



Newcrest Mining Limited Annual Report 2012





A\$1,117M

record statutory
profit for the 2012
financial year

A\$1,726M

of operating cash flow
generated in the 2012
financial year

Newcrest is entering an exciting period in its history, with major expansion projects at the Company's two most significant operations on track for delivery by the end of 2012. The Cadia East underground mine and the Lihir plant expansion are expected to underpin significant production growth over the next five years.

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About Newcrest

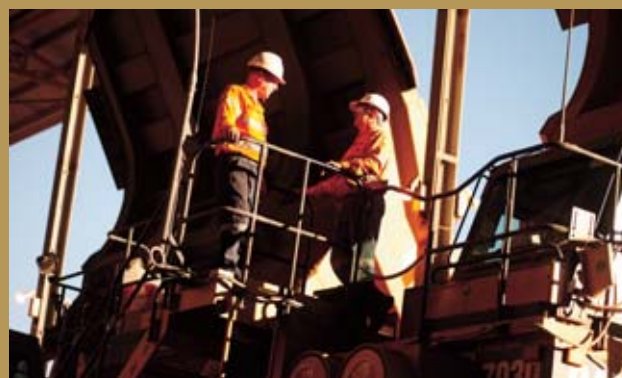
▶ We are the largest gold producer listed on the Australian Stock Exchange

▶ We are one of the top five gold mining companies globally by market capitalisation

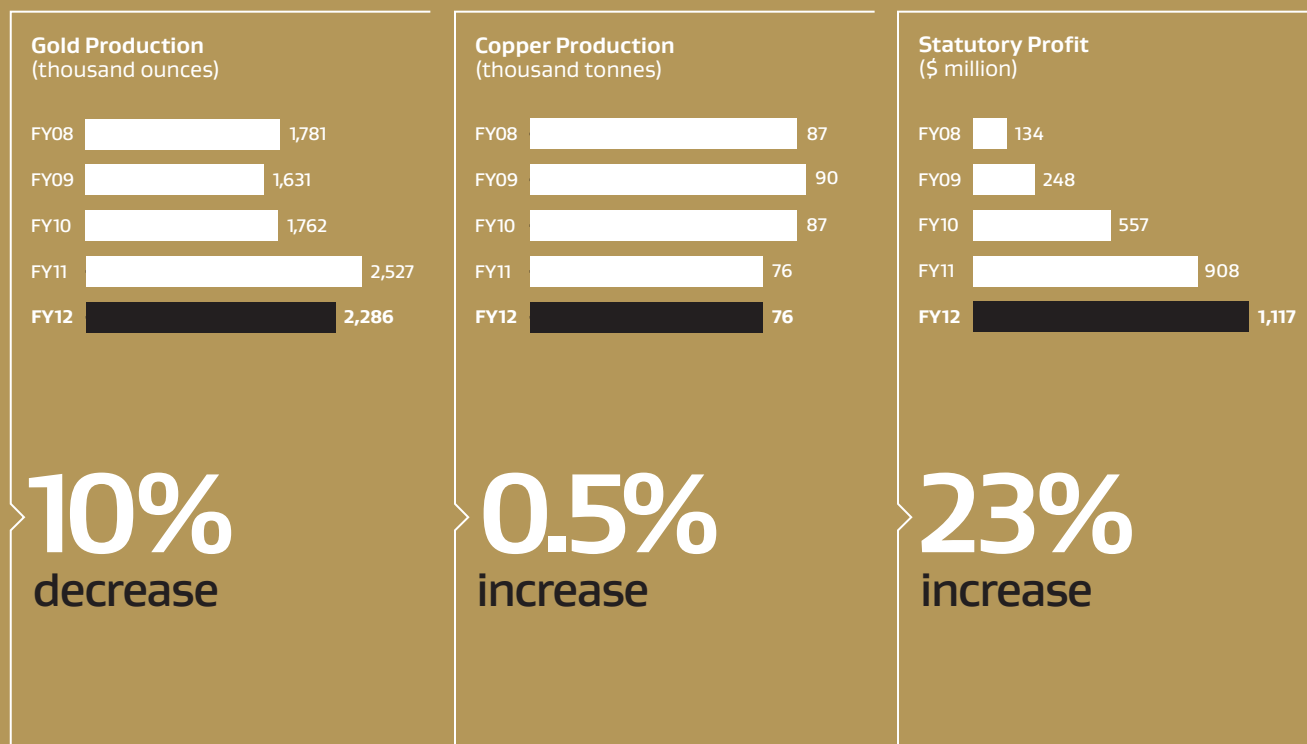


We have interests in six production provinces in four countries, focusing on Australia, the Pacific region and Asia

Our assets are predominantly low-cost, long-life mines and we have a strong pipeline of future growth



Results at a Glance



- ▶ Record Statutory Profit up 23% to A\$1,117 million
- ▶ Record Underlying Profit up 2% to A\$1,084 million
- ▶ Full year ordinary dividends increased 17% to 35 cents per share
- ▶ Operating cash flow exceeded A\$1.7 billion
- ▶ Strong EBITDA and EBIT margins of 49% and 36% respectively
- ▶ Two major growth projects nearing completion: the Cadia East project and the Lihir plant expansion
- ▶ Strong financial position with gearing low at 12.5% and undrawn debt facilities of US\$780 million as at 30 June 2012
- ▶ Group Mineral Resources from ongoing operations up 2.6% to 149.7 million ounces of gold and up 0.7% to 20.0 million tonnes of copper
- ▶ Group Ore Reserves from ongoing operations up 0.3% to 79.1 million ounces of gold and up 1.2% to 8.46 million tonnes of copper

Operating Cash Flow (\$ million)

FY08	1,018
FY09	1,024
FY10	1,303
FY11	1,729
FY12	1,726

0.2%
decrease

Gearing (%) (Net Debt/ Net Debt and Equity)

FY08	8.2
FY09	1.9
FY10	(4.5)
FY11	4.2
FY12	12.5

8%
higher

Ordinary Dividends (cents per share)

FY08	10
FY09	15
FY10	25
FY11	30
FY12	35

17%
increase

		12 months to 30 June 2012	12 months to 30 June 2011 ⁽¹⁾	% Change
Gold produced	(ounces)	2,285,917	2,527,352	(10)
Copper produced	(tonnes)	76,015	75,631	0.5
Gold price realised	(A\$ per ounce)	1,609	1,378	17
Sales revenue	(A\$ million)	4,416	4,102	8
EBITDA ⁽²⁾⁽⁷⁾	(A\$ million)	2,151	2,059	4
EBIT ⁽²⁾⁽⁷⁾	(A\$ million)	1,590	1,544	3
Statutory Profit ⁽³⁾	(A\$ million)	1,117	908	23
Underlying Profit ⁽⁴⁾⁽⁷⁾	(A\$ million)	1,084	1,058	2
Operating cash flow	(A\$ million)	1,726	1,729	(0.2)
Capital expenditure	(A\$ million)	2,556	1,890	35
Gearing ⁽⁵⁾	(percent)	12.5	4.2	198
Return on capital employed ⁽⁶⁾	(percent)	10.1	12.4	(19)
Earnings Per Share on Statutory Profit	(A\$ cents per share)	146	126	16
Ordinary Dividends	(A\$ cents per share)	35	30	17

⁽¹⁾ Results from the former LGL operations included from the acquisition date of 30 August 2010.

⁽²⁾ EBITDA is 'Earnings before interest, tax, depreciation, amortisation, hedge restructure and other significant items'. EBIT is 'Earnings before interest, tax, hedge restructure and other significant items'. EBITDA and EBIT are used to measure segment performance and have been extracted from Note 36 'Segment Information' on page 114.

⁽³⁾ Statutory Profit is profit after tax attributable to owners of the parent.

⁽⁴⁾ Underlying Profit is profit after tax before hedge restructure and other significant items attributable to owners of the parent. Refer to page 47 for further details.

⁽⁵⁾ Gearing is calculated as net debt to net debt and equity. Refer to page 54.

⁽⁶⁾ Return On Capital Employed is calculated as EBIT divided by average capital employed.

⁽⁷⁾ EBIT, EBITDA and Underlying Profit are non-IFRS financial information and have not been subject to audit by the Company's external auditor.



Chairman's Report

A handwritten signature in white ink, appearing to read 'D. Mercer', positioned above a thin white horizontal line.

Don Mercer Chairman

Despite a record profit, this year has been challenging for Newcrest, with production impacted by several short-term, one-off issues that are now well on the way to being rectified. The pre-commissioning production ore sourced from Cadia East was lower than the rates initially expected and the underinvested old plant at Lihir required repair sooner than anticipated. Both of these situations affected production and delayed cash income.

Notwithstanding these challenges, it has been a year of significant progress. The Newcrest portfolio has been consolidated into a suite of predominantly long-life, low-cost mines and a pipeline of further growth options. The two smaller mines in Queensland, Cracow and Mt Rawdon, were sold. Excellent progress was made on the two major projects, the Cadia East project and the plant expansion at Lihir, which will underpin production for future decades. These two projects are slated for completion in the December 2012 quarter. The Pre-Feasibility Study and new Ore Reserve determination for Golpu in the Morobe Province of Papua New Guinea were announced at the end of August 2012, confirming it to be a world-class mineral endowment.

The focus of our operations remains in the Asia Pacific Region, where five of our six mines are located in Australia, Papua New Guinea and Indonesia. Our operations in Côte d'Ivoire in West Africa enjoyed a full year of production and a return to exploration in the region following elections in the country.

Tragically, a helicopter accident occurred on 3 August 2011 near Manado in Indonesia, where eight employees and contractors and the two helicopter crew members were killed. The accident profoundly affected Newcrest and your Board of Directors.

Two important appointments were made during the year, with Gerard Bond joining the Company as Finance Director and Chief Financial Officer in January 2012, followed by his appointment to the Board in February. Scott Langford joined the Company as General Counsel in July 2012 and was formally appointed Company Secretary in August 2012.

Scott takes over from Stephen Creese who has been General Counsel and Company Secretary since November 2009. Stephen will continue with his Corporate Affairs role, focusing on external affairs and social responsibility until his retirement mid next year. On behalf of the Board, I thank Stephen for his counsel and significant contribution.

Of note during the year was the raising of US\$1 billion in the United States bond market in November 2011. The capital raising provides Newcrest with long-term, low-cost funds. On 2 March 2012, Newcrest's shares were listed on the Toronto Stock Exchange, the TSX, one of the most active markets for gold producers.

Pleasingly in 2012, Newcrest's statutory profit grew 23 percent to A\$1,117 million and underlying profit, which excludes the profit from the sale of Cracow and Mt Rawdon, grew 2 percent to A\$1,084 million. The Company generated operating cash flow of A\$1,726 million – an important achievement in light of the capital expenditure required on the two major projects.

Members were paid an interim dividend of 12 cents per share in April 2012. The Board has determined that a final dividend of 23 cents, 15 percent franked, will be paid in October 2012. This represents a 17 percent increase in ordinary dividends paid over the prior year. In addition, a special dividend of 20 cents was paid in December 2011.

The Company's balance sheet remains strong, with gearing at 12.5 percent as at 30 June 2012. Peak capital spend occurs in financial years 2012 and 2013, but gearing is expected to remain within our internal target level of a maximum of around 15 percent. As well as the US corporate bonds, our debt funding comes from bilateral facilities with several major banks.

During the year, global financial markets remained volatile as weakness continued to be experienced in European economies as well as in the United States, while China continued to enjoy growth, albeit at a more moderate rate.

Overall, gold stocks weakened during the year, despite a more resilient gold price. Newcrest's share price was no exception, partly due to two production revisions during the year as well as the general sector sentiment. We are confident that gold stocks will recover relative to other forms of gold investments.

Looking ahead, the European debt crisis and the slow US recovery, along with further economic stimulus in those regions, are conditions that are likely to be conducive to a continued robust gold price environment over the short to mid term. Underlying demand fundamentals arising from jewellery and investment demand, especially in China and India are also supportive.

In the near term, the Company is firmly focused on delivering predictable production across all sites and completing the two major projects, the Lihir plant expansion and the Cadia East project. Thereafter, the Company has a pipeline of development opportunities, including the Wafi-Golpu project, and there is extensive exploration underway in the Company's highly prospective exploration acreage.

We continue to place a high priority on our employee safety, community relationships and environmental management. Our activities and record in this regard are documented in the annual Sustainability Report available via <http://www.newcrest.com.au//sustainability/current-sustainability-report>.

We seek to be a welcome guest and a good neighbour in the communities in which we operate. Much of our external support is influenced by the behaviour, enthusiasm, attitude and hard work of our employees who every day live the Company's values. We thank them for their contribution to the success of the Company.

Don Mercer
Chairman



A portrait of Greg Robinson, a man with short brown hair, wearing a dark suit, white shirt, and a blue and white striped tie. He is smiling and looking directly at the camera. The background is a blurred office interior with large windows.

Managing Director's Review



A handwritten signature in white ink, appearing to read 'GRobinson', positioned above a thin white horizontal line.

Greg Robinson
Managing Director and Chief Executive Officer

After five years as Finance Director, the 2012 financial year was my first as Managing Director and Chief Executive Officer of Newcrest. The year was a challenging one with two production downgrades and external pressure from increasing industry costs. However, we produced strong financial results, increased dividends, made impressive progress on our key project deliveries and had excellent exploration results. Your company is well positioned on its key value driver objectives: focus on gold; own low-cost, long-life mines; continue to grow through our exploration activities; maintain a conservative balance sheet and reward shareholders.

Financially, Newcrest produced a record statutory profit of A\$1,117 million and strong operating cash flow of A\$1,726 million. During the year, we spent A\$2.6 billion of capital, mainly on project construction and studies, with the majority of that on our two major projects at Cadia East and Lihir. At the end of the financial year, the balance sheet is in a strong position, with gearing of 12.5 percent and good excess liquidity. We will continue to maintain a conservative gearing position with a maximum gearing of around 15 percent.

Overall, higher gold prices and solid cost control resulted in a strong financial profit and cash flow. Gold prices were higher, increasing 17 percent to A\$1,609 per ounce. Cost increases included energy (power and diesel) and wages. A strong Australian dollar added to this cost pressure. Newcrest does not take long-term hedge positions on revenue or costs.

We believe the trend of increasing costs peaked during 2012 with weaker global economic conditions impacting commodity demand and reducing cost pressures. This trend looks likely to continue this financial year. Newcrest is tactically focused on its contracting strategy to ensure costs reflect market opportunities.

Our production performance during the latter half of the year was disappointing, impacted by plant reliability issues at Lihir and by very high rainfall events in Papua New Guinea and the east coast of Australia. Lihir's production was lower than expected due to continued reliability issues in the processing plant resulting from long-term underinvestment in fixed plant maintenance. A revised refurbishment plan for the plant was developed and good progress was made on operational asset reliability. This program of reliability improvement remains a priority for 2013.

2012 was a year of significant investment in growth. Substantial progress was made at our two major projects. At year end, the US\$1.3 billion Lihir plant expansion remained on budget and schedule and was over 90 percent complete. It is on schedule for completion in the December 2012 quarter. The A\$1.9 billion Cadia East project, which will be Australia's largest underground mine, is on schedule to achieve first commercial production in the December 2012 quarter. It is a credit to our project and operations teams that they have successfully managed the challenges of integrating ongoing operations with major project construction and commissioning.

In early August 2011, we were all deeply saddened by the crash near Manado of a helicopter chartered to support the Gosowong Mine in Indonesia, killing all 10 people on board. The health and safety of our employees remains paramount in our vision as 'the Miner of Choice'.

We continue to focus on listening to our employees and improving our safety performance.

During the year, we sold our interests in Cracow and Mt Rawdon to Evolution Mining and now have a 33 percent interest in the company. We have two directors appointed to the Evolution Board. This sale is consistent with our strategy to pursue long-life, low-cost operations.

Newcrest also completed a secondary listing on the Toronto Stock Exchange (TSX). We have a substantial investor base in North America and this listing is a cost effective way of creating better visibility and greater demand for Newcrest shares.

In line with our objectives on capital management of strength, flexibility and diversity of funding sources, Newcrest achieved investment grade credit ratings of BBB+ from Standard & Poor's and Baa2 from Moody's. These credit ratings enabled Newcrest to raise US\$1,000 million of 10 year and 30 year debt maturities through the issue of corporate bonds in the United States bond market. Funds were used to repay short-term debt and increase our debt maturity profile.

We continue to allocate significant capital to our exploration activities. Last year we spent A\$158 million on exploration, balanced between greenfield (higher risk) and brownfield (near existing production) targets. Our exploration team has contributed substantial value to Newcrest over a long time period. Notable exploration successes during the year include Golpu, where the continuity of high-grade mineralisation was demonstrated, and at Lihir where the presence of a new zone of high-grade mineralisation was confirmed. A significant increase in the Wafi-Golpu resource was announced during the year and a Golpu reserve increase was announced in August 2012. Newcrest's exploration activities in the 2013 financial year continue to focus on the Asia Pacific and West African regions, including regional exploration at Gosowong, underground targets at Telfer and regional prospects in Côte d'Ivoire.

A number of changes were made to the executive group. Gerard Bond started in January as Finance Director and Chief Financial Officer, Scott Langford joined in July this year as General Counsel and Company Secretary, Stephen Creese expanded his Corporate Affairs role to include the important community relations portfolio and Craig Jones, who was the General Manager Projects, was promoted to Executive General Manager Projects.

I would like to acknowledge the dedication and drive of our employees and their commitment to delivering the Newcrest vision to be 'the Miner of Choice'. I look forward to the year ahead as we deliver our two major projects, the Lihir plant expansion and the Cadia East project, and affirm our position as a reliable low-cost gold producer with a robust pipeline of exploration and growth opportunities.

Greg Robinson
Managing Director and
Chief Executive Officer

The Board

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



1 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. 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.



2 Greg Robinson

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (FROM 1 JULY 2011)

Bachelor of Science (Hons) Geology and MBA from Columbia University

Mr Robinson was appointed Managing Director and Chief Executive Officer of Newcrest in July 2011. He served as Director Finance of Newcrest from 2006 to 2011. Prior to joining Newcrest, Mr Robinson was with the BHP Billiton Group from 2001 to 2006 in various executive roles, including Chief Finance and Chief Development Officer, Energy, and Chief Financial Officer, Petroleum. Mr Robinson was also a member of the Energy Executive Committee and Group Executive Committee. Before joining BHP Billiton, he was a Director of Investment Banking at Merrill Lynch & Co and headed Asia-Pacific Metals and Mining Group. Mr Robinson is a Director of the Minerals Council of Australia, the World Gold Council and St Vincent's Institute, and a member of the Australian Institute of Company Directors.



3 Gerard Bond

FINANCE DIRECTOR AND CHIEF FINANCIAL OFFICER (FROM 1 JANUARY 2012)

Bachelor of Commerce, Chartered Accountant and Graduate Diploma in Applied Finance and Investment

Mr Bond commenced as Finance Director and Chief Financial Officer in January 2012 and was appointed to the Board as an Executive Director on 8 February 2012. He has 23 years' experience in the global financial and resources industry with BHP Billiton, Coopers & Lybrand and Price Waterhouse. Prior to joining Newcrest, Mr Bond was with BHP Billiton for over 14 years where he held a number of senior executive roles including Deputy CFO of the Aluminium business, CFO and then Acting President of the Nickel business, and most recently was BHP Billiton's Head of Group Human Resources. Mr Bond is a Fellow of the Financial Services Institute of Australia and an Alternate Director of the World Gold Council.



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4 Vince Gauci

NON-EXECUTIVE DIRECTOR

Bachelor of Engineering (Mining)

Member of the Safety, Health and Environment Committee and the Human Resources and Remuneration Committee

Mr Gauci has over 40 years' experience in the global mining industry and was formerly the Managing Director of MIM Holdings Limited. He is Chairman of the Broken Hill Community Foundation, was a former Chairman of Runge Limited and a former Director of Liontown Resources Limited.

5 Lady Winifred Kamit

NON-EXECUTIVE DIRECTOR

Bachelor of Arts and Bachelor of Laws

Member of the Human Resources and Remuneration Committee and the Safety, Health and Environment Committee

Lady Kamit has extensive business experience and broad community knowledge of Papua New Guinea. Lady Kamit is a former Senior Partner, and currently a Consultant at Gadens Lawyers in Port Moresby and served as a Director of Lihir Gold Limited (LGL) from October 2004 until completion of Newcrest's acquisition of LGL in September 2010. She is a Director of Post Courier Limited, Nautilus Minerals Niugini Limited, Australia and New Zealand Banking Group (PNG) Limited and Steamships Trading Company Limited. She is a Councillor of the Papua New Guinea Institute of National Affairs and Chairperson of Coalition for Change PNG, an initiative against violence against women and children.

6 Richard Knight

NON-EXECUTIVE DIRECTOR

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

Chairman of the Safety, Health and Environment Committee and a member of the Audit and Risk Committee

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

7 Rick Lee

NON-EXECUTIVE DIRECTOR

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

Chairman of the Human Resources and Remuneration Committee and a member of the Audit and Risk Committee

Mr Lee is Chairman of Salmat Limited and the Australian Institute of Company Directors, Deputy Chairman of Ridley Corporation Limited and a Director of Oil Search Limited. He is a former Chairman of C. Czarnikow Limited and a former Director of CSR Limited and the Australian Rugby Union Limited. Mr Lee was Chief Executive Officer of NM Rothschild Australia Group. Prior to this he spent 16 years in the CSR sugar division.

8 Tim Poole

NON-EXECUTIVE DIRECTOR

Bachelor of Commerce and Chartered Accountant

Member of the Audit and Risk Committee and the Human Resources and Remuneration Committee

Mr Poole is Non-Executive Chairman of Westbourne Credit Management Limited, Continuity Capital Partners Pty Limited, the Investment Committee of the industry superannuation fund AustralianSuper and the LEK Consulting Advisory Board. He is also a Non-Executive Director of Lifestyle Communities Limited, Victoria Racing Club Limited and AustralianSuper Pty Ltd. Mr Poole is a former Managing Director of Hastings Fund Management and was Chairman of Asciano Limited.

9 John Spark

NON-EXECUTIVE DIRECTOR

Bachelor of Commerce and Fellow of the Institute of Chartered Accountants

Chairman of the Audit and Risk Committee and a member of the Safety, Health and Environment Committee

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

Our Business

Australia

- ▶ Cadia Valley
- ▶ Telfer
- ▶ Queensland

Cadia Valley

The Cadia East underground mine is expected to increase Cadia Valley production to around 800,000 ounces of gold per year within four years and drive a reduction in unit cash costs.

The Cadia Valley mines are located in central western New South Wales, Australia, 25 kilometres south-south-west of the city of Orange and 250 kilometres west of Sydney. The Cadia Valley mines are 100 percent owned by Newcrest.

Production for the year ended June 2012 was 473,195 ounces of gold and 44,778 tonnes of copper at a cash cost of A\$423 per ounce. As at 31 December 2011, the Cadia Valley Mineral Resource contained 43.2 million ounces of gold and 7.97 million tonnes of copper, including an Ore Reserve containing 26.6 million ounces of gold and 4.27 million tonnes of copper.

The Cadia Hill gold-copper porphyry deposit was discovered by Newcrest in 1992. Gold was first produced in 1998 and after 14 years of operation the Cadia Hill open pit mine was placed in care and maintenance at the end of June 2012. Milling of stockpiled open pit material will continue. Technical studies of future mining options for the remaining Cadia Hill Ore Reserve will also continue.

