2009	2008	2007	2006
Gold Production (ounces)	**1,762,200***	1,631,183*	1,781,182	1,617,251*	1,529,866*
Cash costs ($ per ounce)	**347**	468	261	280	245
Total costs [1] ($ per ounce)	**523**	632	416	419	365
Net profit after tax from continuing operations: [2]					
– Statutory Profit ($M)	**557**	248	134	72	131
– Underlying Profit [3] ($M)	**764**	483	494	191	139
Cash flow from operations ($M)	**1,303**	1,024	1,018	387	264
Gold Production – Newcrest Share (ounces)					
Cadia Hill	**325,712**	297,889	414,171	246,661	248,312
Ridgeway	**171,974**	234,298	301,417	314,028	366,520
Cracow	**71,932**	69,443	75,175	81,678	77,702
Telfer	**688,909**	629,108	590,217	627,077*	650,016*
Gosowong	**442,525**	400,220	400,202	347,807	187,316
Hidden Valley	**61,148***	225*	–	–	–
Total	**1,762,200***	1,631,183*	1,781,182	1,617,251*	1,529,866*
Copper Production (tonnes)	**86,816**	89,877	87,458	88,940	100,521
Costs per ounce (after by-product credits)					
Cash costs ($ per ounce)	**347**	468	261	280	245
Total costs [1] ($ per ounce)	**523**	632	416	419	365
Cash Flow ($M)					
Cash flow from operations	**1,303**	1,024	1,018	387	264
Exploration expenditure	**101**	109	77	60	57
Capital expenditure	**786**	1,270	338	341	488
Profit and Loss ($M)					
Sales revenue	**2,802**	2,531	2,363	2,127	1,393
Depreciation and amortisation	**(309)**	(267)	(279)	(224)	(187)
Income tax expense from continuing operations	**(209)**	(128)	(37)	(10)	(47)
Net profit after tax from continuing operations: [2]					
– Statutory Profit	**557**	248	134	72	131
– Underlying Profit [3] ($M)	**764**	483	494	191	139
Earnings per share (EPS) on continuing operations:					
– Basic EPS on Statutory Profit (cents per share)	**115.2**	53.0	30.8	19.4	39.6
– Basic EPS on Underlying Profit (cents per share)	**158.0**	103.2	113.2	51.6	42.0
Dividend (cents per share)	**25.0**	15.0	10.0	5.0	5.0
Financial Position ($M)					
Total assets	**6,334**	5,616	4,324	4,623	4,257
Total liabilities	**1,324**	1,258	1,072	3,682	4,096
Shareholders' equity	**5,010**	4,358	3,252	941	161
Ratios (percent)					
Gearing [4] (percent)	**(5)**	2	8	46	50
Return on Capital Employed [5] (percent)	**24**	17	21	12	9
Issued Capital (million shares) at year end	**483.5**	483.3	453.4	335.3	333.1
Gold Inventory (million ounces)					
Reserves	**47**	43	40	33	33
Resources	**84**	80	71	55	59

* Includes commissioning production.
[1] Comprises cash costs plus depreciation and amortisation.
[2] Excludes gain on disposal of discontinued operations (Boddington) in 2006.
[3] Represents Statutory Profit before hedge restructure and close-out impacts.
[4] Calculated as Net Debt to Capital (Capital comprises equity plus net debt). In 2007 and prior years, equity was adjusted by the balance of the Hedge Reserve to remove the impact of the gold hedge book mark to market.
[5] Calculated as Underlying EBIT to Capital.

CORPORATE DIRECTORY

Investor Information

Registered and Principal Office
Newcrest Mining Limited
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Australia
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Internet: www.newcrest.com.au

Company Secretary
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Email: stephen.creese@newcrest.com.au

Head of Investor Relations
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Telephone: + 61 (0)3 9522 5316
Facsimile: + 61 (0)3 9522 5502
Email: steve.warner@newcrest.com.au

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

Share Registry
Link Market Services Limited
Level 1, 333 Collins Street
Melbourne, Victoria 3000
Australia

Postal Address
Locked Bag A14
Sydney South
New South Wales 1235
Australia
Telephone: 1300 554 474
+61 (0)2 8280 7111
Facsimile: +61 (0)2 9287 0303
+61 (0)2 9287 0309*
*For faxing of Proxy Forms only.
Email:
registrars@linkmarketservices.com.au
Internet: www.linkmarketservices.com.au

ADR Depositary
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516
Telephone: Toll Free for domestic callers:
1-888-BNY-ADRS or 1-888-269-2377
International Callers: +1 201-680-6825
Email: shrrelations@bnymellon.com
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Other Offices

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193 Great Eastern Highway
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Facsimile: +61 (0)8 9277 7127

Annual General Meeting
28 October 2010 at 10.30am
ANZ Pavilion
100 St Kilda Road
Melbourne, Victoria 3004

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