The Ridgeway gold-copper mine is located three kilometres from the Cadia Hill open pit. The top of the Ridgeway deposit lies approximately 500 metres below the surface and was discovered in 1996. Production commenced from the underground sub-level cave in April 2002. In 2010 Ridgeway transitioned from the original sub-level cave operation to a block cave operation known as Ridgeway Deeps, located beneath the sub-level cave.

The Cadia East deposit is a porphyry zone of gold-copper mineralisation adjacent to the eastern edge of the Cadia Hill orebody and extending up to 2.5 kilometres east. The system is up to 600 metres wide and extends approximately 1.9 kilometres below the surface. It was discovered before Ridgeway and is one of the world's largest gold deposits. The Cadia Valley Mineral Resource contains 33.1 million ounces of gold and 6.58 million tonnes of copper, which includes an Ore Reserve containing 22.2 million ounces of gold and 3.67 million tonnes of copper.

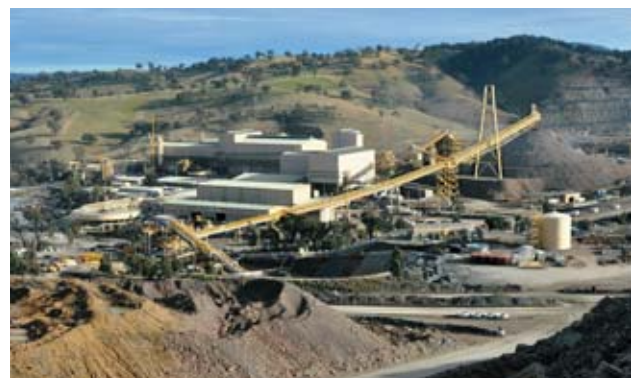
The Cadia East underground panel cave mine will be Australia's largest underground mine and is expected to underpin production from the Cadia Valley province for at least the next 30 years. The Cadia East Project commenced in April 2010 and involves the development of the Cadia East deposit into an underground panel cave mine, as well as the expansion of the existing Cadia Valley processing plant capacity from 24 million tonnes per year to 26 million tonnes per year. Commercial production levels are expected to be achieved by the end of 2012, with annual production from Cadia Valley operations expected to increase to around 800,000 ounces of gold and 90,000 tonnes of copper from the 2016 financial year.

473 ounces of gold produced (thousands)

2012 Cadia Valley Statistics

Mining Method	Open Pit and Underground
Resources [†] – Gold	43.2 million ounces
– Copper	8.0 million tonnes
Reserves [†] – Gold	26.6 million ounces
– Copper	4.3 million tonnes
Total Mine Production	16.0 million tonnes
Total Ore Treated	20.9 million tonnes
Production – Gold	473.2 thousand ounces
– Copper	44.8 thousand tonnes
Cash Cost	423 A\$ per ounce of gold produced
Total Cost	663 A\$ per ounce of gold produced
EBIT Margin	40 percent

[†] Resources and Reserves are at 31 December 2011



Our Business Australia

Telfer

Newcrest has identified a number of mineral deposits proximate to the Telfer operation, including the O'Callaghans tungsten and base metal deposit and a collection of gold and copper-gold deposits.

The Telfer gold-copper mines are located in the Great Sandy Desert in the Paterson Province of Western Australia, approximately 400 kilometres east-south-east of Port Hedland and 1,900 kilometres by road from Perth. The Telfer mines are 100 percent owned by Newcrest.

Production for the year ended June 2012 was 540,114 ounces of gold and 31,237 tonnes of copper at a cash cost of A\$783 per ounce. As at 31 December 2011, the Telfer Province Mineral Resource contained 21.3 million ounces of gold and 1.22 million tonnes of copper, including an Ore Reserve of 11.7 million ounces of gold and 0.63 million tonnes of copper.

An intensive exploration and resource drilling program on Telfer was undertaken from 1972 to 1975 and mining reached full production in 1977. Ongoing exploration identified the potential for a large, low-grade oxide Mineral Resource in Main Dome and to the north-west in West Dome, resulting in the introduction of a mill expansion in 1986 and a dump leach operation from 1988. Exploration during the 1990s delineated additional reefs on the eastern flank of Main Dome, which were mined using narrow vein underground mining methods.

With the gold price around A\$300, the operation was suspended in October 2000 due to escalating costs. A comprehensive feasibility study on Telfer, completed in November 2002, established an optimum strategy for the mining and processing of the Main Dome and West Dome ore from the surface and Telfer Underground ore from underground and construction of the new operation commenced in early 2003.

The operation now comprises two mines, Telfer Open Pit and Telfer Underground. The Telfer Open Pit includes the Main Dome and the West Dome pits. Telfer Underground is located beneath the Main Dome open pit, with ore transported to the surface via a shaft hoisting system with a capacity of 6 million tonnes per year. Ore from the mining operations is combined in a large, twin train, flotation treatment plant, which produces gold doré and a copper-gold concentrate.

In addition to the existing mining operations at Telfer Open Pit and Telfer Underground, Newcrest has identified a number of mineral deposits within its granted mining tenements proximate to the existing operations, including the O'Callaghans tungsten and base metal deposit and a collection of gold and copper-gold deposits known collectively as the Telfer satellite deposits.

540 ounces of gold produced (thousands)

2012 Telfer Statistics

Mining Method	Open Pit and Underground
Resources [†] – Gold	21.3 million ounces
– Copper	1.2 million tonnes
Reserves [†] – Gold	11.7 million ounces
– Copper	0.6 million tonnes
Total Mine Production	86.6 million tonnes
Total Ore Treated	21.5 million tonnes
Production – Gold	540.1 thousand ounces
– Copper	31.2 thousand tonnes
Cash Cost	783 A\$ per ounce of gold produced
Total Cost	1,116 A\$ per ounce of gold produced
EBIT Margin	24 percent

[†] Resources and Reserves are at 31 December 2011



Queensland

Newcrest recognised an after tax gain of A\$46 million on the divestment of Cracow and Mt Rawdon to Evolution Mining during the year. Newcrest retains a 32.68 percent interest in Evolution Mining.

On 2 November 2011, Newcrest sold its 70 percent interest in the two unincorporated joint ventures that held the Cracow mine and surrounding exploration interests and its 100 percent interest in the Mt Rawdon mine and surrounding exploration interests to Evolution Mining Limited (Evolution Mining), an ASX-listed company formed through the merger of Catalpa Resources Ltd and Conquest Mining Ltd. As consideration, Newcrest acquired an initial equity interest of approximately 38.95 percent in Evolution Mining. Newcrest's interest has subsequently been diluted and is now 32.68 percent following a rights issue in which Newcrest agreed not to participate. Newcrest recognised an after tax gain of A\$46 million on the divestment. Following completion of the sale, Newcrest has no direct interests in Cracow or Mt Rawdon and has ceased to be the operator of the Cracow and Mt Rawdon mining operations and related exploration activities.

As part of the transaction, Newcrest has nominated two directors to the Board of Evolution Mining. Collectively, Cracow and Mt Rawdon contributed 47,985 ounces of gold to Newcrest's total gold production in the year ended June 2012 prior to their disposal.

48 ounces of gold produced (thousands)

2012 Queensland Statistics

Mining Method	Open Pit and Underground
Gold Production	48.0 thousand ounces



Papua New Guinea

- ▶ Lihir
- ▶ Hidden Valley
- ▶ Wafi-Golpu



Lihir

Lihir is one of the world's largest gold deposits. The major expansion of the Lihir process plant is nearing completion and will underpin significant production growth at Lihir over the next five years.

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

Lihir is one of the world's largest gold deposits, with an operational life projected to exceed more than 30 years. The Lihir operation is 100 percent owned by Newcrest following the acquisition of Lihir Gold Limited in August 2010.

Production for the year ended June 2012 was 604,336 ounces of gold at a cash cost of A\$560 per ounce. As at 31 December 2011, the Lihir Province Mineral Resource contained 56.6 million ounces of gold, including an Ore Reserve of 31.5 million ounces of gold.

The Lihir deposit was discovered in 1982 and extensively drilled prior to mine construction in 1995 and the commencement of gold production in May 1997. The operation employs a conventional open pit mining method comprising drill, blast, load and haul, and comprises a single orebody with three linked open pits: Minifie, Lienetz and Kapit. Ore is predominantly refractory sulphide ore, which is treated using autoclaves and a pressure oxidisation process before the gold can be recovered by a conventional leach process. The commissioning of a flotation circuit and additional milling capacity in 2007 enabled the processing plant to treat more than 7 million tonnes of ore per year.

A major expansion of the Lihir process plant, known as the Million Ounce Plant Upgrade (MOPU), is currently nearing completion with the objective of increasing gold production to around one million ounces per year. The project is expected to be completed by the end of calendar year 2012. The expansion involves substantially replicating the existing process stream, including installation of an additional autoclave and milling equipment, oxygen production capacity and leaching capacity.

The potential for resource and reserve growth at Lihir remains strong. An exploration drilling program designed to grow the open pit gold resource is underway and continues to deliver strong results. The limits of the mineralisation have not been completely defined and remain open to the north and east.

56.6 million ounces of gold resources

2012 Lihir Statistics

Mining Method	Open Pit
Gold Resources [†]	56.6 million ounces
Gold Reserves [†]	31.5 million ounces
Total Mine Production	31.3 million tonnes
Total Ore Treated	6.0 million tonnes
Gold Production	604.3 thousand ounces
Cash Cost	560 A\$ per ounce of gold produced
Total Cost	725 A\$ per ounce of gold produced
EBIT Margin	57 percent

[†] Resources and Reserves are at 31 December 2011



Our Business

Papua New Guinea

Hidden Valley

The Morobe Province covers a portion of the Papuan Orogenic belt, which hosts a number of world-class gold and copper-gold deposits. Exploration is ongoing.

Hidden Valley is a gold and silver mine located approximately 90 kilometres south-west of Lae in the Morobe Province, PNG. Regionally, the goldfields district of the Morobe Province covers a portion of the Papuan Orogenic belt, which hosts a number of world-class gold and copper-gold deposits, including Porgera and Ok Tedi. Hidden Valley is part of the Morobe Mining Joint Ventures (MMJV), which are owned 50 percent by Newcrest and 50 percent by Harmony Gold Mining Company Limited.

Newcrest's 50 percent share of production for the year ended June 2012 was 88,801 ounces of gold and 857,540 ounces of silver at a cash cost of A\$1,259 per ounce. As at 31 December 2011, the Hidden Valley Mineral Resource contained 6.2 million ounces of gold and 113.2 million ounces of silver (100 percent), including an Ore Reserve of 3.6 million ounces of gold and 69.2 million ounces of silver (100 percent).

The Hidden Valley Mine consists of the Hidden Valley Kaveroi and Hamata open pits located approximately 6 kilometres apart, and an ore processing facility situated in steep, heavily forested mountainous terrain. Both pits employ conventional load and haul mining techniques. The ore treatment plant was commissioned in August 2009. In May 2010, construction and commissioning of the Hidden Valley operation was completed and the production ramp-up commenced.

At full capacity, the mine is expected to produce over 250,000 ounces of gold and 3.6 million ounces of silver per year (100 percent terms) over a projected 14-year mine life. Discovery drilling in the Hidden Valley-Wau district is continuing.

89 ounces of gold produced* (thousands)

2012 Hidden Valley Statistics*

Mining Method	Open Pit	
Resources[†] (100 percent)		
– Gold	6.2	million ounces
– Silver	113.2	million ounces
Reserves[†] (100 percent)		
– Gold	3.6	million ounces
– Silver	69.2	million ounces
Total Mine Production	10.5	million tonnes
Total Ore Treated	1.8	million tonnes
Production – Gold	88.8	thousand ounces
– Silver	857.5	thousand ounces
Cash Cost	1,259	A\$ per ounce of gold produced
Total Cost	1,676	A\$ per ounce of gold produced
EBIT Margin	(2)	percent

* 50 percent Newcrest share unless stated

† Resources and Reserves are at 31 December 2011

Wafi-Golpu

Wafi-Golpu is a world-class deposit in a highly prospective mineralised belt. A significant increase in the Golpu Ore Reserve was announced in August 2012 and drilling continues on a number of regional targets.

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

As announced on 29 August 2012, the Wafi-Golpu Mineral Resource contained 28.5 million ounces of gold and 9.06 million tonnes of copper (100 percent), including an Ore Reserve of 12.4 million ounces of gold and 5.44 million tonnes of copper (100 percent).

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

The presence of a new gold zone, referred to as the Northern Zone, was confirmed west of Golpu during the 2012 financial year. Mineralisation has been identified over 200 metres strike and remains open in all directions. The emergence of the Northern Zone demonstrates the potential of the Wafi-Golpu complex for new gold discoveries.

A significant upgrade to the Golpu Ore Reserve estimate was announced in August 2012, following the completion of a technical Pre-Feasibility Study. The study confirms Golpu as a world-class deposit with an expected mine life of 26 years and projected cash costs at the bottom of the industry curve.

Development of Golpu is expected to underpin production growth at Newcrest beyond the next five years.

28.5 ounces of mineral resource* (millions)

2012 Wafi-Golpu Statistics*

Mining Method	Potential Open Pit and Underground	
Resources[†]		
– Gold	28.5	million ounces
– Copper	9.06	million tonnes
Reserves[†]		
– Gold	12.4	million ounces
– Copper	5.44	million tonnes

* 100 percent share

† Resources and Reserves as announced on 29 August 2012

Our Business

Other Regions

- ▶ Gosowong
- ▶ Bonikro
- ▶ Namosi

Our Business

Other Regions

Gosowong

The Gosowong operation was Newcrest's highest margin mine for the 2012 financial year, and strong recent exploration results increase the probability of future extensions to the mine life.

The Gosowong gold mine is located on Halmahera Island, Indonesia, and is operated by PT Nusa Halmahera Minerals, which is owned by Newcrest (82.5 percent interest) and PT Aneka Tambang (17.5 percent interest), a company listed on the Indonesia Stock Exchange and the ASX.

Production for the year ended June 2012 was 439,384 ounces of gold and 271,342 ounces of silver at a cash cost of A\$406 per ounce. As at 31 December 2011, the Gosowong Mineral Resource contained 2.5 million ounces of gold and 3.4 million ounces of silver, including an Ore Reserve of 2.0 million ounces of gold and 2.6 million ounces of silver.

Gold mineralisation at Gosowong was discovered by Newcrest geologists in 1993 and comprises multiple high-grade epithermal deposits. Mining operations commenced in 1999, initially from the Gosowong open pit and subsequently from the Toguraci open pit. Kencana was the third mine and the first underground project to be developed at Gosowong. Decline development at Kencana commenced in July 2005 and the first underground ore was mined in March 2006. Production continues at the present time. A cutback of the Gosowong open pit to deepen the pit to recover additional ore commenced in October 2010 and first ore was mined in the March 2012 quarter. It is expected to produce moderate grade feed over a short mine life. The Toguraci underground mine is the second underground project to be developed at Gosowong. The feasibility study was completed in August 2011, and first ore production commenced shortly thereafter. The processing plant at Gosowong has a capacity in excess of 800,000 tonnes per year.

The Gosowong province remains highly prospective, and exploration activity to identify further epithermal vein structures and link zones is ongoing.

439 ounces of gold produced (thousands)

2012 Gosowong Statistics*	
Mining Method	Open Pit and Underground
Resources [†] (100 percent)	
– Gold	2.5 million ounces
– Silver	3.4 million ounces
Reserves [†] (100 percent)	
– Gold	2.0 million ounces
– Silver	2.6 million ounces
Total Mine Production	7.1 million tonnes
Total Ore Treated	0.7 million tonnes
Production – Gold	493.4 thousand ounces
– Silver	271.3 thousand ounces
Cash Cost	406 A\$ per ounce of gold produced
Total Cost	559 A\$ per ounce of gold produced
EBIT Margin	65 percent

* 100 percent share

† Resources and Reserves are at 31 December 2011

Bonikro

Newcrest's tenements in Côte d'Ivoire cover approximately 17,000 square kilometres within the Birimian Greenstone belt, known to host a large number of significant gold deposits in the West African region.

The Bonikro operation is located in the central-southern portion of the West African nation of Côte d'Ivoire, approximately 250 kilometres north-west of the commercial capital of Abidjan. Newcrest acquired an 89.9 percent interest in the Bonikro gold project, along with a large exploration portfolio in Côte d'Ivoire, in August 2010 following the acquisition of Lihir Gold Limited.

Production for the year ended June 2012 was 92,102 ounces of gold at a cash cost of A\$898 per ounce. As at 31 December 2011, the Bonikro Mineral Resource contained 2.9 million ounces of gold, including an Ore Reserve of 1.1 million ounces of gold.

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

Newcrest is currently exploring numerous prospects within 30 kilometres of the Bonikro mine that have the potential to supplement the present mine plan. In addition, Newcrest hold rights to a very large package of exploration tenements in Côte d'Ivoire. These tenements cover approximately 17,000 square kilometres within the Birimian Greenstone belt, which is known to host a large number of significant gold deposits in the West African region.

92 ounces of gold produced (thousands)

2012 Bonikro Statistics*	
Mining Method	Open Pit
Gold Resources [†]	2.9 million ounces
Gold Reserves [†]	1.1 million ounces
Total Mine Production	21.8 million tonnes
Total Ore Treated	1.9 million tonnes
Gold Production	92.1 thousand ounces
Cash Cost	898 A\$ per ounce of gold produced
Total Cost	1,239 A\$ per ounce of gold produced
EBIT Margin	20 percent

* 100 percent share

† Resources and Reserves are at 31 December 2011

Namosi

Namosi is one of the largest porphyry copper systems in the Pacific Islands, with a resource containing 8.0 million ounces of gold and 8.0 million tonnes of copper.

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

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

As at 31 December 2011, the Namosi Mineral Resource contained 8.0 million ounces of gold and 8.0 million tonnes of copper (100 percent), along with an Ore Reserve of 4.0 million ounces of gold and 3.8 million tonnes of copper (100 percent).

A pre-feasibility study to evaluate the development alternatives for the Namosi project is currently on hold, with discussions between the government, landowners and the joint venture continuing.

8.0 ounces of mineral resources* (millions)

2012 Namosi Statistics*

Mining Method	Potential Open Pit
Resources*† – Gold	8.0 million ounces
– Copper	8.0 million tonnes
Reserves*† – Gold	4.0 million ounces
– Copper	3.8 million tonnes

* 100 percent share

† Resources and Reserves are at 31 December 2011



Mineral Resources and Ore Reserves

2012 Mineral Resources

AS AT 31 DECEMBER 2011

149.7 ounces of gold
(millions)

2.6%
increase*

20.0 tonnes of copper
(millions)

0.7%
increase

* From ongoing operations



2012 Ore Reserves

AS AT 31 DECEMBER 2011

79.1 ounces of gold
(millions)

0.3%
increase*

8.46 tonnes of copper
(millions)

1.2%
increase

* From ongoing operations

Mineral Resources and Ore Reserves

Newcrest Mining Limited has updated its Mineral Resource and Ore Reserve estimates for the six month period ending 31 December 2011. Mineral Resource and Ore Reserve estimates were previously reported for the year ending 30 June 2011. Transition to the 31 December reporting date is in accordance with advice provided to the market in August 2011.

The following numbers do not include the updated Wafi-Golpu resource and reserve figures announced on 29 August 2012 unless otherwise stated.

Principal changes during the period from July 2011 to December 2011 included divestment of Mt Rawdon and Newcrest's interest in Cracow, production depletion at operating mines and revisions to commodity prices applied when estimating resources and reserves.

Group Mineral Resources are estimated at 149.7 million ounces of gold and 20.0 million tonnes of copper⁽¹⁾. This represents a net increase of 3.8 million ounces of gold (2.6 percent) and 0.13 million tonnes of copper (0.7 percent) after adjusting for the impact of the divestment of Mt Rawdon and Newcrest's interest in Cracow, which together accounted for 1.6 million ounces of gold in Mineral Resources. Silver Mineral Resources are estimated at 116.8 million ounces.

The result was driven by additions at Lihir (0.6 million ounces of gold), Telfer West Dome (1.9 million ounces of gold and 0.07 million tonnes of copper), Telfer Main Dome (1.2 million ounces of gold and 0.04 million tonnes of copper) and Namosi (0.2 million ounces of gold and 0.04 million tonnes of copper)⁽²⁾. These additions largely reflect the impact of increased metal prices on pit shells and cut-off grades.

Group Ore Reserves, after mining depletion, are estimated at 79.1 million ounces of gold and 8.46 million tonnes of copper⁽³⁾. This represents a net increase of 0.2 million ounces of gold (0.3 percent) and 0.09 million tonnes of copper (1.2 percent) after adjusting for the impact of the divestment of Mt Rawdon and Newcrest's interest in Cracow, which together accounted for 1.1 million ounces of gold in Ore Reserves. Silver Ore Reserves are estimated at 59.4 million ounces.

This result was driven by additions at Lihir (0.5 million ounces of gold) and Cadia East (0.1 million ounces of gold and 0.04 million tonnes of copper).

Mineral Resources are quoted inclusive of Ore Reserves. Metal price assumptions used for Newcrest Mineral Resources are US\$1100/oz for gold, US\$2.70/lb for copper and US\$20/oz for silver. Price assumptions for Ore Reserves are US\$950/oz for gold, US\$2.30/lb for copper and US\$15.00/oz for silver. In the case of Gosowong, a gold price of US\$1400/oz

has been used to estimate Mineral Resources and Ore Reserves, acknowledging the shorter life of the deposits. Where appropriate, resources are also constrained spatially by a notional pit shell based on US\$1400/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 exclude non-contiguous mineralisation. Cost assumptions are based on the latest approved study for each deposit.

Mineral Resources and Ore Reserves for the Morobe Mining Joint Ventures (MMJV) are based on Competent Persons statements provided by the Morobe Mining Joint Ventures and Harmony Gold Mining Company Limited and are quoted as Newcrest's 50 percent interest.

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.

CADIA VALLEY (NSW)

Mineralisation recognised to date in the Cadia Province is porphyry related gold and copper hosted in rocks of Ordovician age. Ore bodies are typically large tonnage 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.

Exploration is ongoing within the Cadia Province, targeting large-scale alteration systems located within the regional tenement package.

Cadia Hill Open Pit

Cadia Hill is porphyry related sheeted vein deposit. Since December 2011, the Mineral Resource has been depleted by 0.052 million ounces of gold and 2.1 kilotonnes of copper and the Ore Reserve has been depleted by 0.052 million ounces of gold and 2.1 kilotonnes of copper. Cadia Hill stockpiles have decreased by 0.030 million ounces and 0.004 kilotonnes of copper.

Open pit mining at Cadia Hill was suspended in June 2012 when the current phase of mining was completed.

Cadia Extended

The Cadia Extended underground resource is located to the north-west of Cadia Hill beneath the backfilled Cadia Extended pit. The Cadia Extended Mineral Resource is unchanged since December 2011. No Ore Reserve has been estimated for Cadia Extended.

Ridgeway Underground

Ridgeway Underground is a large-scale underground mine using sub-level cave extraction and Block Caving (Ridgeway Deeps) below the sub-level cave. Since December 2011, the Mineral Resource has been depleted by 0.14 million ounces of gold and 10.2 kilotonnes of copper and the Ore Reserve has been depleted by 0.13 million ounces of gold and 8.1 kilotonnes of copper.

⁽¹⁾ Excludes the update to Wafi and Golpu Mineral Resources as announced 29 August 2012.

⁽²⁾ Newcrest's 69.94 percent share.

⁽³⁾ Excludes update to Golpu Ore Reserves as announced on 29 August 2012.

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. The Big Cadia Mineral Resource and Ore Reserve are unchanged since December 2011.

Cadia East Underground

Cadia East is a low-grade, porphyry related gold and copper deposit located immediately east of Cadia Hill. Construction of the Cadia East mine is on track for commercial production in December quarter 2012. The planned mine is based on bulk underground extraction by panel caving methods.

Since December 2011, the Mineral Resource has been depleted by 7 kilo-ounces of gold and 0.70 kilotonnes of copper and the Ore Reserve has been depleted by 7 kilo-ounces of gold and 0.70 kilotonnes of copper.

TELFER (WA)

Gold and copper mineralisation in the Telfer Province is largely structurally controlled reefs, veins and stockwork hosted by sedimentary rocks.

The Telfer operation is comprised of Telfer Open Pit (Main Dome and West Dome) and Telfer Underground. Open Pit mining is a conventional truck and hydraulic excavator operation. Selective mining techniques are used for excavation of the high-grade reefs, while stockwork ore and waste are mined using bulk methods. The limited quantities of near-surface oxidised stockwork are also bulk mined.

Since December 2011, exploration has continued in the Telfer region. Exploration is focussed on:

- Growth of lower strip ratio open pit reserves around West Dome and Main Dome;
- Discovering additional higher grade underground resources; and
- Advancing targets within regional tenements.

Telfer is currently the subject of various technical studies ranging from evaluating optimal mining solutions for individual deposits through to province-scale evaluations.

Main Dome Open Pit

The Main Dome deposit is the largest in the Telfer area and comprises a series of stacked stratabound reefs and discordant stockwork within a folded dome structure. Since December 2011, the Mineral Resource has been depleted by 0.14 million ounces of gold and 5.8 kilotonnes of copper. The Ore Reserve has been depleted by 0.051 million ounces of gold and 3.0 kilotonnes of copper.

Since December 2011, the contained metal in 'Open Pit' stockpiles (including Main Dome and West Dome) has increased by 0.15 million ounces of gold and 7.5 kilotonnes of copper.

West Dome Open Pit

The West Dome deposit is located 2 kilometres north-west of the Main Dome deposit and is a continuation of the folded sedimentary sequence in a second sub-parallel structure. Since December 2011, the Mineral Resource has been depleted by 0.19 million ounces of gold and 10.4 kilotonnes of copper and the Ore Reserve has been depleted by 0.15 million ounces of gold and 8.1 kilotonnes of copper.

Telfer Deeps Underground

The Telfer Underground comprises the operating sub-level cave (SLC) mine and selective high-grade reef mining external to the SLC. Mineralisation includes stratabound reefs, cross cutting veins and stockwork zones around the reefs. Since December 2011, the Mineral Resource has been depleted by 0.12 million ounces of gold and 8.2 kilotonnes of copper and the Ore Reserve has been depleted by 0.10 million ounces of gold and 7.2 kilotonnes of copper.

Vertical Stockwork Corridor (VSC)

The VSC deposit lies directly below the existing Telfer Deeps Underground SLC. The VSC Mineral Resource and Ore Reserve are unchanged since December 2011.

O'Callaghans

The O'Callaghans poly-metallic deposit is located approximately 10 kilometres south of the Telfer Gold Mine. The mineralisation contains tungsten, copper, zinc and lead as a sub-horizontal layer of poly-metallic skarn (altered limestone). The O'Callaghans Mineral Resource and Ore Reserve are unchanged since December 2011.

Satellite Deposits

The Telfer Satellite deposits lie within a zone located approximately 30 kilometres from the Telfer Gold Mine. The 'Satellites' are a group of structurally controlled gold deposits, including Backdoor West, Dolphy, Big Tree and Camp Dome. The Telfer Satellite Mineral Resource is unchanged since December 2011. No Ore Reserve has been estimated for Telfer Satellites.

LIHIR (PNG)

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

The Lihir Gold Mine consists of three linked open pits, Minifie, Lienetz and Kapit, that will be mined over the life of the project. Mining is by conventional open pit methods.

Since December 2011, the insitu pit Mineral Resource has been depleted by 0.80 million ounces of gold and the insitu Ore Reserve has been depleted by 0.76 million ounces of gold. The contained metal in Lihir stockpiles has increased by 0.29 million ounces of gold.

Since December 2011, extensional drilling has continued at Lihir. Drilling has confirmed additional mineralisation to the east and northeast of the current Mineral Resource. The optimal extraction of mineralisation (both inside and outside current resources) are the subject of various technical studies.

Mineral Resources and Ore Reserves

GOSOWONG (INDONESIA)

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

The Gosowong operation includes the Kencana, Toguraci underground mines and the Gosowong open pit.

Newcrest has an active exploration program in place at Gosowong. The program is focused on:

1. Defining additional resources within the vicinity of the current operations at Toguraci and Kencana; and
2. Discovering a major new (+1 million ounces) deposit within the broader Contract of Work area.

Kencana

The Kencana mineralised system is a complex intersecting network of structures consisting of well developed epithermal veins and link structures. Since December 2011, the Mineral Resource has been depleted by 0.246 million ounces of gold and the Ore Reserve has been depleted by 0.204 million ounces of gold.

Toguraci

Toguraci is a group of low sulphidation epithermal deposits located 2 kilometres south-west of the Gosowong mine. Since December 2011, the Mineral Resource has been depleted by 0.017 million ounces of gold and the Ore Reserve has been depleted by 0.014 million ounces of gold.

Gosowong Pit Cut-Back

The Gosowong Pit Mineral Resource is located in the walls and floor of the existing Gosowong open pit. Since December 2011, the Mineral Resource has been depleted by 0.015 million ounces of gold and the Ore Reserve has been depleted by 0.015 million ounces of gold.

Gosowong Tailings Storage Facilities and Stockpiles

The Gosowong Tailings Mineral Resource and Ore Reserve comprise reclaimed tailings deposited during the earlier processing of high-grade ore from the Kencana deposit. Since December 2011, minor amounts of the Gosowong Tailings have been regularly processed.

Since December 2011, the Gosowong 'operational' stockpiles (including Kencana, Toguraci and Gosowong Pit) have increased by 2 kilo-ounces of gold.

MOROBE MINING JOINT VENTURES (PNG)

The Morobe Mining Joint Ventures is a 50:50 joint venture between Newcrest and Harmony Gold Mining Company. The joint venture interests are located in the Morobe Province of Papua New Guinea and include the Hidden Valley and Wafi-Golpu deposits.

Hidden Valley

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

The Hidden Valley Mine consists of the Hidden Valley Kaveroi and Hamata open pits located approximately 6km apart. Since December 2011, the Mineral Resource has been depleted by 0.16 million ounces of gold and the Ore Reserve has been depleted by 0.11 million ounces of gold (100 percent terms). There has been no material change in stockpiles.

The key objective of the current exploration program is to identify additional mining fronts within the Hidden Valley – Wau district.

Wafi-Golpu

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

Wafi-Golpu (continued)

On 29 August 2012, the Mineral Resource estimates for Wafi and Golpu were updated following additional drilling, modelling and technical studies. The Nambonga Mineral Resource is unchanged since December 2011. This update has not been incorporated into the December 2011 Group Mineral Resource table.

Mineral Resource Estimate for Nambonga and Updated Mineral Resource Estimates for the Wafi and Golpu Deposits (100 percent)

	Tonnes (Mt)	Gold (g/t)	Copper (%)	Silver (g/t)	Contained Gold (Moz)	Contained Copper (Mt)	Contained Silver (Moz)
Indicated Resource							
Golpu (Porphyry Au/Cu)	810	0.64	0.92	1.1	16.6	7.46	29.4
Wafi (Epithermal Au/Ag)	110	1.7	–	3.6	6.3	–	13.0
Nambonga (Porphyry Au/Cu)	–	–	–	–	–	–	–
Total Indicated Resource	920	–	–	–	22.9	7.46	42.4

Mineral Resource Estimate for Nambonga and Updated Mineral Resource Estimates for the Wafi and Golpu Deposits (100 percent) (continued)

	Tonnes (Mt)	Gold (g/t)	Copper (%)	Silver (g/t)	Contained Gold (Moz)	Contained Copper (Mt)	Contained Silver (Moz)
Inferred Resource							
Golpu (Porphyry Au/Cu)	190	0.61	0.80	1.0	3.7	1.52	6.3
Wafi (Epithermal Au/Ag)	23	1.3	–	2.5	0.9	–	1.8
Nambonga (Porphyry Au/Cu)	40	0.79	0.22	–	1.0	0.09	–
Total Inferred Resource	250	–	–	–	5.7	1.60	8.1
Total Mineral Resources	1,200	–	–	–	28.5	9.06	50.6

Rounding may cause some computational discrepancies in totals.

On 29 August 2012, the Golpu Ore Reserve estimate was updated following a pre-feasibility study, and is based on a block cave design for the deposit. No Ore Reserves have been estimated for the Wafi or Nambonga deposits. This update has not been incorporated in the December 2011 Group Ore Reserves table.

Updated Ore Reserve Estimate for the Golpu Deposit (100 percent)

	Tonnes (Mt)	Gold (g/t)	Copper (%)	Silver (g/t)	Contained Gold (Moz)	Contained Copper (Mt)	Contained Silver (Moz)
Probable Reserve	450	0.86	1.2	1.4	12.4	5.44	19.7

Note: These updated Mineral Resource and Ore Reserve estimates for the Wafi and Golpu deposits are not reflected in the December 2011 tables. Newcrest's share is 50 percent. Competent Persons are as follows: Golpu Mineral Resource, Wafi Mineral Resource and Nambonga Mineral Resource – James Francis; Golpu Ore Reserve – German Flores. At the time of this report, James Francis was employed by the Morobe Mining JVs. German Flores is a full-time employee of Newcrest Mining Limited.

NAMOSI JOINT VENTURE (FIJI)

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

Waisoi

The Waisoi deposit is characterised by copper-gold-molybdenum mineralisation hosted in and adjacent to porphyry intrusions. The deposit includes two broad overlapping mineralised zones; Waisoi East and Waisoi West. The Waisoi Mineral Resource and Ore Reserve are unchanged since December 2011.

Further growth opportunities exist for Waisoi in the next five years. The deposit is the subject of a pre-feasibility study. The Waisoi deposit is to be extracted via bulk open cut mining methods.

Wainaulo

The Wainaulo deposit lies in the Waivaka Corridor, which is a 5 kilometres long east-north-east trending zone of porphyry-related mineralisation. The Wainaulo Mineral Resource is unchanged since December 2011. No Ore Reserve has been estimated for the Wainaulo deposit.

OTHER REGIONS

Marsden (NSW)

The Marsden copper-gold porphyry deposit is located between the NSW towns of Forbes and West Wyalong, approximately 150 kilometres south-west of the Cadia Valley Operations. The Marsden Mineral Resource and Ore Reserve are unchanged since December 2011.

Côte d'Ivoire (West Africa)

The Côte d'Ivoire operations and projects (CI) includes Bonikro, Hiré and Dougbafla-East deposits, as well as various exploration tenements. Gold mineralisation occurs primarily in two modes: as structurally controlled shear zones and as stockwork veining.

The Bonikro open pit mine and the Dougbafla deposit are located within the Oumé Project area in central to southern Côte d'Ivoire. The Hiré deposit is located approximately 10 kilometres south-east of Bonikro. Hiré is the focus of a feasibility study to evaluate its potential as an open pit mine (with processing at the nearby Bonikro processing facility).

Since December 2011, the Bonikro Mineral Resource has been depleted by 0.093 million ounces of gold and the Ore Reserve has been depleted by 0.064 million ounces of gold. Since December 2011, contained metal in Bonikro stockpiles has increased by 0.032 million ounces of gold. The Hiré and Dougbafla-East Mineral Resources are unchanged since December 2011. No Ore Reserves have been estimated for the Hiré and Dougbafla-East deposits.

Newcrest has an active exploration program in place within Côte d'Ivoire. The program is focused on:

1. Defining extensions to the current resources; and
2. Greenfields exploration outside the mine and project areas.

2012 Mineral Resources

AS AT 31 DECEMBER 2011

Gold and Copper Resources (# = includes stockpiles)	Measured Resource			Indicated Resource			Inferred Resource			Total Resource			Contained Metal		Com- petent Person
	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	In situ Gold (million ounces)	In situ Copper (million tonnes)	
Cadia East Underground	–	–	–	2,200	0.44	0.29	100	0.35	0.18	2,300	0.44	0.28	33.1	6.58	1
Ridgeway Underground [#]	0.12	1.1	0.41	120	0.76	0.35	27	0.47	0.44	150	0.70	0.37	3.3	0.54	1
Other [#]	180	0.45	0.13	160	0.37	0.24	230	0.31	0.10	570	0.37	0.15	6.8	0.84	1
Total Cadia Province – Gold and Copper													43.2	7.97	
Main Dome Open Pit [#]	17	0.43	0.05	420	0.62	0.07	59	0.50	0.06	500	0.60	0.07	9.6	0.36	2
West Dome Open Pit	–	–	–	500	0.46	0.05	30	0.49	0.07	530	0.46	0.05	7.8	0.27	2
Telfer Underground	–	–	–	81	1.2	0.32	21	0.76	0.25	100	1.10	0.31	3.7	0.31	2
Other	–	–	–	0.57	4.2	0.03	16	0.28	0.34	16	0.42	0.33	0.2	0.05	2
O'Callaghans	–	–	–	69	–	0.29	9.0	–	0.24	78	–	0.29	–	0.22	2
Total Telfer Province – Gold and Copper													21.3	1.22	
Lihir [#]	94	2.4	–	700	2.0	–	87	1.7	–	880	2.0	–	56.6	–	3
Gosowong ^{**}	–	–	–	4.8	15	–	0.32	9.3	–	5.1	15	–	2.5	–	4
Bonikro [#]	2.0	0.96	–	37	1.5	–	29	1.1	–	67	1.3	–	2.9	–	5
Namosi JV (69.94%)	–	–	–	1,400	0.11	0.33	280	0.10	0.38	1,600	0.11	0.34	5.6	5.58	6
Marsden	–	–	–	190	0.19	0.37	26	0.08	0.18	220	0.18	0.35	1.2	0.76	1
MMJV – Hidden Valley Operations (50%) [#]	4.0	1.6	–	53	1.5	–	10	1.1	–	68	1.4	–	3.1	–	7
MMJV – Wafi/Golpu/ Nambonga (50%)	–	–	–	410	0.76	0.94	99	1.0	0.70	510	0.82	0.89	13.3	4.52	8
Total Other Provinces – Gold and Copper													85.1	10.9	
Total Gold and Copper													149.7	20.0	

Group Resources: 149.7 million ounces of gold, increased by 2.6% and 20.0 million tonnes of copper, increased by 0.7%

Silver Resources (# = includes stockpiles)	Measured Resource		Indicated Resource		Inferred Resource		Total Resource		Contained Metal		Competent Person
	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	In situ Silver (million ounces)		
Cadia Valley Operations [#]	0.12	1.2	2,400	0.50	130	0.29	2,500	0.49	39.3	1	
Gosowong ^{#*}	–	–	4.8	21	0.32	20	5.1	21	3.4	4	
MMJV – Hidden Valley/ Hamata/Kaveroi (50%) [#]	4.0	27	50	29	9.9	21	64	27	56.6	7	
MMJV – Wafi/Golpu/ Nambonga (50%)	–	–	370	1.3	60	1.3	430	1.3	17.5	8	
Total Silver									116.8		

O'Callaghans Polymetallic Resources (# = includes stockpiles)	Tonnes		Grade			Contained Metal			Competent Person
	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO ₃)	Zinc Grade (% Zn)	Lead Grade (% Pb)	In situ Tungsten Trioxide (million tonnes)	In situ Zinc (million tonnes)	In situ Lead (million tonnes)		
Measured	–	–	–	–	–	–	–	–	2
Indicated	69	0.34	0.55	0.27	0.24	0.38	0.18		
Inferred	9.0	0.25	0.15	0.07	0.02	0.01	0.01		
Total Polymetallic	78	0.33	0.50	0.25	0.26	0.39	0.19		

Note: Rounding may cause some computational discrepancies in totals.

* The figures shown represent 100 percent of the Mineral Resource. Gosowong 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).
Newcrest and Harmony Gold Mining Company Limited have a 50/50 ownership of the Morobe Mining Joint Ventures. Newcrest has a 69.94 percent share of the Namosi Joint Venture.

Competent Person

1. Stephen Perkins, 2. Paul Dunham, 3. Geoff Smart,
4. Colin McMillan, 5. Craig Irvine, 6. Vik Singh,
7. James Francis (MMJVs), 8. Stuart Hayward (MMJVs).

2012 Ore Reserves

AS AT 31 DECEMBER 2011

Gold and Copper Reserves (# = includes stockpiles)	Proved Reserve			Probable Reserve			Total Reserve			Contained Metal		Com- petent Person
	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Dry Tonnes (million)	Gold Grade (g/t Au)	Copper Grade (% Cu)	Insitu Gold (million ounces)	Insitu Copper (million tonnes)	
Cadia East Underground	–	–	–	1,200	0.58	0.31	1,200	0.58	0.31	22.2	3.67	1
Ridgeway Underground [#]	–	–	–	100	0.77	0.36	100	0.77	0.36	2.5	0.35	1
Other [#]	90	0.53	0.14	33	0.41	0.37	120	0.50	0.20	2.0	0.25	2
Total Cadia Province – Gold and Copper										26.6	4.27	
Main Dome Open Pit [#]	17	0.43	0.05	230	0.80	0.10	250	0.77	0.09	6.1	0.23	3
West Dome Open Pit	–	–	–	190	0.63	0.06	190	0.63	0.06	3.8	0.12	3
Telfer Underground	–	–	–	45	1.2	0.33	45	1.2	0.33	1.8	0.15	3
O'Callaghans	–	–	–	51	–	0.28	51	–	0.28	–	0.14	8
Total Telfer Province – Gold and Copper										11.7	0.63	
Lihir [#]	94	2.4	–	330	2.3	–	420	2.3	–	31.5	–	4
Gosowong ^{#*}	–	–	–	5.1	12	–	5.1	12	–	2.0	–	5
Bonikro [#]	2.0	0.96	–	24	1.3	–	26	1.3	–	1.1	–	6
Namosi JV (69.94%)	–	–	–	660	0.13	0.41	660	0.13	0.41	2.8	2.68	6
Marsden	–	–	–	98	0.29	0.48	98	0.29	0.48	0.9	0.47	2
MMJV – Hidden Valley Operations (50%) [#]	3.2	1.7	–	31	1.6	–	34	1.6	–	1.8	–	6
MMJV – Wafi/Golpu/ Nambonga (50%)	–	–	–	35	0.61	1.1	35	0.61	1.1	0.7	0.40	7
Total Other Provinces – Gold and Copper										40.8	3.55	
Total Gold and Copper										79.1	8.46	

Group Reserves: 79.1 million ounces of gold, increased by 0.3% and 8.46 million tonnes of copper, increased by 1.2%

Silver Reserves (# = includes stockpiles)	Proved Reserve		Probable Reserve		Total Reserve		Contained Metal		Com- petent Person
	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Dry Tonnes (million)	Silver Grade (g/t Ag)	In situ Silver (million ounces)		
Cadia Valley Operations [#]	–	–	1,300	0.53	1,300	0.53	22.2	1, 2	
Gosowong ^{#*}	–	–	5.1	16	5.1	16	2.6	5	
MMJV – Hidden Valley/ Hamata/Kaveroi (50%) [#]	3.2	29	29	34	32	34	34.6	6	
Total – Silver							59.4		

O'Callaghans Polymetallic Reserves (# = includes stockpiles)	Tonnes		Grade			Contained Metal			Com- petent Person
	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO ₃)	Zinc Grade (% Zn)	Lead Grade (% Pb)	In situ Tungsten Trioxide (million tonnes)	In situ Zinc (million tonnes)	In situ Lead (million tonnes)		
Proved	–	–	–	–	–	–	–	–	8
Probable	51	0.34	0.61	0.30	0.17	0.31	0.15		
Total Polymetallic	51	0.34	0.61	0.30	0.17	0.31	0.15		

Note: Rounding may cause some computational discrepancies in totals.

* The figures shown represent 100 percent of the Ore Reserve.

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 Stuart Hayward are full-time employees of Newcrest Mining Limited or the relevant subsidiary. Greg Job is a full time employee of Harmony Gold Mining Company Limited. At the time of the December 2011 report, James Francis and Stuart Hayward were employed by the Morobe Mining JVs. 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 possess 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).

Competent Person

1. Lino Manca, 2. Steven Butt, 3. Brett Cuthbert, 4. David Grigg, 5. Allan Blair, 6. Anton Kruger, 7. Greg Job (Harmony), 8. Andrew Logan.

Corporate Governance

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

The Company's corporate governance practices during the year to 30 June 2012 are described in this section. This includes information required under the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd edition)* (the ASX Principles)

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. The Board is ultimately accountable to Newcrest's shareholders for the performance of the business. The role of the Board is described in the Board Charter, which is available on the Company's website.

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

Board Composition

Newcrest's Board currently comprises nine Directors: two executive Directors (the current Managing Director and Chief Executive Officer (CEO) – Greg Robinson, and the Finance Director and Chief Financial Officer (CFO) – Gerard Bond) and seven non-executive Directors.

The names, skills, and experience of each Director, and their terms of office are set out on pages 10 and 11 of this Report. Mr Robinson was appointed as Managing Director and Chief Executive Officer on 1 July 2011 after Mr Ian Smith stepped down. Mr Bond was appointed as Finance Director and Chief Financial Officer on 1 January 2012 and was appointed to the Board on 8 February 2012. Details of changes to the Board during 2011–12 reporting period and the current financial year are set out in the Directors' Report on page 43.

The Board has determined that as a general rule a non-executive Director will not serve on the Board for more than 10 years. Non-executive Directors are required to submit themselves for re-election every three years and at least one Director must stand for election each year.

Selection and Appointment of Directors

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

Nominations to the Board are dealt with by the full Board, as Directors consider that it is the most efficient way to deal with the selection and appointment practices of the Company. Further, ultimate responsibility for decision-making in this area rests with the Board. For these reasons, the Board does not have a separate nomination committee.

When considering new appointments to the Board, suitable candidates are identified, using external professional advisers if necessary. The Board considers the range of skills, experience, gender and broader diversity in considering candidates for appointment.

Appointment of the Managing Director and CEO is made by the full Board, with professional advice sought as required.

Board Committees

There are three standing committees of the Board, which assist the Board by providing detailed analysis of key issues. The Board also operates a Board Executive Committee on an ad hoc basis. Each Director receives all committee papers and minutes and is invited to attend any committee meeting. In practice, all Directors attend each committee meeting other than in exceptional circumstances. Each committee reports its deliberations to the next Board meeting.

Each committee has its own charter which can be viewed in the corporate governance section on the Company's website, www.newcrest.com.au/about-us/corporate-governance. Each committee charter was reviewed in 2012.

Audit and Risk Committee

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

Function: assists the Board to fulfil its responsibilities, including with respect to the integrity of the Company's financial statements, compliance with all accounting and financial reporting obligations and applicable legal and regulatory requirements, risk management and internal control processes and effectiveness, and internal and external audit. The Committee oversees, reviews and makes recommendations to the Board with respect to the above matters. The Committee is chaired by and is comprised of non-executive Directors. The Committee's role is to review and advise the Board.

Human Resources and Remuneration Committee

Members: Rick Lee (Chairman), Lady Winifred Kamit, Vince Gauci and Tim Poole (the executive Directors: the Managing Director and CEO, and the Finance Director and CFO, may attend by invitation).

Function: assists the Board to fulfil its responsibilities with respect to the remuneration framework and levels for all employees, including executive managers, executive and non-executive Directors, the human resources and remuneration strategies, policies and practices of the Company, the behavioural and cultural framework and practices of the Company, and oversight of organisational design and human capability, performance management practices and outcomes, appointment of remuneration consultants, and oversight of industrial relations policies, practices and strategies. The Committee also considers the Company's practices in relation to diversity, including gender diversity.

The Committee's role is to review and advise the Board, and it holds no delegated authorities from the Board.

The four members of the Human Resources and Remuneration Committee are independent, non-executive Directors. This composition avoids potential conflict on the part of executive Directors and enhances investor and community confidence in the Committee's decisions.

Safety, Health and Environment Committee

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

Function: assists the Board in its role of monitoring and reviewing, from a corporate governance perspective, the Company's practices in the areas of safety, health and environmental management practices. It monitors and reviews the Company's performance and approach to compliance with its policies and legal requirements in these areas, it reviews the Company's response on issues of concern or material non-compliance and recommendations from management in relation to industry trends and world standards and reports and makes recommendations to the Board based on the Committee's work and findings. The Committee's role is to review and advise the Board, and it holds no delegated authorities from the Board.

Board Executive Committee

Members: The Chairman, Managing Director and CEO (or in his absence the Finance Director and CFO) and one other non-executive Director.

In practice, all Directors are invited to attend meetings of the Committee.

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

Board Committee charters can be found on the Company website. Details of the number of Board and Committee meetings held during the financial year and each Director's attendance, are set out on page 44 of this Report.

The Board and the Company Secretary

Mr Stephen Creese was appointed as Company Secretary in November 2009. He has stepped down from that role in August 2012, as part of a transitional arrangement announced in March 2012, prior to his proposed retirement in July 2013. Mr Scott Langford, whose appointment as General Counsel and Company Secretary was announced in March 2012, was appointed as Company Secretary by the Board in August 2012.

All Directors have access to the services and advice of the Company Secretary. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole. Details of the qualifications and experience of Messrs Creese and Langford are set out on page 44 of this Report.

Corporate Governance

1. BOARD OF DIRECTORS (continued)

Board Independence

All non-executive Directors are independent, in accordance with ASX requirements, and free of any relationship that might conflict with the interests of the Company, based on application of predetermined materiality thresholds, adopted by the Board.

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 continues to monitor the independence of each Director and periodically reviews its approach to assessing Director independence.

Access to Independent Advice and Information

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

2. BOARD AND EXECUTIVE PERFORMANCE

Board Performance Evaluation

The Board undertakes an annual review of its own performance effectiveness and that of its committees and individual Directors. This process is led by the Chairman based on a formal questionnaire and evaluation provided to each Board member. Periodically, an external party is retained to assist in the process. The outcomes of the evaluation are reviewed and considered by the Board and changes effected where required.

The Board completed its most recent review in October 2011. The Chairman concluded that the Board and its committees were operating well, with no areas of concern to be addressed at that time. 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 committees 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 2011–12 are set out in the Remuneration Report on pages 55–69.

Each of the Company's senior executives (including the Managing Director and CEO, and the Finance Director and CFO) have undergone performance evaluation during the 2011–12 reporting period in accordance with the Company's Work Performance System.

3. DIRECTORS' FEES AND EXECUTIVE REMUNERATION

Directors' Fees

The Human Resources and Remuneration Committee deals with all matters relating to remuneration policy, and Director, senior executive and employee remuneration levels.

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

The total annual remuneration paid to all non-executive Directors may not exceed the maximum amount authorised by the shareholders in general meeting. The total 'fee pool' is currently \$2,700,000 and was approved by shareholders in 2010.

Newcrest includes superannuation contributions made for the benefit of non-executive Directors, and fees that a non-executive Director agrees to salary sacrifice (pre-tax) are included in calculating the total amount of Directors' fees payable, in accordance with ASX requirements.

Executive Remuneration

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

The Board has established with the Managing Director and CEO, specific personal and corporate performance objectives for the short and long term. The performance of the Managing Director and CEO is formally assessed against these objectives annually. The assessment helps determine the level of 'at risk' remuneration paid to the Managing Director and CEO. Following amendments in 2011 to the *Corporations Act 2001* (Cth), the Human Resources and Remuneration Committee must approve contracts with remuneration consultants. Remuneration recommendations by remuneration consultants in relation to Key Management Personnel (KMP) must be made to the non-executive Directors.

The remuneration consultant must include with the recommendation, a declaration that the consultant's recommendation is made free from undue influence by the member or members of the KMP to whom the recommendation relates.

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.

4. RESPONSIBLE AND ETHICAL BEHAVIOUR

Code of Conduct and Values

The Code of Conduct, which was revised and rewritten in 2011, and approved by the Board, reflects the Company's values and provides a framework within which its entire workforce functions, including in its interaction with stakeholders. The Code is designed to ensure the appropriate degree of integrity in the Company's dealings.

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

Speak Out Policy

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

Securities Dealing Policy

The Company has a Securities Dealing Policy which was revised in April 2012.

It provides for 'prohibited periods' (or 'blackout periods') when staff must not deal in the Company's securities. The blackout periods, around the half year and full year results, commence immediately following the close of the half year and full year periods. A blackout period also applies from the date two weeks prior to the release of the production results each quarter, and to the AGM. These blackout periods end directly following the announcement of the Company's quarterly, half year and full year results, and AGM results, at the conclusion of the AGM.

The Code and the above policies can be found on the Company's website.

5. SHAREHOLDER COMMUNICATION, CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS

The Board recognises the importance of keeping the markets in which it is listed, fully informed of the Company's activities and of stakeholder communication in a timely, balanced and transparent manner. In this respect, the Company complies with the ASX Listing Rule requirements concerning analyst briefings.

The Company's Continuous Disclosure Policy establishes a system and procedures to ensure that Company information considered to be material is announced immediately to the market through the Australian Securities Exchange (ASX), Port Moresby Stock Exchange (POMSoX) and the Toronto Stock Exchange (TSX) and key presentations given by Company personnel to investors and institutions are also lodged with the ASX, POMSoX and TSX.

The Company's Public Announcements, Investor Relations and External Communications Policy establishes a procedure and controls around internal reviews and approval processes for public announcements and communications.

All releases made to the ASX, POMSoX and TSX are placed immediately on the Company's website. Other key communications are also placed immediately on the website, and provided directly to all shareholders as necessary. General and historical information about the Company and its operations is also available on its website.

Board policy is to achieve effective communication with its shareholders through compliance with ASX Listing Rules (and as required by the other exchanges on which Newcrest is listed) and Corporations Act reporting requirements, webcasting half year and full year financial results presentations and the four production results at the end of each quarter. All other ASX announcements and presentations (including investor, analyst and public forums) are placed on the Company's website. The Company provides advance notice to analysts in respect of the briefings and posts the relevant corporate dates for the year on its website. The Managing Director and CEO, Finance Director and CFO and the Head of Investor Relations regularly meet with investors.

The Company maintains a record of meetings with analysts, including the date, location and persons attending.

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

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

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

6. DIVERSITY

Newcrest places a high value on diversity. A full report on diversity and the Company's practices, initiatives and performance against its stated objectives can be found on pages 38 to 41.

Corporate Governance

7. RISK AND AUDIT MANAGEMENT

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

The Board reviews 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'.

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 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 technical and commercial review.

- A system of delegated authorities that cascades authority levels for expenditure and commitments from the Board, the delegation to the Managing Director and CEO and the further cascading of authorities from the Managing Director and CEO to the rest of the organisation.
- Appropriate due diligence procedures for acquisitions and divestments.
- The annual preparation of a capital strategy document setting out the key capital structure, liquidity and cash flow at risk objectives of the Company. In addition, Newcrest's Treasury department has detailed policies for the management of debt and currency, investment of surplus cash and interest rate risk management.
- A system of financial control processes to ensure the integrity of financial reporting.
- Management provide the Board with a regular report on External Affairs and Community in addition to regular reporting to the Board.
- 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 internal audit function, which is managed by the Manager Internal Audit who ultimately reports to the Finance Director and CFO, and supported by internal resources and external consultants. The function undertakes audits of critical finance, business and operational processes and tests key internal controls. The annual internal audit plan is structured to cover all material operating sites and processes on a rolling program. It is also based on an evaluation of all the risks to Newcrest. 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 meetings to approve Newcrest's half yearly and annual financial statements for the financial year ended 30 June 2012, the Board received and considered written statements from the Managing Director and CEO, and Finance Director and CFO in relation to Newcrest's system of risk oversight and management and 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 management assurance stated that the financial statements had 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 management 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.

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

SUSTAINABILITY

Sustainability is an important part of Newcrest's vision to develop successful mining operations through balancing economic prosperity, environmental quality and social responsibility. Newcrest is a signatory to the Australian Minerals Industry Sustainability Code 'Enduring Value' and integrates environmental and social 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 2011 can be found on the Company's website.

Diversity

Diversity at Newcrest is driven by recognition that an inclusive culture and diverse workforce support high performance.

Newcrest recognises the benefits of bringing together talented people of different gender, age, ethnicity, cultural backgrounds and thinking styles who possess a diverse range of experiences and perspectives. In particular, this helps create an environment where innovative ideas are generated and problem-solving capability is enhanced to help Newcrest realise its potential and strategic objectives in a global market. Diversity at Newcrest is led by the Board and the Executive Committee (ExCo), together with the ExCo Diversity Sub-committee, and is driven by recognition that an inclusive culture and diverse workforce supports high performance. Diversity also better enables the Company to foster enhanced community connections and increased morale, motivation and engagement.

Diversity at Newcrest incorporates differences that relate to gender, age, ethnicity and cultural background. It also extends across differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving styles. Our approach recognises that individuals are important and that each person has a unique contribution to make. The benefits of diversity are maximised when each person feels included and able to participate fully.

Diversity and inclusion at Newcrest are thus business imperatives. The Company's approach is based on four key drivers:

- our vision to be the 'Miner of Choice';
- our desire to attract, recruit, engage, develop and retain diverse talent;
- our belief that our workforce should reflect the communities in which Newcrest operates; and
- a high performance culture – to deliver leading industry performance by encouraging our people to incorporate creativity, innovation, continuous improvement and a high standard of ethics and effort into their work.

The Diversity Policy is published on the Newcrest website at www.newcrest.com.au/about-us/company-policies and was communicated to all employees via a Company-wide *Newcrest and You* bulletin email and also via the internal portal and formal training programs.

Underpinned by the Company's values, the Policy outlines how Newcrest supports a diverse workforce – including treating employees fairly, setting measurable targets, ensuring legislative compliance and supporting diversity in its communities. The Policy actively promotes a culture that values difference. The Company's standards and procedures are reviewed and updated annually to ensure they support the aims of the Policy.

MEASURES

The Board has set clear objectives to support the achievement of greater diversity across Newcrest. More than 20 measures are in place to track gender, age and cultural diversity. Many of these measures, and the programs that support them, are discussed in this Report. Progress is monitored monthly and assessed quarterly by the ExCo Diversity Sub-committee and annually by the Board. The Board Human Resources & Remuneration Committee, which has its diversity responsibilities reflected in its Charter, also regularly reviews progress. The commitment of the Board and senior management, together with the internal review mechanisms and procedures to support the process, are anticipated to deliver significant achievements against the Company's diversity measures over the next four years.

A number of these objectives, approved by the Board in 2010, relate to gender and are shown in the table below. These measures drive the three main focus areas for increasing the representation of women in the Company's workforce: attraction, retention and promotion.

Diversity Measure	31 Dec 2013 Target	30 June 2012	30 June 2011
That 33.3% of succession plans for all level 2 to level 5 roles will have at least one female included by 31 December 2013.	33.3%	27.2%	25%
To increase the proportion of women selected for the graduate program from 25% as of 31 December 2010 to 33.3% as at 31 December 2013.	33.3%	29.5%	26%
Establish a Diversity Sub-committee to provide oversight and report bi-annually to ExCo and the Board on the Company's diversity initiatives and programs.		Established in mid-2011 and meets quarterly.	

A new measure, established in relation to the FY13 year, addresses the number of women in management levels 2 to 4, i.e. from Supervisor (Level 2) to General Manager (Level 4). Currently, 12 percent of these roles across Newcrest are held by women, up from 10 percent two years ago. Our objective is to lift this proportion by 15 percent by 31 December 2013.

The proportion of women employees across the organisation and women in senior roles are shown below:

	Number of Women	Representation as a Percentage at 30 June 2012	Representation as a Percentage at 30 June 2011
Board	1	11.1%*	12.5%
Senior Executives	1	10%#	12.5%
Management levels 2-4	242	12%	10%
Other employee groups	815	13%	13%

* The percentage change is due to the appointment of Gerard Bond as Finance Director.

The apparent decrease in the representation rate of women is due to a restructure that saw the promotion of two employees to Executive General Manager level.

Women represent 13 percent of the Company's Australian workforce, with seven percent in site-based roles. A high proportion of our workforce engaged in fly-in fly-out (FIFO) employment arrangements at site, this compares favourably with the Equal Opportunity for Women in the Workplace Agency 2012 (EOWA) industry representation rate of 14.5 percent overall, but only three percent in site-based roles.

An extensive list of other measures, along with detailed action plans, are assisting the Company to further increase diversity in the areas of age, gender, ethnicity and cultural diversity.

EMPLOYEE FEEDBACK

Employee consultation, communication and feedback are also important in identifying and addressing issues and maintaining a positive relationship with all our employees at Newcrest. The December 2011 Employee Engagement Survey invited responses to a number of questions regarding diversity and inclusion. These included:

- My immediate manager works effectively with people who are different from him or her (in gender, racial/ethnic background, lifestyle, etc);
- My work area is accepting of gender difference; and
- Women and men have the same opportunities to advance in this company.

The diversity results indicated a score significantly ahead of mining industry norms. The results are encouraging and provide valuable information regarding employees' views on equity of opportunity, inclusion and organisational culture.

Externally, Newcrest was voted 'Most Attractive Employer of the Year', in the highly regarded 2012 Randstad Awards, following a random survey of 7,000 people across Australia, based on 10 factors ranging from long-term job security to training and development. Diversity was one of the factors considered.

INITIATIVES

Our Diversity Action Plan includes specific initiatives to encourage and support the employment of a diverse workforce, including gender, generational and cultural diversity.

The purpose of many of the activities undertaken during the reporting period has been to raise awareness of diversity and inclusion issues, the Company's diversity approach and our diversity objectives. Key indicators suggest that activities are generally proving successful. Overall, diversity is more visible in the organisation than it has been previously. The Company's Senior Diversity Specialist, appointed to manage these programs across the Company, has provided a focal point to drive the identification of barriers and potential solutions, while managing projects that embed diversity and inclusion.

The ExCo Diversity Sub-committee provides support and feedback on activities and approaches to address barriers, as well as providing an increased focus and profile for diversity. A Diversity Dashboard report prepared for the Sub-committee provides key data to track our progress. Diversity data is also included in the monthly report to ExCo and the Board.

Diversity has had an increased profile at significant internal events, including the Managing Director's Conference (held semi-annually for all General Managers) and the Human Resources Community of Practice workshop, further ensuring that diversity and inclusion is being addressed in key forums.

The Newcrest Diversity Working Group has been established and met during the reporting period, and has been effective in supporting activities, contributing ideas and feedback.

Internal communication has also played an important role in elevating awareness. There have been a number of articles focused on gender diversity and the diversity policy published in the Company's newsletters and bulletins over the reporting period. These have been effective in raising the profile and delivering important messages about Newcrest's commitment to diversity.

AN INTERNAL AND EXTERNAL FOCUS

The Company ensures that its commitment to diversity and inclusion is focused both internally and externally.

A range of communication channels are used to promote Newcrest as an employer and to advertise employment opportunities available. All advertising includes the Newcrest diversity tagline: 'At Newcrest, we value diversity of thought, style and working arrangements'.

While most people working with the Company are looking for a permanent role, increasingly people – particularly older workers and women – are looking for flexibility. The Newcrest Professional Network was established in 2011. The Network is a pool of talent and experience Newcrest can access to provide specific skills, development, coaching and training, assist with a project or to fill limited tenure positions, such as parental leave, long service leave or to assist with a peak workload.

The Network provides alternative employment opportunities for former employees or those who are on long-term leave and have an interest in working with Newcrest on a project or short-term contract. The Newcrest Professional Network enables Newcrest to access knowledge and skills required and also to provide some flexibility to employees and former employees wanting to work in an alternative capacity to permanent, full time or part time work.

Internally, we promote diversity and inclusion and raise awareness through a range of programs, projects and activities.

Newcrest provided a number of employees with the opportunity to participate in a film workshop, focused on them telling their own story. The aim was to produce stories for both internal and external use that would provide an insight into the level of diversity and inclusion within the organisation and to allow potential employees to gain an insight into the Newcrest culture.

The project resulted in 11 very different stories, which may be used to promote Newcrest and the broader resources sector as a potential employment option, particularly for diversity target groups, including women, Aboriginal and Torres Strait Islander people and older workers.

OUR DIVERSITY REFLECTS OUR COMMUNITIES

The Company recognises the importance of diversity in contributing to the local communities in which it operates by creating and providing training and employment opportunities within the local communities. This also reflects our commitment to building capability in our local communities. Newcrest is committed to developing its people across the Group and to building a workforce – including the leadership teams – that reflect the communities in which we operate.

The overwhelming majority of employees at the Company's Indonesian, Papua New Guinean, West African and Fijian operations are nationals and locals. Work continues to improve access to roles at all levels in the organisation for employees from local communities.

At Lihir Island, the Company conducts a Business Administration Program on site. This course aims to bring 10 young Lihirian women into a workplace each year from the villages around the Island. This program, initiated by one of our senior Lihirian women, is a key pathway for females into other roles on site. In 2011–12, eight women participated and we expanded the program to include English language skills – identified as critical to improve the ability to be promoted.

Graduate, Traineeship and Apprenticeship programs at Lihir currently provide access to formal employment training for around 325 people from the local and broader community, from within a total employment population of 2,215 employees. Extensive and ongoing on-the-job training is also provided across the board.

Work continues at Gosowong and Lihir on the implementation of the Nationalisation Development Plan. This approach is developing future leaders by increasing participation of nationals in supervisory and management levels. An important part of this strategy is providing nationals with the training and development required to progress and take up professional and managerial roles. At Gosowong, more than 69 percent of the management team are Indonesian, up from 59 percent in 2011. At Lihir, 11 percent of the management team are nationals, while 57 percent of our supervisor and superintendent level employees (which provide our pipeline of future leaders) are nationals.

Newcrest has a number of programs supporting managerial leadership development, including ongoing investment in the Frontline Manager, Superintendent, Manager and Senior Leader Programs. These programs are well populated with talented national employees and contribute to building capability within the communities in which Newcrest operates. This in turn contributes to achieving the Company's diversity objectives and to its Vision of being 'Miner of Choice'.

At Telfer, in Western Australia, the Company supports more than 60 indigenous people working under various employment arrangements, including full time and part time employment for Newcrest or contractors Pilbara Logistics, ESS Remote and Birra Personnel Resources. Critical to the success achieved has been the support provided to Aboriginal and Torres Strait Islander people, including via the Telfer Aboriginal mentors, who are part of the Community Relations Team. This approach has contributed to improved workforce participation for the Martu and wider Aboriginal and Torres Strait Islander community at Telfer.

Through the Telfer Aboriginal Training & Employment Strategy (TATES), Newcrest has provided more than 400 Aboriginal and Torres Strait Islander people with participation in targeted programs that provide access to training, work experience and employment.

Over the past 12 months, 30 people have participated in TATES training provided in areas including numeracy and literacy, pre-employment, driving training, heritage monitoring, horticulture, health and hygiene, safety, food handling, food safety, hygiene, environmental and exploration field work skills, mine entry programs and safety. A number of participants have also completed formal qualifications at Certificate II level in Hospitality (Kitchen Operation) and Resources and Infrastructure. The Company partners with Pundulmurra Campus of the Pilbara Institute to deliver programs offered. Participants have been predominantly the indigenous community located closest to the Telfer mine – Martu men and women from the Western Desert, Marble Bar, Nullagine, Port Hedland and very remote parts of Western Australia.

A key objective of TATES is to prepare participants for employment in the Telfer mine or village. A significant number of the Martu participants have been employed following completion of training either by Newcrest, on site with contractors that provide services to the Company, other resource companies, government and non-government agencies or within their own communities.

There are significant barriers to participation in training and employment for the Martu people. These include language and educational barriers, family and social responsibilities and the distance between the communities in which they live and the mine site. The Company has sought to identify alternative models of employment that provide flexibility for participants to help them meet family and community commitments while building employment skills, gaining experience and contributing to the Company.

In partnership with the Western Australia Department of Sport and Recreation, Newcrest also provides a sport and recreation program for the Martu communities, promoting a healthy lifestyle.

At Cadia, in Orange, New South Wales, traineeships have provided access to training and employment to 35 people, many of whom are older workers. The program has provided an entry point to the industry for people with no previous training or experience in mining. Around 40 adult apprenticeships are enabling people without formal qualifications to qualify as tradespeople.

Through a variety of opportunities, Newcrest also demonstrates its commitment to diversity and inclusion in the community. Newcrest actively supports events hosted by the Women in Mining state-based groups in Western Australia, Victoria and New South Wales. These events have facilitated access to high-profile presenters and women across Newcrest have been encouraged and supported to attend these events, accessing both professional development and broader industry networking opportunities.

In PNG, the Company established with the University of PNG a Resource Centre to provide assistance and training to people undertaking external studies. Through the Resource Centre, support and assistance is provided to members of the local community and the university through the supervision of examinations, administration of grants and liaising with multiple organisations associated with education.

Financial Report

FOR THE YEAR ENDED 30 JUNE 2012

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Directors' Report

The Directors present their report together with the consolidated financial report of the Newcrest Mining Limited Group, comprising the Company and its controlled entities, for the year ended 30 June 2012 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
Greg Robinson	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer (appointed 8 February 2012)
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
Winifred Kamit	Non-Executive Director

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

PRINCIPAL ACTIVITIES

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

CONSOLIDATED RESULT

The profit after tax attributable to Newcrest shareholders ('Statutory Profit') for the year ended 30 June 2012 was \$1,117 million (2011: \$908 million).

The Statutory Profit for 2012 includes a net positive \$33 million after tax (2011: negative \$150 million after tax) impact due to the:

- Transfer of losses on restructured hedges and closed-out hedge contracts associated with the restructure in the 2007 financial year, from equity reserves to the Income Statement;
- Other close-out related costs associated with the 2007 hedge restructure;
- Integration costs associated with the acquisition of Lihir Gold Limited on 30 August 2010; and
- Gain on the divestment of Cracow and Mt Rawdon operations on 2 November 2011.

DIVIDENDS

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

- Final unfranked dividend for the year ended 30 June 2011 of 20 cents per share, amounting to \$153 million, was paid on 21 October 2011.
- Special unfranked dividend for the year ended 30 June 2011 of 20 cents per share, amounting to \$153 million, was paid on 16 December 2011.
- Interim unfranked dividend for the year ended 30 June 2012 of 12 cents per share, amounting to \$92 million, was paid on 17 April 2012.
- Final (15% franked) dividend for the year ended 30 June 2012 of 23 cents per share, amounting to approximately \$176 million, has been determined and is proposed to be paid on 19 October 2012 to shareholders registered by close of business on 28 September 2012.

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

There are no other matters or circumstances which have arisen since 30 June 2012 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, accounting advice, other assurance-related services and advisory services were provided by Ernst & Young (auditor to the Company) – refer Note 25 to the financial statements. The Directors are satisfied that the provision of these services did not impair the Auditor's Independence.

ROUNDING OF AMOUNTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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 that would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted, including Australia, Indonesia, Papua New Guinea, Côte d'Ivoire and Fiji. The Group releases an annual Sustainability Report.

Each mining operation is subject to particular environmental regulations specific to the activities undertaken at that site as part of the licence or approval for that operation. There is also a broad range of industry specific environmental codes of practice that 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. The two major environmental incidents recorded during the year both involved a fauna incident at the Telfer operation.

Category	II	III	IV	V
2011 – Number of incidents	63	14	1	0
2012 – Number of incidents	97	23	2	0

Directors' Report

SHARE RIGHTS

During the year, an aggregate of 379,568 rights were exercised, resulting in the issue of 379,568 ordinary shares of the Company for nil consideration. At the date of this report, there were 1,108,181 unissued shares under rights (1,108,181 at 30 June 2012).

In order to minimise dilution of its share capital through the exercise of rights under the Company's share-based payments plans and the Dividend Reinvestment Plan, the Company intends to buy the corresponding number of shares on market as and when required. During the year, 1,062,040 shares were bought back and cancelled.

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.

INFORMATION ON DIRECTORS

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

INFORMATION ON COMPANY SECRETARIES

Stephen Creese Executive General Manager, Corporate Affairs Bachelor of Laws (Hons) and Bachelor of Arts

Mr Creese joined Newcrest Mining Limited as General Counsel and Company Secretary in November 2009. He was subsequently appointed as Executive General Manager, Corporate Affairs in September 2010, with responsibility for government, media, legal and the company secretarial function. In July 2012 Mr Creese formally assumed responsibility for the Community Affairs function and transferred responsibility for the legal and company secretarial functions to Scott Langford.

Prior to joining Newcrest, he 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 subsequently as Managing Director – Rio Tinto Australia. Mr Creese is also the independent chair of the National Employment Services Association (NESA) and a part-time member of the Australian Takeovers Panel.

Scott Langford General Counsel and Company Secretary Bachelor of Laws (Hons) and Bachelor of Science

Mr Langford joined Newcrest in July 2012 as General Counsel. He was formally appointed as Company Secretary in August this year. He is responsible for the Group's legal and company secretarial function.

Prior to joining Newcrest, Mr Langford was a Partner at Allens, a leading commercial law firm. He joined Allens in 1987, and became a partner there in 1995. At Allens, he was a key legal adviser to major international mining and resource companies, including Rio Tinto and Newcrest, and was co-head of the firm's Energy and Resources Practice Group.

DIRECTORS' MEETINGS

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

Director	Directors' Meetings		Audit & Risk Committee Meetings		Human Resources & Remuneration Committee Meetings		Safety, Health & Environment Committee Meetings	
	A	B	A	C	A	C	A	C
Don Mercer	8	8	–	–	–	–	–	–
Greg Robinson	8	8	–	–	–	–	–	–
Gerard Bond	3	3	–	–	–	–	–	–
John Spark	8	8	4	4	–	–	4	4
Rick Lee	8	8	4	4	4	4	–	–
Tim Poole	8	8	4	4	4	4	–	–
Richard Knight	8	8	4	4	–	–	4	4
Vince Gauci	8	8	–	–	4	4	4	4
Winifred Kamit	7	8	–	–	4	4	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	Nature of Interest
Don Mercer	15,546	Direct and Indirect	–	N/A
Greg Robinson	20,487	Direct and Indirect	184,382	Direct
Gerard Bond	–	N/A	23,884	Direct
John Spark	18,105	Direct and Indirect	–	N/A
Rick Lee	22,447	Indirect	–	N/A
Tim Poole	4,235	Indirect	–	N/A
Richard Knight	20,000	Indirect	–	N/A
Vince Gauci	3,400	Indirect	–	N/A
Winifred Kamit	326	Indirect	–	N/A

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS⁽¹⁾

1. FINANCIAL AND OPERATING HIGHLIGHTS

	Measure	For the years ended 30 June			
		2012	2011	Change	Change %
Key financial data					
Revenue	A\$ million	4,416	4,102	314	8
EBITDA ⁽²⁾⁽⁹⁾	A\$ million	2,151	2,059	92	4
EBIT ⁽²⁾⁽⁹⁾	A\$ million	1,590	1,544	46	3
Statutory Profit ⁽³⁾	A\$ million	1,117	908	209	23
Underlying Profit ⁽⁴⁾⁽⁹⁾	A\$ million	1,084	1,058	26	2
Earnings per share (basic)	A\$ cents/share	146.0	126.4	19.6	16
Dividends per share – in respect of financial year					
Interim and final dividend	A\$ cents/share	35.0	30.0	5.0	17
Special dividend	A\$ cents/share	N/A	20.0	–	–
Operating cash flow	A\$ million	1,726	1,729	(3)	–
Capital expenditure	A\$ million	2,556	1,890	666	35
Exploration expenditure	A\$ million	158	126	32	25
Dividends paid ⁽⁵⁾	A\$ million	362	187	175	94
Gearing ⁽⁶⁾	%	12.5	4.2	8.3	198
ROCE ⁽⁷⁾	%	10.1	12.4	(2.3)	(19)
Operational					
Total material mined	000's tonnes	179,235	154,162	25,073	16
Total material milled	000's tonnes	54,034	56,095	(2,061)	(4)
Gold produced	000's ounces	2,286	2,527	(241)	(10)
Gold sales	000's ounces	2,333	2,478	(145)	(6)
Realised gold price	A\$/oz	1,609	1,378	231	17
Copper produced	000's tonnes	76.0	75.6	0.4	1
Copper sales	000's tonnes	78.5	73.9	4.6	6
Realised copper price	A\$/lb	3.58	3.93	(0.35)	(9)
Cash costs ⁽⁸⁾⁽⁹⁾	A\$ million	2,031	1,958	73	4
AUD:USD (average)	A\$	1.032	0.987	0.045	5

⁽¹⁾ 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 2012 ('2012') compared with the 12 months ended 30 June 2011 (the 'prior year' or '2011'), except where otherwise stated. All references to \$ or A\$ are to Australian dollars unless specifically marked otherwise.

⁽²⁾ EBITDA is 'Earnings before interest, tax, depreciation, amortisation, hedge restructure and other significant items'. EBIT is 'Earnings before interest, tax, hedge restructure and other significant items'. EBITDA and EBIT are used to measure segment performance and have been extracted from Note 36 'Segment Information'.

⁽³⁾ Statutory Profit is profit after tax attributable to owners of the parent.

⁽⁴⁾ Underlying Profit is profit after tax before hedge restructure and other significant items attributable to owners of the parent. Refer to section 2.1 for further details.

⁽⁵⁾ A special dividend of 20 cents per share was determined in relation to the 2011 financial year and paid during the 2012 financial year.

⁽⁶⁾ Gearing is calculated as net debt to net debt and equity. Refer to section 4.2 for further details.

⁽⁷⁾ ROCE is 'Return On Capital Employed' and is calculated as EBIT divided by average capital employed.

⁽⁸⁾ Cash costs represent cost of sales minus finished goods inventory movements and depreciation.

⁽⁹⁾ EBIT, EBITDA, Underlying Profit and Cash Costs are non-IFRS financial information and have not been subject to audit by the Company's external auditor.

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL AND OPERATING HIGHLIGHTS (continued)

The 2012 financial year for Newcrest produced strong financial results, with the key challenges during the year being the integration of Lihir into Newcrest, continued construction of two major projects and planning around production disruptions due to reliability and weather issues. Newcrest is now well positioned with two major projects nearing completion, a strong focus on reliable low-cost operations, a well developed focus on training and capability enhancement of its people, and an outstanding resource base and exploration opportunities. Due to the strong financial results and careful capital deployment, Newcrest continues to have a robust balance sheet with low gearing and good liquidity. Accordingly, the Newcrest Board has again increased ordinary dividends.

Newcrest delivered a record Statutory Profit of A\$1,117 million and generated a strong Operating Cash Flow of A\$1,726 million from higher gold revenue for the year ended 30 June 2012.

Statutory Profit was 23% higher than the previous year, driven primarily by a higher realised gold price. Underlying Profit increased 2% to A\$1,084 million. Newcrest continued its progressive increase in dividends to shareholders with an increase to 12 cents per share (unfranked) in its interim ordinary dividend determined on 9 February 2012 and an increase to 23 cents per share for the final ordinary dividend (15% franked) determined on 13 August 2012. Total ordinary dividends in respect of the 2012 financial year of 35 cents per share were 17% higher than the ordinary dividends determined in relation to the 2011 financial year. The Company's progressive dividend policy seeks to increase the dividend in line with profitability and subject to gearing capacity. When gearing was low at the end of the prior year (4.2% as at 30 June 2011), there was capacity for a 20 cents per share special dividend, paid in December 2011. With the investment in major projects in the current year (at Lihir and Cadia East), gearing has increased to 12.5% as at 30 June 2012. Whilst within Newcrest's target gearing of around 15%, the combination of an increasingly uncertain commodity market and the capital expenditure planned for the 2013 financial year, the Board has decided not to pay a special dividend for the 2012 financial year.

Company revenue increased by A\$314 million, or 8%, in 2012, notwithstanding lower gold sales volumes, primarily due to an increase in the gold price. Gold sales of 2,333,214 ounces in the current year were 6% lower than the prior year, while copper sales of 78,513 tonnes were 6% higher. The average realised gold price of A\$1,609 per ounce for the year ended 30 June 2012 was an increase of 17% on the prior year of A\$1,378 per ounce. The average realised copper price for the current year of A\$3.58 per pound was 9% lower than the prior year price of A\$3.93 per pound.

The Australian dollar strengthened against the US dollar by 5%, with an average A\$:US\$ rate in 2012 of \$1.032 compared to the prior year rate of \$0.987. A higher A\$ exchange rate reduced the Company's profit margins by reducing the A\$ value of the Company's US\$ denominated revenue.

Newcrest's EBITDA and EBIT margins of 49% and 36% respectively were slightly lower than the prior year (2011: 50% and 38% respectively). Notwithstanding the higher gold price, EBITDA and EBIT margins were adversely impacted primarily by operational interruptions during the year at Lihir, Hidden Valley and Cadia; lower grades at Gosowong; lower copper prices; higher labour, fuel and energy costs; and a stronger Papua New Guinea kina relative to the Australian dollar.

2012 was a year of significant investment in growth, with total capital expenditure in the year of A\$2,556 million, \$666 million, or 35%, higher than the prior year. Significant progress was made on advancing the two major growth projects of the Company: the US\$1.3 billion Lihir Million Ounce Plant Expansion ('MOPU') was approximately 91% complete and the A\$1.9 billion Cadia East project was approximately 80% complete at 30 June 2012. The successful delivery of these two projects underpins Newcrest's future production growth profile, and both projects remain on schedule for completion (Lihir MOPU) and first commercial production (Cadia East) in the December 2012 quarter. 2012 represented a peak level of total capital expenditure for Newcrest due to the investment associated with the two major growth projects. Lower capital expenditure is expected going forward as these major projects are completed. In addition to the capital expenditure in the year, there was considerable investment in future production through elevated mining activity that resulted in a net increase in deferred stripping of A\$178 million (particularly at Telfer and Bonikro) and a A\$282 million increase in ore inventory (predominantly at Lihir and Telfer). Over the next five years, the increase in deferred stripping at Telfer and Bonikro will be largely reversed as the stripping ratio reduces. Ore inventories at Lihir will reduce as the stripping ratio normalises and expanded processing capacity assists accelerated utilisation of ore inventory.

The Wafi-Golpu pre-feasibility study is nearing completion and the joint venture parties are currently reviewing the study findings. Subject to joint venture partner approval, an announcement of the resulting reserves for the project is likely to be provided on 29 August 2012.⁽¹⁾

Exploration continued, with total expenditure for the year of A\$158 million, A\$32 million, or 25%, higher than the prior year. The focus of exploration is on the Asia Pacific region, with strong drilling results in the period experienced at Lihir, Gosowong and Telfer. Drilling at Wafi-Golpu continued to assist the completion of the pre-feasibility study, whilst initial drilling of regional targets in Côte d'Ivoire and around Morobe confirmed the prospectivity of these regions. Early stage joint ventures are also underway at Tandai (Indonesia), Manus Island (Papua New Guinea, or 'PNG') and Mt Andewa (PNG).

Newcrest remains in a strong financial position at 30 June 2012, with gearing low at 12.5% and undrawn bilateral debt facilities of US\$780 million. This balance sheet strength combined with strong Operating Cash Flow ensures the Company is able to fund its sustaining capital, growth projects and ongoing exploration activities.

Newcrest raised US\$1,000 million in November 2011 through the issue of corporate bonds in the United States Rule 144A and Regulation S bond market. US\$750 million of these bonds are due for repayment in 2021 and have an interest cost of 4.45% per annum, with the remaining US\$250 million due for repayment in 2041, with an interest cost of 5.75% per annum. The proceeds of this bond raising were used to repay existing unsecured short-term indebtedness and to fund a portion of Newcrest's major growth projects.

On 2 November 2011, Newcrest completed the sale of the Cracow and Mt Rawdon assets ('Queensland assets') to Evolution Mining Limited ('Evolution'). As consideration, Newcrest acquired a 38.95% interest in Evolution, which was subsequently diluted to 32.68% following an equity raising in which Newcrest did not participate.⁽²⁾ Newcrest recognised a gain of A\$46 million after tax on the divestment.

⁽¹⁾ On 29 August 2012, subsequent to the signing of the Directors' Report on 13 August 2012, Newcrest released the findings of the pre-feasibility study along with an increase in Wafi-Golpu Mineral Resources and Ore Reserves. Refer to Page 26.

⁽²⁾ Newcrest received A\$10 million from its non-participation in the rights issue.

2. DISCUSSION AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT

2.1 Profit Overview

The Statutory Profit in 2012 of A\$1,117 million was a record profit outcome for Newcrest and 23% higher than the prior year result of A\$908 million. Underlying Profit of A\$1,084 million in 2012 was also a record, up 2% from the prior year result of A\$1,058 million.

The differences between Statutory Profit and Underlying Profit are quantified in the table below and are provided to assist the assessment of the relative performance of the Company. The adjustments reflect:

- Non-cash impacts of Newcrest’s September 2007 equity raising and subsequent gold hedge book close-out and debt repayment;
- Acquisition and integration costs related to the LGL acquisition in August 2010; and
- Profit on the divestment of Newcrest’s Queensland assets in November 2011.

A\$ million	For the years ended 30 June	
	2012	2011
Profit after tax attributable to Newcrest shareholders ('Statutory Profit')	1,117	908
Loss on restructured and closed-out hedge contracts (after tax)	5	107
Other close-out related losses (after tax)	–	2
Business acquisition and integration costs (after tax)	8	41
Business divestment gain (after tax)	(46)	–
Profit after tax before hedge restructure and other significant items attributable to Newcrest shareholders ('Underlying Profit')	1,084	1,058

A\$ million		
Underlying profit for the year ended 30 June 2011		1,058
Changes in revenues:		
Volume		
Gold	(194)	
Copper	42	
Silver	3	(149)
Price		
Gold	525	
Copper	(67)	
Silver	5	463
Changes in mine cost of sales:		
Mine production cost	(408)	
Deferred mining	178	
Inventory movements	78	
Treatment, realisation and royalty	(13)	
Depreciation	(41)	(206)
Other costs/income:		
Corporate administration	(47)	
Exploration	(25)	
Other income/expense	(5)	
Net finance costs	(5)	
Share of profit of associate	15	(67)
Tax:		
Income tax expense	(15)	(15)
Underlying profit for the year ended 30 June 2012		1,084

The increase in Underlying Profit in 2012 from the prior year is primarily due to higher realised gold prices. The average realised gold price for 2012 of A\$1,609 per ounce was 17%, or A\$231, per ounce higher than the prior year. Gold sales of 2.333 million ounces in 2012 were 6% lower than achieved in 2011, primarily due to production being 10% lower in the year, partially offset by inventory sales.

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

2.2 Revenue

		For the years ended 30 June		Change %	
		2012	2011		
Revenue ⁽¹⁾⁽²⁾		Company	Company		
Production Volumes⁽¹⁾⁽²⁾					
Gold	oz	2,285,917	2,527,352	(10)	
Copper	t	76,015	75,631	1	
Silver	oz	1,997,247	1,895,610	5	
Sales Volumes					
Gold	oz	2,333,214	2,477,632	(6)	
Copper	t	78,513	73,930	6	
Silver	oz	1,997,294	1,891,811	6	
Realised Prices					
Gold	A\$/oz	1,609	1,378	17	
Copper	A\$/lb	3.58	3.93	(9)	
Silver	A\$/oz	31.55	29.04	9	
Average AUD:USD		1.0319	0.9871	5	
Revenue					
Gold	\$m	3,740	3,409	10	
Copper	\$m	613	638	(4)	
Silver	\$m	63	55	15	
Total Sales Revenue		\$m	4,416	4,102	8

	For the years ended 30 June			
	2012		2011	
	Production	Sales	Production	Sales
Gold production and sales (ounces)⁽²⁾⁽³⁾				
Cadia Hill	241,430	262,458	364,196	353,575
Ridgeway	223,314	225,149	147,904	151,297
Cadia East	8,451	8,451	3,320	3,320
Telfer	540,114	569,640	621,291	588,724
Gosowong	439,384	439,446	463,218	465,900
Hidden Valley	88,801	89,290	100,232	102,689
Lihir	604,336	595,184	639,256	635,610
Bonikro	92,102	91,654	41,235	29,867
Cracow	23,787	24,686	71,206	71,006
Mt Rawdon	24,198	27,256	75,494	75,644
Total	2,285,917	2,333,214	2,527,352	2,477,632

⁽¹⁾ The 12 months' production and sales data to 30 June 2012 includes 8,451 pre-production gold ounces and 801 copper tonnes for the Cadia East project. The 12 months' production and sales data to 30 June 2011 includes 3,320 pre-production gold ounces and 316 copper tonnes for the Cadia East project. These ounces have been capitalised and excluded from the unit cost calculations and profit and loss reporting.

⁽²⁾ Production and sales from Cracow and Mt Rawdon in the 12 months to June 2012 contains approximately four months of production only, up to the date of divestment of 2 November 2011.

⁽³⁾ All figures are 100% other than Cracow sales and production shown at 70% and Hidden Valley sales and production shown at 50%.

	For the years ended 30 June			
	2012		2011	
	Production	Sales	Production	Sales
Copper production and sales (tonnes)				
Cadia Hill	14,076	15,060	23,449	23,708
Ridgeway	29,901	30,050	19,788	19,811
Cadia East	801	801	316	316
Telfer	31,237	32,602	32,078	30,095
Total	76,015	78,513	75,631	73,930

Silver production and sales (ounces) ⁽¹⁾⁽²⁾	For the years ended 30 June			
	2012		2011	
	Production	Sales	Production	Sales
Cadia Hill	196,108	198,806	244,641	244,641
Ridgeway	224,816	224,816	177,389	177,389
Telfer	366,945	366,945	373,101	391,301
Gosowong	271,342	275,837	284,139	290,782
Hidden Valley	857,540	830,705	673,031	665,892
Lihir	10,558	10,558	–	–
Bonikro	13,187	9,654	3,145	–
Cracow	16,843	16,517	38,170	38,125
Mt Rawdon	39,908	63,456	101,994	83,681
Total	1,997,247	1,997,294	1,895,610	1,891,811

⁽¹⁾ Production and sales from Cracow and Mt Rawdon in the 12 months to June 2012 contains approximately four months of production only, up to the date of divestment of 2 November 2011.

⁽²⁾ All figures are 100% other than Cracow sales and production shown at 70% and Hidden Valley sales and production shown at 50%.

Total gold revenue in 2012 increased by 10% to A\$3,740 million (2011: A\$3,409 million), primarily due to a 17% increase in the realised gold price to A\$1,609 per ounce (2011: A\$1,378 per ounce). Gold sales volumes of 2,333,214 ounces were 6% lower than the prior year as a result of 2012 production of 2,285,917 ounces being 10% lower than the prior period, partially offset by higher inventory sales. The US\$ gold price reached a record high US\$1,921 per ounce during the 2012 financial year. The impact on A\$ revenue of the higher US\$ gold price was moderated by the continued strength of the A\$ against the US\$, with an average rate of exchange for the 12 months ending 30 June 2012 of \$1.032 compared to the prior year average rate of \$0.987.

Copper revenue in 2012 decreased by A\$25 million, or 4%, to A\$613 million, reflecting a 9% decrease in realised prices partially offset by an increase in sales volumes. Copper sales increased by 6% to 78,513 tonnes (2011: 73,930 tonnes), as a result of higher levels of production associated with the ramp-up of the Ridgeway Deeps mine.

Silver revenue increased by 15% from A\$55 million to A\$63 million due to higher silver prices and higher silver ounces sold. The average realised silver price of A\$31.55 per ounce was 9% higher than the A\$29.04 per ounce compared to the prior year. Sales volumes increased by 6% to 1,997,294 ounces primarily due to increased silver production at Hidden Valley.

Consistent with Newcrest's stated strategy, gold revenue continues to dominate Newcrest's activities, accounting for 85% of total sales revenue in the 2012 financial year (2011: 83%).

Gold production of 2,285,917 ounces in 2012 was 241,435 ounces, or 10%, lower than the prior period, with the key drivers of this difference period-on-period being:

- Cadia Hill production decreased by 122,766 ounces, or 34%, in line with lower rates of production and planned lower gold grades as mining of cutback 3 was completed. The Cadia Hill open pit ceased operation on 30 June 2012 and was placed on care and maintenance.
- Ridgeway production increased by 75,410 ounces, or 51%, reflecting the first full year of post-commissioning production at Ridgeway Deeps. Increased block cave ore production, higher grade ore and higher mill throughput all contributed to this increase.
- Cadia East development production increased by 5,131 development ounces, or 155%. Revenue and costs of production are capitalised as part of the project.
- Telfer production decreased by 81,177 ounces, or 13%, due to planned lower feed grade and associated recoveries, together with lower mill throughput.

- Gosowong production decreased by 23,834 ounces, or 5%, due to an expected reduction in gold grade. The grade impact was mostly offset by record mill throughput, delivering a 20% increase in volume milled over the prior year.
- Lihir production decreased by 34,920 ounces, or 5%. The current period included a full 12 months of ownership, while the prior period included 10 months. Production in the current period was adversely impacted by heavy rainfall and subsequent flooding in the open pit, reducing access to higher-grade ore. Mill throughput was also restricted due to a major planned maintenance shutdown in August 2011 and plant reliability issues throughout the year. Production for the June 2012 quarter was 9% higher than that achieved in the March 2012 quarter, reflecting improvements in reliability and mine dewatering capacity.
- Hidden Valley production (Newcrest 50% share) decreased by 11,431 ounces, or 11%, primarily due to high rainfall experienced over the six months to June 2012 constraining mining rates and ore feed grade.
- Bonikro production increased by 50,867 ounces, or 123%, reflecting higher mining and mill throughput and a full year of production (2011 represents approximately six months of production).
- Cracow production decreased by 47,419 ounces. As Newcrest divested this asset on 2 November 2011, only four months of production in the current period have been reported.
- Mt Rawdon production decreased by 51,296 ounces. Newcrest also divested this asset on 2 November 2011, therefore only four months of production in the current period have been reported.

2.3 Cost of Sales

Cash costs⁽¹⁾

A\$ million	For the years ended 30 June			
	2012	2011	Change	Change %
Cadia Valley	560	548	12	2
Telfer	678	706	(28)	(4)
Lihir	339	266	73	27
Gosowong	186	161	25	16
Bonikro	83	52	31	60
Hidden Valley	140	121	19	16
Mt Rawdon	25	56	(31)	(55)
Cracow	20	48	(28)	(58)
Total	2,031	1,958	73	4%

⁽¹⁾ Total cash costs represent cost of sales excluding finished goods inventory movements and depreciation.

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

2.3 Cost of Sales (continued)

Cash costs increased by A\$73 million, or 4%, in 2012, with the major increase being at Lihir reflecting inclusion of operations for a full 12 months compared with 10 months in the prior year.

Cadia Valley cash costs increased by A\$12 million, or 2%, reflecting higher electricity prices and higher labour rates.

Telfer cash costs decreased by A\$28 million, or 4%, reflecting a 5% reduction in milling volumes. Total material moved in 2012 was 66%, or 35Mt (million tonnes), higher than the prior year, primarily due to waste stripping of Main Dome Stage 4 (an increase of 30Mt moved at a cost of A\$117 million) and West Dome Stage 1 (an increase of 2.6Mt moved at a cost of \$11 million). This elevated level of mining activity and associated expenditure related to future gold production and therefore was capitalised as deferred mining costs in the current period.

Lihir cash costs increased by A\$73 million, or 27%, reflecting an additional two months of operation and the adverse impact of a 14% weakening of the Australian dollar against the PNG kina. In addition, maintenance activity increased during 2012 to improve the reliability in the processing plant, while lower geothermal power generation increased the reliance on higher cost heavy fuel oil power generation.

Gosowong cash costs increased by A\$25 million, or 16%, reflecting a 20% increase in tonnes milled and Indonesian labour market pressures increasing labour costs, partially offset by a 6% strengthening of Australian dollar against the Indonesian rupiah.

Bonikro cash costs increased by A\$31 million, or 60%, reflecting a full 12 months of operation. In the 2011 financial year, Newcrest acquired the asset from 30 August 2010 and shortly afterwards temporarily suspended operations as a precaution against the possibility of civil unrest following presidential elections in Côte d'Ivoire.

Hidden Valley cash costs increased by A\$19 million, or 16%, as a result of higher ore haulage costs resulting from the restricted capacity of the overland conveyor, increased mining and treatment volumes, and a 14% weakening of the Australian dollar against the PNG kina in the period.

Lower cash costs at Cracow and Mt Rawdon reflect their divestment to Evolution on 2 November 2011.

A\$ million	For the years ended 30 June		% Change Increase/ (Decrease)	% Change attributable to price	% Change attributable to activity
	2012	2011 ⁽¹⁾			
Employee costs	352	304	16	8	8
Maintenance including contract labour	498	433	15	5	10
Mining contracts	298	152	96	5	91
Fuel and lubes	146	106	38	22	16
Utilities and power	211	171	23	17	6
Liners and grinding media	119	113	5	(4)	9
Mining consumables	287	249	15	5	10
Other input costs	310	285	9	4	5
Mine Production Costs	2,221	1,813	23	7	16
Deferred mining costs	(178)	–			
Ore inventory movements	(282)	(112)	152		
Royalties	130	121	7		
Treatment and realisation	140	136	3		
Cash Costs	2,031	1,958	4		
Finished goods inventory movements	34	(58)			
Depreciation	542	501	8		
Cost of Sales ⁽²⁾⁽³⁾	2,607	2,401	9		

⁽¹⁾ The prior year comparatives have been restated in line with any cost classification adjustments made for the current year.

⁽²⁾ Costs of Cracow and Mt Rawdon included to the date of divestment on 2 November 2011.

⁽³⁾ Costs from the former LGL operations included from the acquisition date of 30 August 2010.

Cost of sales for the year ended 30 June 2012 increased by A\$206 million, or 9%, compared to the prior year. As detailed earlier, comparability between periods is impacted by different periods of ownership and activity of the following assets:

- The current period includes a full 12 months of activity for Lihir and Bonikro compared with 10 months of Lihir and six months of Bonikro in the prior year; and
- Ownership of Cracow and Mt Rawdon for four months of the current period only compared with 12 months for Cracow and 10 months for Mt Rawdon in the prior year.

Cost pressures remain in the industry. The level of activity in the resources industry in the regions in which Newcrest operates, results in supply-side constraints and higher prices than what might otherwise be experienced, particularly in labour, fuel, energy and consumables.

The strengthening of the PNG kina against the Australian dollar has further negatively impacted costs by approximately A\$36 million in 2012 at the Lihir and Hidden Valley operations. This was partially offset by the Australian dollar strengthening against the Indonesian rupiah, positively impacting costs at Gosowong by approximately A\$4 million.

Mine production costs were characterised by elevated levels of mining activity at Telfer and Bonikro in particular, with both being necessary to secure ore sources integral to their respective five-year production profiles and – in the case of Telfer – to address underinvestment in this activity in prior years. As these stripping costs relate to future production, they are accounted for as deferred mining. These deferred mining balances will unwind over the coming five-year period as the stripping ratio reduces. Ore inventories increased, predominantly at Lihir and Telfer. Ore inventories at Lihir will reduce as the stripping ratio normalises and expanded processing capacity assists accelerated utilisation of ore inventory.

Employee costs increased by A\$48 million, or 16%, in the year. Approximately half of this increase is attributable to tight labour markets, particularly in Australia and Indonesia, and the impact of a stronger PNG kina against the Australian dollar on the Lihir and Hidden Valley operations. The main activity-related impacts on employee costs comprise inclusion of a full year of operation at Lihir and revised maintenance and roster arrangements at Telfer.

Maintenance costs in 2012 were A\$65 million, or 15%, higher than the prior period. More than two thirds of this increase occurred at Lihir, reflecting both an additional two months of operations in 2012 compared with 2011, and increased maintenance activity in 2012 to improve the reliability in the processing plant. Cadia and Telfer costs were adversely impacted by longer term, lower-cost contracts rolling off.

Mining contract costs increased by A\$146 million, or 96%, compared with the prior period. This has been predominantly activity-driven, due to the major open pit waste stripping projects at Telfer (Main Dome Stage 4) and Bonikro (Pushback 4) as follows:

- At Telfer, mining contractors have been engaged to undertake waste stripping in Main Dome Stage 4, with this activity scheduled to continue in the 2013 financial year before the exposed ore becomes a major ore source in the 2014 financial year.
- Similarly, a mining contractor commenced waste stripping of Stage 4 during the year at Bonikro, with this activity scheduled to continue during the 2013 financial year, as Stage 4 is the major ore source in Bonikro's five-year production profile.

The majority of these mining contract costs relate to future gold production and do not impact cash costs in relation to current year production as they have been capitalised in deferred mining.

Fuel and lubes costs increased by A\$40 million, or 38%. Price was a key driver, with diesel prices more than 20% higher in 2012 relative to 2011. Increased stripping activity at Telfer (Main Dome Stage 4) and Bonikro (Stage 4) further contributed to the cost increase.

Utilities and power costs increased by A\$40 million, or 23%. Two thirds of the increase occurred at Lihir, reflecting a full year of operation, an increase in tonnes milled of 16%, an increase in the price of heavy fuel oil of more than 20%, and lower geothermal steam supply in the 2012 year increasing the reliance on higher cost heavy fuel oil power generation. Higher contract electricity prices at Cadia also contributed to increased power costs relative to the prior year.

Liners and grinding media costs have increased by A\$6 million, or 5%. The increase was driven by higher throughput and a full year of operation at Lihir, and increased mill reline activities at Cadia. These activity-driven increases were partially offset by a decline in contract prices for grinding media.

Mining consumables – which includes reagents, tyres and explosives – increased by A\$38 million, or 15%, in the year. More than three quarters of the increase was attributable to the Telfer and Bonikro operations and reflect increased mining activity. The other main increase was at Lihir where mill throughput was higher. On average, there were moderate price increases during the year.

Other input costs, including mine site overheads, have increased by A\$25 million, or 9%, this period. In addition to the impact of a full year of costs from Lihir, flight and accommodation costs at Telfer have been higher, with increased numbers on-site due to the Stage 4 cutback and amended roster arrangements. On average, there were moderate price increases during the year.

Total mine production costs have increased by A\$408 million, or 23%, which, in addition to the different periods of ownership referred to above (particularly Lihir), is primarily associated with increased waste stripping activity at Telfer and Bonikro, combined with continued price increases for labour, fuel, energy and consumables.

Deferred Mining

The net cost associated with waste stripping and capitalised as Deferred Mining during the period was A\$178 million, significantly higher than the amount capitalised in the prior year (2011: a net amount of nil). Major components of this Deferred Mining were:

- Telfer A\$127 million (an increase of A\$102 million on the prior period) – comprising A\$117 million for 30Mt of Main Dome Stage 4 waste deferred and A\$10 million for 2.6Mt of West Dome Stage 1 waste deferred. The elevated level of stripping in 2012 addressed underinvestment in prior periods in this activity;
- Bonikro A\$31 million (an increase of A\$27 million) – comprising A\$35 million for 10Mt of waste deferred in relation to Stage 4, offset by A\$4 million of Stage 2 waste expensed; and
- Hidden Valley A\$17 million (an increase of A\$12 million) – comprising the Newcrest share of deferring 4Mt of Hamata waste and 6Mt of waste in relation to Hidden Valley Stage 3.

Lihir and Gosowong collectively deferred A\$12 million of waste (a decrease of A\$8 million compared to 2011), while a further A\$11 million was deferred by the Queensland assets prior to divestment (a decrease of A\$8 million).

These increases in deferred stripping were partially offset by a deferred waste expense of A\$20 million at Cadia Valley relating to ore sourced from the open pit. This charge was A\$53 million lower than 2011, reflecting lower production from the open pit and a lower charge per ounce.

Inventory Movements

Inventory movements for the purpose of calculating cost of sales occur in relation to both ore inventory and finished goods inventory.

An increase in ore and finished goods inventories reduced cost of sales by A\$248 million during the period (2011: A\$170 million), comprising a A\$282 million increase in ore inventories offset by a A\$34 million drawdown of Telfer and Cadia Valley finished goods (concentrate) inventory.

At Lihir, ore mined (20Mt) exceeded ore milled (6Mt) by 14Mt in the year. This inventory build-up reduced cost of sales by A\$204 million (2011: A\$151 million). The high amount of ore mined reflected the low ratio of waste (11Mt) to ore (20Mt) in 2012, with the majority of mining activity occurring in the Lienetz pit where stripping activity has occurred in prior periods. At 30 June 2012, Lihir had approximately 100Mt of ore inventory containing 5.94Mt of gold with a carrying value of A\$1,078 million, at an average cost of A\$181/oz. Over the next five years, Lihir's ore inventory will decline as the enhanced processing capacity from MOPU accelerates production and as mining activity increasingly focuses on waste stripping.

Ore inventory accumulation also occurred at Telfer in the period, reducing cost of sales by A\$57 million (an increase of A\$83 million from 2011). This increase reflects the ore mined from open pit and underground sources (24Mt) exceeding ore milled (21Mt), together with an increase in dump leach inventories of A\$34 million.

Treatment, Realisation and Royalty Costs

Treatment charges and refining costs ('TC/RC') of A\$140 million have increased by A\$4 million, or 3%, on the prior year, predominantly due to higher concentrate sales volume and increased TC/RC unit rates. The net impact of this rate increase has been reduced as TC/RC rates are priced in US\$ and have benefited on translation to A\$ due to the strengthening of the A\$ against the US\$.

Royalties expense was A\$9 million, or 7%, higher in the period, consistent with the increase in sales revenue and realised gold price.

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2.3 Cost of Sales (continued)

Depreciation

Depreciation expense increased by A\$41 million, or 8%. The increase was primarily driven by Cadia Valley, reflecting higher levels of production from Ridgeway Deeps, and production from Bonikro. Overall Company depreciation costs of A\$240 per ounce sold accordingly increased from the A\$208 per ounce in the prior year.

2.4 Corporate Administration Costs

Corporate administration costs of A\$140 million in 2012 were A\$47 million higher than the prior year. Key drivers of this increase were as follows:

- A full 12 months of Newcrest owning the Lihir assets in 2012 compared with 10 months in 2011;
- A A\$6 million increase in expenditure on innovation and technology, targeting the future generation of significant step change improvements in production. Effort has focused on mining methods to accelerate the ramp-up of underground production rates, earlier waste rejection to improve mill throughput and reduce energy consumption, and composite gravity test work targeting improved metallurgical recoveries;
- A\$4 million more was spent on safety and health initiatives during 2012, including major hazard management and an extensive review of transportation arrangements following the tragic helicopter accident in Indonesia in August 2011;
- A\$5 million on pursuing operational efficiencies via projects directed to enhancing total material movement, asset reliability and metallurgy;
- A\$7 million on establishing operational control hubs in Australia and enhancing the representative office arrangements in PNG;
- A\$8 million on supporting larger, more standardised information systems including depreciation on recent systems implementations; and
- A\$11 million on higher insurance costs, higher legal and securities exchange registration and compliance costs, and new industry body memberships.

2.5 Exploration

Exploration expenditure during the year of A\$158 million (2011: A\$126 million) was focused on greenfields exploration in Côte d'Ivoire, Papua New Guinea and Indonesia, as well as increasing exploration in existing project and production areas. Of this amount, A\$80 million was expended (2011: A\$55 million) resulting in a capitalisation rate of 49%, reflecting the proportion of exploration effort on brownfields and reserve definition activity.

2.6 Other Income/(Expense)

A\$ million	For the years ended 30 June	
	2012	2011
Net foreign exchange gain/(loss)	(14)	(26)
Net fair value gain/(loss) on gold & copper derivatives	16	15
Net gain/(loss) on sale of non-current assets	(3)	–
Cadia Valley royalty dispute	0	11
Other	(13)	(9)
Other Income/(Expense)	(14)	(9)

Other Income/(Expense) was a net expense of A\$14 million (2011: net expense of A\$9 million).

The net fair value gain on gold and copper derivatives relates to the movement in spot prices impacting the quotational period adjustments on sales. Newcrest locks in the copper price for concentrate shipments at the time of shipment 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). With the realised gold price increasing during the year, the one-month quotational period adjustments were positive.

In 2011, the Company received a favourable ruling by the High Court of Australia in respect of a mineral royalties dispute at Cadia Valley, resulting in a reversal of previously expensed royalties.

2.7 Finance Costs

Total finance costs of A\$43 million in 2012 were A\$2 million lower than the prior year.

Gross finance costs in 2012 of A\$83 million increased by A\$36 million over that of 2011 due to a higher level of debt drawdown during the period.

Interest of A\$40 million was capitalised during the 2012 year in relation to the Cadia East development project and the Lihir MOPU project. Interest of A\$2 million was capitalised in the prior year.

2.8 Income Tax Expense

The income tax expense in the current period was A\$402 million (2011: A\$334 million), resulting in an effective tax rate of 26% (2011: 26%). This is lower than the Australian company tax rate of 30%, primarily due to research and development benefits in relation to previous financial years, the utilisation of capital losses and the recognition of Australian tax losses.

2.9 Hedge Restructure and Other Significant Items

A\$ million	For the years ended 30 June	
	2012	2011
Losses on restructured and closed-out hedge contracts	(7)	(153)
Other close-out related losses	–	(3)
Business acquisition and integration costs	(11)	(52)
Gain on business divestment	46	–
Hedge Restructure and Other Significant Items (pre-tax)	28	(208)
Income tax benefit/(expense)	5	58
Hedge Restructure and Other Significant Items (post-tax)	33	(150)

Hedge Restructure and Other Significant Items resulted in a A\$28 million pre-tax gain (2011: A\$208 million pre-tax loss).

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 are transferred to the Income Statement in future periods in line with the original sales to which they were designated. A pre-tax loss on restructured and closed-out hedge contracts of A\$7 million has been recognised in the current period (2011: A\$153 million). This Hedge Reserve has now been fully released to the Income Statement.

There are no liabilities remaining for the closed-out contracts. The profit impact in the current period is a non-cash item.

Business acquisition and integration costs

The LGL acquisition resulted in transaction and integration costs of A\$11 million for the period (2011: A\$52 million). These costs relate primarily to the standardisation of key processes and systems.

Business divestment

The Company recognised a gain of A\$46 million after tax on the disposal of the Cracow and Mt Rawdon assets during the period as summarised below. The proceeds from the sale were non-cash, taking the form of a share investment in the acquirer of those assets, Evolution. Following Newcrest's non-participation in a capital raising by Evolution, Newcrest holds a 32.68% interest in Evolution.

A\$ million	For the year ended 30 June	
	2012	
Consideration received	390	
Carrying value of assets sold	(336)	
Disposal costs	(8)	
Gain on Business Divestment	46	

3. DISCUSSION AND ANALYSIS OF CASH FLOWS

3.1 Cash flow – Operations

A\$ millions	For the years ended 30 June			
	2012	2011	Change	Change %
Cash flow from operations	1,726	1,729	(3)	–
Cash flow related to investing activities	(2,755)	(2,294)	(461)	20
Cash flow related to financing activities	1,090	131	959	732
Net Movement in Cash	61	(434)		
Cash at the beginning of the period	185	643		
Effects of exchange rate changes on cash held	(4)	(24)		
Cash at the End of the Period	242	185		

Operating cash flow for the 2012 financial year of A\$1,726 million was in line with the prior year operating cash flow of A\$1,729 million. The benefit of increased sales revenue in the current period was offset by higher operating costs and an increase in income tax payments.

3.2 Cash flow – Investing Activities

A\$ millions	For the years ended 30 June			
	2012	2011	Change	Change %
Capital expenditure				
– Sustaining	445	359	86	24
– Development	138	97	41	42
– Projects – construction and studies	1,973	1,434	539	38
Total Capital Expenditure	2,556	1,890	666	35
Exploration	158	126	32	25
Payment for LGL (net of cash acquired)	–	272	(272)	(100)
Payment for investments	3	4	(1)	(25)
Interest capitalised to development projects	40	2	38	1,900
Other	(2)	–	(2)	
Total Cash Outflow from Investing Activities	2,755	2,294	461	20%

Net cash used in investing activities increased by A\$461 million, or 20%, to A\$2,755 million.

Sustaining capital

Total sustaining capital expenditure increased by A\$86 million to A\$445 million, predominantly driven by:

- Corporate capital investment increasing by A\$40 million, primarily due to the business process and systems development (i.e. SAP) projects undertaken as part of the strategy to provide a platform of standard, technology-enabled business processes to help deliver operational benefits across the Newcrest business;
- Telfer increasing by A\$30 million due to expenditure on mobile equipment, tailings dam raising and pipe and tank refurbishments; and
- Cadia increasing by A\$10 million, including expenditure on mobile equipment and the tailings storage facility.

The majority of sustaining capital was incurred at the Lihir operation (A\$188 million, or 42%, of the 2012 total), with expenditure predominantly on plant reliability, upgraded dewatering capacity, mobile equipment and power generation.

Projects – Construction and Studies

Major projects capital expenditure was primarily focused on the following projects:

- Cadia East (A\$1,108 million in the period) remains on schedule to achieve first commercial production in the December 2012 quarter, being approximately 80% complete at 30 June 2012. Capital costs to the first commercial production milestone are within 10% above the A\$1.9 billion budget, with this increase in capital cost due to lower production from the block cave before commercial commissioning (resulting in a lower revenue credit);
- Lihir Million Ounce Plant Upgrade ('MOPU') (US\$440 million in the period) was approximately 91% complete at 30 June 2012, with commissioning activities approximately 54% complete. The project is expected to increase total annual gold production from Lihir by approximately 240,000 ounces per year and is on schedule for ramp-up of production in the December 2012 quarter; and
- The pre-feasibility study at Wafi-Golpu (A\$54 million in the period) is nearing completion and the joint venture parties are currently reviewing the study findings. Subject to joint venture partner approval, an announcement of the resulting reserves for the project is likely to be provided on 29 August 2012.

Exploration

A\$ millions	For the years ended 30 June			
	2012	2011	Change	Change %
Expenditure by nature				
Greenfields	44	33	11	33
Brownfields	42	32	10	31
Reserve definition				
– Telfer	17	10	7	70
– Gosowong	5	10	(5)	(50)
– Hidden Valley and Wafi-Golpu	25	24	1	4
– Lihir	14	13	1	8
– West Africa	10	3	7	233
– Other	1	1	–	–
	158	126	32	25
Expenditure by region				
Australia	41	41	–	–
Indonesia	32	22	10	45
Papua New Guinea	57	48	9	19
West Africa	21	11	10	91
Fiji	7	4	3	75
	158	126	32	25

Exploration expenditure during the period has been focused on existing operations and projects, including:

- Wafi-Golpu – infill drilling to support the pre-feasibility study data collection process and facilitate a reserve estimate update;
- Telfer – continued drilling of the Vertical Stockwork Corridor located below the Telfer Deeps sub-level cave mine, and West Dome to expand the underground mine life;
- Gosowong – drilling to the north and south of the previously mined Toguraci open pit to identify future ore sources; and
- Lihir – continued resource definition drilling at Lihir.

Initial results from greenfields exploration programs in Côte d'Ivoire and at Manus Island in Papua New Guinea have been encouraging.

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

3. DISCUSSION AND ANALYSIS OF CASH FLOWS (continued)

3.3 Cash flow – Financing Activities

Cash flows provided by financing activities were an inflow of A\$1,090 million compared with an inflow of A\$131 million in the prior year. For the current year, this included:

- Net proceeds from the issue of US Corporate Bonds of A\$963 million;
- Net drawdown of A\$699 million on the US\$ bilateral facility;
- Repayment of notes issued into the North American Private Placement market of A\$119 million; and
- Dividend payments to Shareholders of Newcrest of A\$362 million.

4. DISCUSSION AND ANALYSIS OF THE BALANCE SHEET

4.1 Net Assets and Total Equity

A\$ millions	As at 30 June			
	2012	2011	Change	Change %
Assets				
Cash and cash equivalent	242	185	57	31
Inventories	1,843	1,401	442	32
Receivables	251	441	(190)	(43)
Property, plant and equipment	4,364	3,310	1,054	32
Exploration, feasibility and development	8,795	7,675	1,120	15
Intangibles	3,852	3,682	170	5
Deferred tax assets	259	230	29	13
Investments in associate	395	–	395	
Other assets	508	358	150	42
Total Assets	20,509	17,282	3,227	19
Liabilities				
Payables	(482)	(432)	(50)	12
Borrowings	(2,408)	(800)	(1,608)	201
Derivative financial liabilities	(18)	(7)	(11)	157
Provisions	(508)	(402)	(106)	26
Tax liabilities	(1,999)	(1,766)	(233)	13
Total Liabilities	(5,415)	(3,407)	(2,008)	59
Net Assets	15,094	13,875	1,219	9
Equity				
Equity – Newcrest interest	(14,975)	(13,776)	(1,199)	9
Non-controlling interests	(119)	(99)	(20)	20
Total Equity	(15,094)	(13,875)	(1,219)	9

Newcrest's Net Assets and Total Equity increased by A\$1,219 million during the year to A\$15,094 million. The increase in equity was driven by the record profit for the period and the effect of translation of US\$ functional currency entities into A\$.

The increase in Net Assets reflects the capital expenditure on Newcrest's key growth projects, Cadia East and Lihir MOPU.

4.2 Net Debt and Gearing

As at 30 June 2012, Newcrest had net debt, comprising total borrowings less cash, of A\$2,166 million, A\$1,551 million higher than the 30 June 2011 net debt position of A\$615 million, as outlined in the table below. The primary driver of the movement during the period was funding of the Company's major growth projects.

A\$ million	As at 30 June
Net debt at 30 June 2011	615
Issue of USD corporate bonds	963
Net drawdown on USD bilateral facility	699
Repayment of USD private placement	(119)
Retranslation of USD denominated debt	69
Increase in cash balances	(57)
Net movement in finance leases	(4)
Net movement in 2012	1,551
Net debt at 30 June 2012	2,166

The gearing ratio (net debt to net debt plus equity) as at 30 June 2012 was 12.5% (30 June 2011: 4.2%).

A\$ million	As at 30 June	
	2012	2011
Total debt	2,408	800
Less cash and cash equivalents	(242)	(185)
Net debt	2,166	615
Equity	15,094	13,875
Net Debt and Equity	17,260	14,490
Gearing (net debt/net debt and equity)	12.5%	4.2%

4.3 Liquidity and Debt Facilities

In November 2011, Newcrest issued US\$1,000 million in US dollar Corporate Bonds ('notes'). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

- US\$750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45%; and
- US\$250 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%.

Newcrest has US dollar bilateral facilities of US\$2,000 million, with US\$1,220 million drawn down as at 30 June 2012. These are unsecured revolving facilities, with maturities ranging between December 2012 and February 2013. Interest is based on LIBOR plus a margin.

At the date of this report, the Company is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of three years or more.

Newcrest also has US\$230 million of long-term senior unsecured notes issued into the North American Private Placement market. The notes comprise three tranches and the vast majority of the notes are at an average fixed interest rate of 5.7% per annum. The notes have a repayment profile from May 2015 to May 2020, and have been classified as non-current borrowings.

Directors' Report

REMUNERATION REPORT

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 2011 – 30 June 2012 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*, this Remuneration Report discloses prescribed remuneration details for the Group's Key Management Personnel.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, being the Company's Directors whose names appear in Table 8, and the Executive Managers whose names appear in Table 9.

In this Report, the term Directors is used to refer to all directors of the Company. The term Executive Directors refers to the Managing Director and the Finance Director, and the term Executive Managers refers to Key Management Personnel who are not Directors.

1.2 Overview of Contents

Section	Contents
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1.	Introduction
2.	Remuneration Overview 2011–12
3.	Human Resources and Remuneration Committee
4.	Non-Executive Directors' Remuneration
5.	Executive Director and Executive Manager Remuneration
6.	Relationship of Incentives to Newcrest's Financial Performance
7.	Executive Service Agreements
8.	Remuneration Details
9.	Rights held by Executive Directors and Executive Managers

1.3 Executive Summary

In 2011–12, the Board continued to oversee implementation of its remuneration strategy, supported by the Human Resources and Remuneration Committee. The key elements of the remuneration strategy are:

- 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 reporting period in the implementation and administration of the remuneration policy are outlined below.

1.3.1 As in previous years, the Board determined that the Short Term Incentive (STI) Plan would again operate as a 'cash only' plan in 2011–12 and that as in 2010–11, the STI Plan would be offered without a deferred component. See section 5.4.1 for details.

1.3.2 With respect to the LTI, in previous years LTI participants have been permitted to hold and exercise their LTI performance rights for a period of up to two years following the relevant vesting date. The Board has determined in relation to the 2012 LTI grant that exercise of performance rights should occur automatically on the vesting date, simplifying the operation of the LTI. The Board proposes to adopt the same approach in relation to LTI grants in future years. See section 5.5.1 for details.

1.3.3 In accordance with the requirements introduced into the *Corporations Act 2001* by the *Corporations (Improving Accountability on Director and Executive Remuneration) Act 2011* and the recommendation of the Human Resources and Remuneration Committee, the Board appointed PricewaterhouseCoopers (PwC) as a remuneration consultant, to provide advice on remuneration matters during 2011–2012. See section 5.3 for details.

2. REMUNERATION OVERVIEW 2011–12

2.1 Key Changes in 2011–12

Key changes to the Company's remuneration practices in 2011–12 are set out in sections 5.3, 5.4.1 and 5.5.1. Following the extensive review and changes effected in relation to remuneration of Key Management Personnel and more widely throughout the Company in 2010–11, the Company made few changes to its remuneration practices in 2011–12.

2.2 Remuneration Policy

The Board's remuneration policy continues to be to provide market-competitive levels of remuneration for all employees, including Non-Executive Directors, Executive Directors and Executive Managers, having regard to both the size and complexity of the Group, and 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 across the company, linking incentives and performance measures to both Group and individual performance.

Performance linked compensation includes both short- and long-term incentives, and is designed to reward employees for increasing shareholder value by meeting or exceeding their Group and, where applicable, individual objectives.

2.3 Non-Executive Directors

Non-Executive Directors' fees are set based upon the need to attract 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 reviewed by the Board in December 2010 and adjusted with effect from 1 January 2011. 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 Directors and Executive Managers

Executive Director and Executive Manager remuneration comprises both fixed and variable components. Fixed remuneration is set with reference to fixed remuneration paid by a comparator group of companies for comparable roles.

Variable equity and cash remuneration in 2011–12 were offered respectively under the Long Term Incentive employee share plan and the Short Term Incentive Plan.

Details of the above incentive schemes are set out in sections 5.4 and 5.5 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 and administration of major components of the Company's Board approved remuneration strategy. For further details of the Human Resources and Remuneration Committee, its membership, functions and operation, see the Corporate Governance section of the annual report. The Human Resources and Remuneration Committee Charter is available on the Company's website www.newcrest.com.au.

Directors' Report

REMUNERATION 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 are based upon:

- the need for the Group to attract 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 a general meeting. The last determination made was at the Annual General Meeting held on 28 October 2010, at which shareholders approved an aggregate amount of \$2,700,000 per annum. The Board considered this aggregate amount during 2011–2012 and determined that no further change to it was required.

Fixed fees paid to Non-Executive Directors in 2011–12 are set out in Table 8.

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.

Details of all Board Committee fees paid during 2011–12 are included under the heading 'Committee Fees' in Table 8. No other fees were paid to Non-Executive Directors during 2011–12.

4.4 Review of Non-Executive Directors' Fees

The Group's practice is to review Non-Executive Director remuneration every two years. A review by an independent specialist remuneration consultant was undertaken in November 2010, including a process of benchmarking against independent Non-Executive Director fees paid by other ASX Top 20, Top 25 and Top 30 companies respectively. The review concluded and recommended that Board and Committee fees should be adjusted to be positioned around the median for ASX Top 30 companies and that recommendation was adopted.

Current Non-Executive Director remuneration (effective from 1 January 2011), comprises:

- base fees payable to the Board Chairman of \$600,000 and to each Non-Executive Director of \$200,000 per annum respectively;
- fees payable to Audit and Risk Committee Chair and Committee members of \$50,000 and \$25,000 respectively;
- fees payable to the Safety, Health and Environment Committee Chair and Committee members of \$40,000 and \$20,000 respectively; and
- fees payable to the Human Resources and Remuneration Committee Chair and Committee members of \$40,000 and \$20,000 respectively

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.

4.6 Retirement Benefits

Non-Executive Directors are not entitled to receive a retirement benefit.

5. EXECUTIVE DIRECTOR AND EXECUTIVE MANAGER 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.

5.2 Board Policy and Strategy on Executive Remuneration

In 2011–12 the Board retained the remuneration elements outlined above for Executive Directors and Executive Managers. The structure of remuneration arrangements for Executive Directors and Executive Managers is, in broad terms, no different from those for other members of management across the Group. The main differences relate to the weighting for different components of their remuneration, with the proportion of at-risk remuneration increasing with seniority.

Newcrest's policy is to offer a highly competitive total remuneration package for Executive Directors and Executive Managers, benchmarked against comparable companies in Australia and global mining companies.

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 his direct reports, the Executive Management group, subject to the Board's oversight. The Executive Management group reviews and recommends fixed remuneration for other senior management, for the Managing Director's approval.

The Group engages the services of independent and specialist remuneration consultants from time to time and as required in formulating recommendations on fixed remuneration for Executive Directors and Executive Managers. Under the *Corporations Act 2001*, remuneration consultants must be engaged by the Non-Executive Directors and reporting of any remuneration recommendations must be made directly to the Human Resources and Remuneration Committee.

With respect to 2011–12, the Board on the recommendation of the Human Resources and Remuneration Committee resolved to appoint PwC as the Company's remuneration consultants for the reporting period. Neither the Board nor the Human Resources and Remuneration Committee has sought or received remuneration recommendations from PwC or any other remuneration consultant during 2011–12. As noted in section 2.1 of this Report, few changes were made during this period to the Group's remuneration systems, structures or strategy. Fixed remuneration paid to Executive Directors in 2011–12 is set out in Table 8 of this Report. Fixed remuneration paid in 2011–12 to Executive Managers is set out in Table 9 of this Report.

5.4 Determining Variable Cash Remuneration

The Board takes the view that employee incentive schemes provide tangible incentives to employees to improve the Group's performance in both the short term and the longer term. In turn, improved performance benefits shareholders.

To ensure that Newcrest's remuneration policy fully supports the Group's commitment to high performance and to continue to attract high calibre talent, remuneration levels must be competitive, but oriented more towards variable, performance-based incentives that provide reward only where robust performance hurdles are met to increase shareholder value.

The STI Plan (see 5.4.1 below) is a short-term incentive program, based on both Group and individual employee performance-related measures. Incentive payments in relation to performance over the 2011–2012 performance period are to be made in October 2012.

The LTI Plan (see 5.5.1 below) complements the STI Plan with measures that help further drive long-term performance within Newcrest.

5.4.1 Short Term Incentive (STI) Plan

The STI Plan is designed to help drive performance within the Group by providing a vehicle for rewarding employees including Executive Managers and Executive Directors. The performance measures are a combination of Group and individual measures, with a slight weighting towards individual performance, chosen to align directly the individual's reward to the Group's strategy, performance and resultant shareholder value.

The amount of the entitlement is based on a percentage range of each participant's fixed remuneration. The total potential STI available is set at a level so as to provide sufficient incentive to individuals to achieve and exceed operational targets and group objectives.

In 2011–12, the Board determined that, consistent with the Group's practice in recent years, the STI offered for the 1 July 2011 to 30 June 2012 performance period would be 'cash only'. Equity continues to be offered to senior management and Executive Managers through the LTI Plan.

The Board also resolved to award the 2011–12 STI without a deferred component, consistent with changes made to the STI Plan in 2010–11. At that time, the Board reviewed the purpose and effectiveness of deferral under the STI and concluded that it created a temporal disconnect for participating Executive Directors and Executive Managers between satisfaction of performance measures and receiving the award, and also because the nature of the performance measures for the STI are such that the Board is able to measure the performance accurately, shortly following the end of the relevant performance period.

Payment of the STI is not accelerated on cessation of employment, but instead is paid in the normal STI cycle, and pro-rated for the portion of the performance period completed prior to cessation. This is to ensure that STI is only paid where performance over the period meets, or exceeds, the agreed performance measures. Pro-rata treatment extends to all STI participants other than those who resign or are dismissed for cause.

In respect of the 2011–12 STI, at target performance for participating Executive Directors and Executive Managers was set at 60% of fixed remuneration. At maximum, around 44% of the outcome depends on Group performance and around 56% on personal performance measured against a set of Key Performance Indicators established with the Managing Director. The Group performance measures and outcomes for 2011–12 are set out in Table 6.

Table 1 contains a summary of key features of the STI Plan.

Table 1: 2012 Short Term Incentive Plan

Summary of the 2012 Short Term Incentive Plan

What is the 2012 Short Term Incentive Plan?	An incentive plan under which eligible employees are (subject to satisfaction of specified performance measures) granted a cash amount, which is based on a percentage range of each participant's fixed remuneration (determined according to seniority and ability to influence the performance of the Group). Performance is assessed against a combination of Group and individual measures, with a slight weighting towards individual performance.
When is the 2012 STI grant paid to eligible employees?	The STI amount will be paid to each participant who satisfies applicable performance measures in October 2012, following assessment of performance against the applicable measures during the 2011–12 performance period.
Who participates in the 2012 STI?	The Executive Directors, Executive Managers, management and supervisory employees participate in the 2012 STI. In 2011–12, the Board determined to extend the STI to supervisor level employees to encourage and reward high performance.
Why does the Board consider the 2012 STI an appropriate incentive?	An 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, the Board believes that it helps encourage and reward high performance.
In what circumstances are 2012 STI entitlements forfeited?	Where, prior to conclusion of the relevant performance period, a participant is dismissed for cause, or resigns from employment, prior to conclusion of the performance period, the STI amount will be forfeited upon cessation of employment. Where a participant ceases to be employed by the Group prior to the end of the performance period, other than due to those reasons, payment of the STI is pro-rated for the portion of the performance period completed prior to cessation.
What happens to 2012 STI entitlements upon a change of control in the Group?	Upon a change of control event (as described in the plan rules), the Board must determine the extent, if any, to which early vesting on a full or a pro-rated basis is the appropriate outcome in all the circumstances.
What are the performance conditions under the 2012 STI?	<p>The performance conditions under the 2012 STI comprise group performance measures and personal performance measures.</p> <p>Group performance measures relate to:</p> <ul style="list-style-type: none"> – safety; – earnings; – costs; and – one further discretionary Group performance measure determined annually. <p>The 'Safety' measure is based 50% on Total Recordable Injury Frequency Rate (TRIFR) and 50% on actioning of the safety risk list. The measures quantify how much of the primary and secondary safety risk lists must be actioned to achieve the measures. The safety measure is seen as critical to the successful operation of the Group's business.</p> <p>'Earnings' relates to targets for net profit after tax and minority interests before significant items. The earnings target is a direct financial measurement of the Company's performance. The results are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.</p> <p>'Costs' relates to unit production costs before credits, being total production costs before by-product revenue credits divided by total gold production. The cost measurement is intended to improve the profitability of the business. The results are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.</p>

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Table 1: 2012 Short Term Incentive Plan (continued)

Summary of the 2012 Short Term Incentive Plan

What are the performance conditions under the 2012 STI? (continued)	<p>Personal performance measures relate to:</p> <ul style="list-style-type: none"> – three objectives in key areas of an employee's broader area of responsibility; and – a fourth discretionary objective developed by each participant's manager. <p>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 minimum threshold below which the measured performance is zero.</p> <p>The performance measures will generally be role-specific and focus on areas or projects most closely related to the role, but above and beyond the performance expected on a day-to-day basis. The key area objectives aim to encourage exceptional performance in the areas that will help drive the Company's longer-term strategy. The discretionary component is generally based on achievement of personal goals and overall work performance.</p>
What is the relationship between Group performance and allocation of STI?	<p>Performance against Group 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 objectives.</p> <p>Performance against each personal performance objective is measured on a scale of 0% to 160% and the overall personal performance is measured as the simple average of the outcomes on the above four personal measures.</p> <p>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.</p>
What is the period over which Group performance is assessed?	The assessment period is the financial year preceding the payment date of the STI (i.e. 1 July to 30 June).

5.5 Determining Variable Equity-Based Remuneration

The Board reviews and adjusts on an annual basis the content and balance of equity-based remuneration to ensure the effectiveness of equity incentives and to recognise the potential impact on the Group of Executive Managers and Executive Directors.

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

All equity-based remuneration is 'at risk' and will lapse or be forfeited, if the prescribed performance conditions are not met by the Group.

The Company's Securities Dealing Policy, in compliance with the requirements of the Corporations Act and the ASX, 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 policy also prohibits the entry into transactions in associated products which operate to limit the economic risk of their security or interest holdings in the Company. The Directors and the Company Secretary are not permitted to enter into margin loans in relation to Newcrest securities at any time and other designated employees must seek approval from the Company Secretary if they intend to enter into such transactions. The Securities Dealing Policy forms part of each employee's terms of employment, and is available on the Company's website. Table 2 shows the composition of equity-based remuneration for 2011-12.

Table 2: Equity-based Remuneration as a percentage of Fixed Remuneration for Executive Directors and Executive Managers in 2011-12

	Managing Director	Director Finance	Executive Managers
Total Equity-based Remuneration (maximum award)	100%	100%	60%

5.5.1 Long Term Incentive (LTI)

Participation in the LTI plan was offered to Executive Directors and Executive Managers in 2011-12. The Group performance measures, assessed over a three-year performance period, were three equally weighted performance measures, being:

- Comparative Cost Position;
- Reserves Growth; and
- Return on Capital Employed (ROCE).

Each LTI measure was chosen by the Board as it is a key driver of 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 measures were selected after extensive consultation with shareholders.

Following completion of Newcrest's acquisition by Scheme of Arrangement of Lihir Gold Limited in September 2010, the Board undertook a full review of the suitability of these measures going forward, given Newcrest's increased size and changed financial and production profile. The Board concluded that the Comparative Cost Position and ROCE measures remained appropriate in their present form, but that the Reserves Growth measure should:

- be based on an absolute increase in reserves after depletions as opposed to the previous measure of a percentage increase in reserves; and
- to allow a proportion of the reserves growth to be contributed by copper reserve growth (in gold equivalent ounces).

The Board reviewed the LTI performance measures as outlined above during 2011-12 and concluded that they remained appropriate for the 2012 LTI.

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). Vesting and exercise of the Performance Rights is contingent on the Group achieving certain performance hurdles over a set performance period.
Who participates in the LTI?	The Executive Directors, Executive Managers and 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, participating Executive Directors, Executive Managers and management and the Group, by linking a significant proportion of participating employees' at-risk remuneration to the Group's future performance, currently assessed over a three-year period from the date of grant of the Performance Rights.
What are the key features of the LTI?	<ul style="list-style-type: none"> – Performance Rights issued under the LTI are conditional rights for the holder to subscribe for fully paid ordinary shares in the Company. – No amount is payable by a participant upon grant of the Performance Rights (unless the Board determines otherwise), or upon the exercise of the Performance Rights once vested. – Each Performance Right entitles the holder to subscribe for one ordinary share. <p>Performance Rights generally do not vest (and are not exercisable) if the minimum performance conditions are not met.</p>
In what circumstances are LTI entitlements forfeited?	The LTI amount will be forfeited upon cessation of employment prior to conclusion of the performance period in circumstances where a participant is either dismissed for cause, resigns from employment, or is guilty of fraud.
What are the performance conditions under the LTI?	<p>Performance Rights issued under the LTI Plan are subject to three performance measures based on:</p> <ul style="list-style-type: none"> – Comparative Cost Position; – Reserves Growth; and – Return on Capital Employed (ROCE). <p>Performance against each of these measures over the three-year vesting period accounts for one third of any grant made to participants.</p> <p>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 1,400 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.</p> <p>Reserves Growth is an absolute performance measure that refers to the growth in total in situ ore reserves at the end of each performance period, net of mining depletion. Reserves growth is an absolute and objective measure, based on the Company's reserves figures. Broadly, the increase in reserves will determine the number of rights granted. See below for further information on the Reserves Growth measure.</p> <p>Return on Capital Employed (ROCE) is an absolute measure, defined as underlying earnings before interest and tax, divided by average capital employed, being shareholders' equity plus net debt. ROCE for each of the three years of the performance period is averaged to determine the number of Performance Rights that may be exercised in relation to this performance measure.</p> <p>All outcomes of the three LTI performance measures are independently reviewed and verified. The methods for assessing satisfaction of these performance measures were selected because they provide an accurate tool by which to assess performance against the relevant measure.</p>
What is the relationship between Group performance and allocation of Performance Rights?	<p>Comparative Cost Position</p> <p>Performance against this measure accounts for one third of a participant's Performance Rights which may vest in any grant of LTI entitlements:</p> <ul style="list-style-type: none"> – at or above the 50th percentile leads to a zero award of these Performance Rights; – less than the 50th percentile but at or above the 25th percentile leads to a 50% award of these Performance Rights; – below the 25th percentile but at or above the 10th percentile leads to an 80% award of these Performance Rights; – below the 10th percentile leads to a 100% award of these Performance Rights; and – straight-line vesting occurs between each of these thresholds.

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

Summary of LTI

<p>What is the relationship between Group performance and allocation of Performance Rights? (continued)</p>	<p>Reserves Growth Performance against this measure accounts for one-third of Performance Rights, which may vest in any grant of LTI entitlements.</p> <p>The performance measure for Reserves Growth applicable for the 2008 LTI and 2009 LTI was:</p> <ul style="list-style-type: none"> – Less than 10% growth leads to a zero award of these Performance Rights; – 10% growth leads to a 50% award of these Performance Rights; and – Greater than 10% growth up to 30% growth. Award of these Performance 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. <p>The performance measure for Reserves Growth was amended by the Board for the 2010 LTI and subsequent LTI grants. The amendment allowed a proportion of the reserves growth to be contributed by growth in copper reserves after depletion. (The copper contribution is measured in equivalent gold ounces). The amendment also resulted in the performance measure being based on an absolute growth in reserves (as opposed to a percentage increase). This remains a challenging performance measure, particularly given the Company's historical and current preferred strategy of growth through exploration discoveries, rather than acquisition.</p> <ul style="list-style-type: none"> – Zero gold Reserves Growth after depletion leads to a zero award of these Rights; – Gold Reserve Growth after depletions at or above 15 million ounces leads to a 100% vesting of these Performance Rights; and – Straight-line vesting occurs between these thresholds. <p>A proportion of the Reserves Growth target can be contributed by copper Reserve Growth after depletion (in gold equivalent ounces). The contribution from copper reserves growth is capped at 30% of the total Reserves Growth performance target of 15 million ounces (or 4.5 million ounces).</p>
<p>When do the Performance Rights vest?</p>	<p>Performance Rights vest (i.e. may be exercised) three years after the date of grant, provided performance conditions are met. Under the 2011 LTI grant, Performance Rights will be exercised automatically upon vesting.</p>
<p>What is the period over which Group performance is assessed?</p>	<p>The assessment period is the three financial years commencing on 1 July in the year the grant is issued.</p>
<p>How are shares provided to participants under the LTI?</p>	<p>Once Performance Rights have vested and are exercised, shares are either issued by the Company to eligible LTI participants as new capital, or transferred from the Company's share plan trust, having previously been bought on market by the trustee.</p>
<p>Why did the Board choose the above performance hurdles?</p>	<p>The Board considers that these performance measures are key factors which impact on the Company's share price and which drive the value of the Group over the long term.</p>
<p>Is the benefit of participation in the LTI affected by changes in the share price?</p>	<p>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 performance period and will increase if the share price rises over the performance period.</p>
<p>Are the performance conditions re-tested?</p>	<p>No, the performance conditions are only tested once at the end of the three year performance period.</p>
<p>What is the maximum number of Performance Rights that may be granted to an LTI participant?</p>	<p>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 2.</p>

Table 4: LTI Performance Hurdles 2009 and 2010

The following is a summary of performance hurdles that relate to the 2009 and 2010 Share Plan awards that are yet to vest. Table 13 provides detail of all Share Plan awards, including those that have vested, but have not yet been exercised.

Calendar Year	Grant Date	Performance Hurdle
2010 (LTI)	10 Nov 2010	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details).
2009 (LTI)	10 Nov 2009	The performance hurdles are based on Reserves Growth, Comparative Cost Position and ROCE. (Refer to Table 3 for details).

5.6 Medium Term Incentive (MTI)

The MTI 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 performance against a comparator group of companies in the financial year immediately prior to the date of grant of those rights. The MTI has not been offered to Executive Directors and Executive Management since 2007 and has been discontinued as an incentive scheme. All restricted rights issued to Executive Directors and Executive Managers under the MTI in prior periods have now vested. The exercise period for these restricted rights will expire on 9 November 2012.

6. RELATIONSHIP OF INCENTIVES TO NEWCREST'S FINANCIAL PERFORMANCE

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

The LTI performance measures are based on key business drivers intended to result in superior financial performance over the long term. Each measure was selected after an extensive consultation process with shareholders, which produced strong general agreement on which measures should create long-term shareholder value. Since 2008, the Company has generally performed strongly on these measures, although the \$9.3 billion acquisition of Lihir Gold Limited in 2010 impacted ROCE, and production costs across the Group have risen strongly over the past two years.

In FY12, challenged by the rising Australian dollar, and significant increases in labour, energy and other commodity costs, the Company has not held its position within the lowest cost quartile of the global industry.

The Board, in assessing the achievement of LTI performance measures, incorporates performance of the Group both in the current year and the two preceding years. Accordingly, the level of performance targets achieved in any one year will impact three consecutive years of LTI performance, and thus the proportion of LTI awarded to executives.

Over the past five years, basic earnings per share has grown at an average rate per annum of approximately 50%. Over the same period, there has been a continued increase in total annual dividend payments per share from 10 cents in 2008 to 35 cents in 2012. The final FY12 dividend determined, to be paid on 19 October 2012, has also been increased by 15%. In addition a special dividend of 20 cents per share was paid in December 2011. The Company share price increased strongly from 2008 to 2011 (from \$29.30 as at 30 June 2008 to \$37.71 as at 30 June 2011), but faced significant downward pressures in 2012, along with equity markets around the world and global gold mining stocks generally.

The Company believes that the continuing focus on the key long-term drivers of shareholder value will see a return to share price growth.

Table 5 below reflects the underlying financial performance of the Company for the period 30 June 2008 to 30 June 2012.

Table 5: Newcrest's Financial Performance

Year Ended 30 June	2008	2009	2010	2011	2012
Basic Earnings Per Share (EPS) (cents) ⁽¹⁾	30.8	53.0	115.2	126.4	146.0
Dividends (cents) ⁽²⁾	10.0	15.0	25.0	30.0	35.0
Special dividends (cents)	–	–	–	20.0	–
Share price at 30 June (\$)	29.30	30.51	35.10	37.71	22.61
Share price increase/(decrease) (\$) ⁽³⁾	6.45	1.21	4.59	2.61	(15.10)

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

⁽²⁾ Dividends exclude special dividends.

⁽³⁾ Share price movement during the financial year.

In relation to the STI awarded for 2011–12, the Group's performance against the Group performance objectives for Executive Directors and Executive Managers is set out in Table 6. It shows that overall, the Group's performance was at 71.5% of the target, reflecting above-target performance for safety, but below target for earnings 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 Executive Managers for 2011–12 has been determined by the overall personal performance multiplied by the Group's overall performance.

Table 6: Performance objective for year ended 30 June 2012 (Executive Directors and Executive Managers)

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)	<3.5	3.3	125% (50% weighting)
Safety Risk List (% Action) ⁽¹⁾	90% Risk Reduction Actions On Time	99% Risk Reduction Actions on Time	125% (50% weighting)
Earnings			
(Adjusted net profit after tax and significant Items) ⁽²⁾	A\$1,200 million	A\$1,091 million	55%
Costs			
(Total production costs per ounce before by-product revenue credits divided by total gold production) ⁽³⁾	A\$998/oz	A\$1,094/oz	56%
Discretionary Component⁽⁴⁾		50%	
Overall Company Performance (including discretionary component)			71.5%

⁽¹⁾ The Safety 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 for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.

⁽³⁾ Actual costs are adjusted for the effect of commodity prices, foreign exchange rates, significant items and other items as agreed with the Board of Directors.

⁽⁴⁾ The discretionary component is a discretionary assessment by the Board of the overall performance of the Company in areas other than safety, earnings and costs.

Directors' Report

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7. EXECUTIVE SERVICE AGREEMENTS

7.1 Overview and Summary

Remuneration and other key terms of employment for the Executive Directors and Executive Managers are formalised in the Executive Service Agreements.

Table 7 lists each of the executives who was party to an Executive Service Agreement during 2011–12 and provides a high level overview of some key terms.

Table 7: Executive Service Agreements

Name	Term of Agreement	Fixed Annual Remuneration \$	Notice Period by Executive	Notice Period by Newcrest	Termination Payment
Greg Robinson⁽¹⁾ Managing Director and Chief Executive Officer	Open	2,000,000	3 months	12 months	12 month average base salary
Gerard Bond⁽²⁾ Finance Director and Chief Financial Officer	Open	900,000	3 months	12 months	12 month average base salary
Lawrie Conway⁽³⁾ Executive General Manager Commercial and West Africa	Open	714,000	3 months	12 months	12 month average base salary
Stephen Creese Executive General Manager Corporate Affairs	Open	820,000	3 months	12 months	12 month average base salary
Ron Douglas⁽⁴⁾ Executive General Manager Projects	Open	795,600	3 months	12 months	12 month average base salary
Brett Fletcher Executive General Manager PNG and Indonesian Operations	Open	795,600	3 months	12 months	12 month average base salary
Greg Jackson Chief Operating Officer	Open	918,000	3 months	12 months	12 month average base salary
Andrew Logan⁽⁵⁾ Executive General Manager Strategy, Innovation and Technology	Open	714,000	3 months	12 months	12 month average base salary
Colin Moorhead Executive General Manager Minerals	Open	785,400	3 months	12 months	12 month average base salary
Peter Smith Executive General Manager Australian Operations	Open	795,600	3 months	12 months	12 month average base salary
Debra Stirling Executive General Manager People and Communication	Open	765,000	3 months	12 months	12 month average base salary

⁽¹⁾ Appointed MD and CEO on 1 July 2011, upon Ian Smith stepping down from that role on 30 June 2011. As announced to the market on 11 February 2011, Mr Smith continued to be employed by the Company from 1 July to 31 December 2011, but was not a member of the Executive Management Team during that period. Details of Mr Smith's remuneration arrangements upon stepping down as CEO and during the following six months, including forfeiture of the deferred components of his 2010 STI and 2009 and 2010 LTI entitlements, are set out in the Company's 2011 Remuneration Report.

⁽²⁾ Appointed Finance Director and CFO on 1 January 2012 (and appointed as a Director of Newcrest Mining Limited on 8 February 2012).

⁽³⁾ Appointed EGM Commercial and West Africa on 1 July 2011.

⁽⁴⁾ Resigned from Newcrest on 13 July 2012.

⁽⁵⁾ Appointed EGM Strategy, Innovation and Technology on 1 July 2011.

Subject to compliance with other conditions as set out in the *Corporations Act 2001*, the maximum termination payment for Key Management Personnel is calculated as being the employee's average annual base salary over the previous three years.

On 1 July 2012 (subsequent to the reporting period) the Company appointed Mr Scott Langford to the position of General Counsel and Company Secretary. On 17 July 2012 the Company appointed Mr Craig Jones to the position of Executive General Manager Projects.

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 each Executive Director's and each Executive Manager's fixed annual remuneration as at 30 June 2012.

7.2 Executive Service Agreements entered into in 2011–12

7.2.1 Lawrie Conway

Lawrie Conway commenced in the role of Executive General Manager – Commercial and West Africa on 1 July 2011, having previously been employed with the Company in a number of roles including Head of Commercial and Planning immediately prior to the above appointment.

The appointment is for an indefinite duration. Lawrie Conway may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Lawrie Conway's duties and responsibilities.

The terms of remuneration payable to Lawrie Conway include:

- Base salary of \$714,000 per annum to be reviewed annually;
- STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
- LTI in accordance with the Group's LTI plan, equal to 60% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.2.2 Andrew Logan

Andrew Logan commenced in the role of Executive General Manager – Strategy, Step Change and Technology on 1 July 2011, having previously been employed with the Company in a number of roles including General Manager – Development, immediately prior to the above appointment.

The appointment is for an indefinite duration. Andrew Logan may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Andrew Logan's duties and responsibilities.

The terms of remuneration payable to Andrew Logan include:

- Base salary of \$714,000 per annum to be reviewed annually;
- STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
- LTI in accordance with the Group's LTI plan, equal to 60% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.3 Executive Retention Arrangements

In 2010–11, following the acquisition of Lihir Gold Limited, the growth of the Group and the departure of Ian Smith meant the Board were concerned with retaining a number of key executives. At that time, Stephen Creese, Ron Douglas, Colin Moorhead and Debra Stirling were each offered a retention payment in three parts comprising \$75,000 paid in June 2011; \$100,000 paid in June 2012; and \$125,000 payable in June 2013. The entitlement to receive each tranche of the retention payment is conditional on each executive maintaining at least a 'satisfactory' rating in his or her performance reviews, throughout the periods outlined above, as well as continuing to be employed at least at their current level by the Company at the relevant payment date.

7.4 Executive Director Service Agreements

7.4.1. Greg Robinson

Greg Robinson commenced employment with the Company as Executive General Manager Finance and Chief Financial Officer on 3 November 2006 and was appointed to the Board as Director Finance on 23 November 2006.

Effective 1 July 2011, Greg Robinson was appointed Managing Director and Chief Executive Officer. The terms of the Service Agreement under which Greg Robinson is employed in that capacity are summarised below.

The appointment is for an indefinite duration. Greg Robinson may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Service Agreement sets out Greg Robinson's duties and responsibilities.

The terms of remuneration payable to Greg Robinson include:

- Base salary of \$2,000,000 per annum to be reviewed annually;
- STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance; and
- LTI in accordance with the Group's LTI plan, equal to 100% of base salary.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

7.4.2 Gerard Bond

Gerard Bond commenced employment with the Company as Finance Director and Chief Financial Officer on 1 January 2012 and was appointed to the Board on 8 February 2012.

The appointment is for an indefinite duration. Gerard Bond may resign at any time by giving three months written notice, and the Company may terminate his employment on giving twelve months written notice, or payment in lieu of notice.

The Agreement sets out Gerard Bond's duties and responsibilities.

The terms of remuneration payable to Gerard Bond include:

- Base salary of \$900,000 per annum to be reviewed annually;
- STI of 60% at target with a maximum of up to 120% of base salary dependent upon meeting specified personal and Group performance targets, where 120% is achievable only for 'outstanding' performance;
- LTI in accordance with the Group's LTI plan, equal to 100% of base salary; and
- Two equity grants of \$750,000 (market value) in Newcrest ordinary shares, to be provided as compensation for equity foregone upon Gerard Bond resigning from his previous employment to take up his role as Finance Director and Chief Financial Officer with Newcrest. These grants will be made in October 2012 and October 2013, respectively, subject to ongoing satisfactory performance and continuing employment at the relevant grant dates.

Compensation for statutory entitlements of accrued annual and long service leave and any superannuation benefits, are payable upon termination of employment.

Directors' Report

REMUNERATION REPORT

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 8: Directors' Remuneration

Directors	Short Term					Post-Employment	Share-Based Payments	Termination Benefit (H) \$'000s	Total \$'000s	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
	Salary & Fees (A) \$'000s	Committee Fees (B) \$'000s	Salary at Risk (C) \$'000s	Other cash benefits (D) \$'000s	Non Monetary Benefits (E) \$'000s	Super-annuation (F) \$'000s	Value of Rights (G) \$'000s				
2011–12											
Executive Directors											
Greg Robinson Managing Director and CEO	1,984	–	686	65	8	16	936	–	3,695	25.3	43.9
Gerard Bond Finance Director and CFO	442	–	221	–	4	8	966	–	1,641	58.9	20.9
Non-Executive Directors											
Don Mercer Chairman	600	–	–	–	–	–	–	–	600	–	–
John Spark	184	70	–	–	–	16	–	–	270	–	–
Rick Lee	184	65	–	–	–	16	–	–	265	–	–
Tim Poole	184	45	–	–	–	16	–	–	245	–	–
Richard Knight	200	65	–	–	–	–	–	–	265	–	–
Vince Gauci	184	40	–	–	–	16	–	–	240	–	–
Winifred Kamit	184	40	–	–	–	16	–	–	240	–	–
	4,146	325	907	65	12	104	1,902	–	7,461		
2010–11											
Executive Directors											
Ian Smith Managing Director and CEO	2,302	–	965	750	6	15	377	2,250	6,665	5.7	20.1
Greg Robinson Director Finance and CFO	1,274	–	1,153	–	6	15	910	–	3,358	27.1	61.4
Non-Executive Directors											
Don Mercer Chairman	527	–	–	–	–	13	–	–	540	–	–
John Spark	166	95	–	–	–	16	–	–	277	–	–
Rick Lee	166	66	–	–	–	16	–	–	248	–	–
Tim Poole	166	56	–	–	–	16	–	–	238	–	–
Richard Knight	178	56	–	–	–	7	–	–	241	–	–
Vince Gauci	166	35	–	–	4	15	–	–	220	–	–
Winifred Kamit	77	13	–	–	–	6	–	–	96	–	–
	5,022	321	2,118	750	16	119	1,287	2,250	11,883		

See notes to tables 8 and 9 at page 66 for explanation of notes (A)–(J) above.

8.2 Executive Managers

Details of the nature and amount of each major element of remuneration for the Company's Executive Managers are as follows:

Table 9: Executive Managers' Remuneration

Executive Managers	Short Term				Post-Employment	Share-Based Payments	Total \$'000s	Equity Compensation Value (I) %	Performance Related Remuneration (J) %
	Salary & Fees (A) \$'000s	Salary at Risk (C) \$'000s	Other cash benefits (D) \$'000s	Non Monetary Benefits (E) \$'000s	Super-annuation (F) \$'000s	Value of Rights (G) \$'000s			
2011-12									
Colin Moorhead EGM Minerals	766	317	131	8	16	292	1,530	19.1	39.8
Ron Douglas ⁽¹⁾ EGM Projects	776	273	130	8	16	294	1,497	19.6	37.9
Debra Stirling EGM People & Communication	745	328	131	8	16	278	1,506	18.5	40.2
Stephen Creese EGM Corporate Affairs	812	387	114	7	16	250	1,586	15.8	40.2
Greg Jackson Chief Operating Officer	898	315	7	8	16	276	1,520	18.2	38.9
Peter Smith EGM Australian Operations	776	273	–	8	16	168	1,241	13.5	35.5
Brett Fletcher EGM PNG & Indonesian Operations	776	273	–	8	16	167	1,240	13.5	35.5
Lawrie Conway EGM Commercial & West Africa	695	306	6	8	16	125	1,156	10.8	37.3
Andrew Logan EGM Strategy, Innovation & Technology	695	306	9	8	16	149	1,183	12.6	38.5
	6,939	2,778	528	71	144	1,999	12,459		
2010-11									
Colin Moorhead EGM Minerals	713	483	175	6	15	332	1,724	19.3	47.3
Ron Douglas EGM Projects	721	443	175	6	15	343	1,703	20.1	46.2
Debra Stirling EGM People & Communication	686	416	175	6	15	321	1,619	19.8	45.5
Stephen Creese EGM Corporate Affairs	713	586	175	6	15	186	1,681	11.1	45.9
Greg Jackson Chief Operating Officer	821	481	50	6	15	198	1,571	12.6	43.2
Peter Smith EGM Australian & African Operations Commenced 30 Aug 10	640	313	–	6	13	67	1,039	6.4	36.6
Brett Fletcher EGM PNG & Indonesian Operations Commenced 28 Mar 11	200	114	–	2	4	37	357	10.4	42.3
Former Executive Manager									
Geoff Day ⁽²⁾ COO Offshore Operations Resigned 4 Feb 2011	465	(212)	–	4	8	(295)	(30)	n/a	n/a
	4,959	2,624	750	42	100	1,189	9,664		

⁽¹⁾ Ron Douglas resigned on 13 July 2012. The share-based payments expense for 2011-12 of \$294,000 includes \$45,000 for rights that vested during the year and \$249,000 for rights that had not vested at 30 June 2012. The non-vested rights were subsequently forfeited upon resignation on 13 July 2012.

⁽²⁾ Geoff Day resigned on 4 February 2011 and forfeited his rights to shares and his deferred component of his Short Term Incentive ('STI'). Any share-based payments expense previously recognised under AASB 2 in respect of the rights to shares has been reversed. The deferred component of his STI in respect of FY2009 and FY2010 has been reversed.

Directors' Report

REMUNERATION REPORT

Notes to Tables 8 and 9:

- (A) Salary and 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 other 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 Executive Managers' performance in the 2011–12 year and for comparatives, performance in 2010–11.
The amount disclosed for Ian Smith in 2010–11 is net of the forfeiture of \$704,000 of the deferred component of the short-term incentive relating to the 2009–10 year. This amount was disclosed as remuneration in 2009–10.
- (D) Comprises:
- Amounts paid to Executive Managers as retention bonuses, as outlined in section 7.3.
 - Interest in respect to the deferred component of the 2008–09 and 2009–10 STI plans.
 - For 2010–11, it includes amounts paid to the Chief Executive Officer and Executive Managers for work in relation to the acquisition of Lihir Gold Limited.
- (E) Represents non-monetary benefits such as non-business travel, parking, insurance and applicable fringe benefits tax payable on benefits.
- (F) Represents Company contributions to superannuation under the Superannuation Guarantee legislation (SGC).
- (G) The fair value of rights, comprising rights over unissued shares, granted under the LTI plan has been valued using a Black-Scholes option pricing model. The following factors and assumptions were used in determining the fair value of rights on the grant date:

Table 10: Fair Value of Rights

	LTI Sep 2011	LTI Nov 2010	LTI Nov 2009	LTI Nov 2008	LTI Nov 2007	MTI Nov 2007
Fair value ⁽¹⁾	\$31.83	\$41.66	\$34.63	\$22.00	\$23.38	\$35.64
Exercise price	–	–	–	–	–	–
Estimated volatility	30%	30%	40%	40%	36%	36%
Risk-free interest rate	3.16%	5.09%	5.04%	3.97%	6.69%	6.69%
Dividend yield	1.50%	0.50%	0.50%	0.20%	0.20%	0.20%
Expected life of award/option	3 years	3 years	3 years	3 years	3 years	3 years

⁽¹⁾ Fair value has been calculated by an independent third party.

The value of rights for Gerard Bond also includes a pro-rata of the equity grants to be awarded in October 2012 and 2013 as outlined in section 7.4.2.

- (H) Represents amounts paid to Ian Smith as Chief Executive Officer, details of which are set out in the Company's 2011 Remuneration Report.
- (I) Represents the value of 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 EXECUTIVE MANAGERS

All conditional entitlements refer to Restricted Rights and Performance Rights over fully paid ordinary shares of the Company, which are exercisable on a one-for-one basis. As noted in section 5, no payment is required by a participant on the grant or exercise of any such conditional entitlement.

The movements in the reporting period in the number of Rights over ordinary shares in the Company held by each Executive Director and Executive Manager, as part of their remuneration, are as follows:

Table 11: Movement in Rights for Executive Directors and Executive Managers 2011–12

Executive Directors and Executive Managers	Grant Date	Type	Share Price at Grant Date	Movements During 2011–12				As at 30 June 2012		
				Balance at 1/07/11	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/12	Vested ⁽¹⁾ and Exercisable	Non-Vested ⁽²⁾
G. Robinson	3-Nov-06	MTI	\$24.10	4,245	–	(4,245)	–	–	–	
	3-Nov-06	LTI	\$24.10	12,007	–	(12,007)	–	–	–	
	9-Nov-07	MTI	\$35.85	4,915	–	–	–	4,915	–	
	9-Nov-07	LTI	\$35.85	8,508	–	–	–	8,508	–	
	11-Nov-08	LTI	\$22.13	50,024	–	–	(3,252)	46,772	–	
	10-Nov-09	LTI	\$35.15	31,988	–	–	–	31,988	31,988	
	10-Nov-10	LTI	\$42.29	33,793	–	–	–	33,793	33,793	
	23-Sep-11	LTI	\$33.18	–	58,406	–	–	58,406	–	58,406
				145,480	58,406	(16,252)	(3,252)	184,382	60,195	124,187
G. Bond	23-Sep-11	LTI	\$33.18	–	23,884	–	–	23,884	–	23,884
				–	23,884	–	–	23,884	–	23,884
C. Moorhead	3-Nov-06	MTI	\$24.10	1,932	–	(1,932)	–	–	–	
	3-Nov-06	LTI	\$24.10	1,005	–	(1,005)	–	–	–	
	9-Nov-07	MTI	\$35.85	3,768	–	(3,768)	–	–	–	
	9-Nov-07	LTI	\$35.85	1,863	–	(1,863)	–	–	–	
	11-Nov-08	LTI	\$22.13	18,554	–	–	(1,206)	17,348	17,348	
	10-Nov-09	LTI	\$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	\$42.29	10,814	–	–	–	10,814	–	10,814
	23-Sep-11	LTI	\$33.18	–	13,762	–	–	13,762	–	13,762
				49,800	13,762	(8,568)	(1,206)	53,788	17,348	36,440
D. Stirling	9-Nov-07	MTI	\$35.85	3,097	–	–	–	3,097	3,097	–
	9-Nov-07	LTI	\$35.85	5,360	–	–	–	5,360	5,360	–
	11-Nov-08	LTI	\$22.13	17,190	–	–	(1,117)	16,073	16,073	–
	10-Nov-09	LTI	\$35.15	10,992	–	–	–	10,992	–	10,992
	10-Nov-10	LTI	\$42.29	10,513	–	–	–	10,513	–	10,513
	23-Sep-11	LTI	\$33.18	–	13,404	–	–	13,404	–	13,404
				47,152	13,404	–	(1,117)	59,439	24,530	34,909
S. Creese	10-Nov-09	LTI	\$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	\$42.29	10,814	–	–	–	10,814	–	10,814
	23-Sep-11	LTI	\$33.18	–	14,368	–	–	14,368	–	14,368
				22,678	14,368	–	–	37,046	–	37,046
G. Jackson	10-Nov-09	LTI	\$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	\$42.29	12,766	–	–	–	12,766	–	12,766
	23-Sep-11	LTI	\$33.18	–	16,085	–	–	16,085	–	16,085
				24,630	16,085	–	–	40,715	–	40,715
P. Smith	10-Nov-10	LTI	\$42.29	10,964	–	–	–	10,964	–	10,964
	23-Sep-11	LTI	\$33.18	–	13,940	–	–	13,940	–	13,940
				10,964	13,940	–	–	24,904	–	24,904
B. Fletcher	10-Nov-10	LTI	\$42.29	9,845	–	–	–	9,845	–	9,845
	23-Sep-11	LTI	\$33.18	–	13,940	–	–	13,940	–	13,940
				9,845	13,940	–	–	23,785	–	23,785
L. Conway	9-Nov-07	MTI	\$35.85	1,578	–	(1,578)	–	–	–	
	9-Nov-07	LTI	\$35.85	780	–	(780)	–	–	–	
	11-Nov-08	LTI	\$22.13	4,359	–	–	(283)	4,076	4,076	
	10-Nov-09	LTI	\$35.15	2,787	–	–	–	2,787	–	2,787
	10-Nov-10	LTI	\$42.29	2,662	–	–	–	2,662	–	2,662
	23-Sep-11	LTI	\$33.18	–	12,510	–	–	12,510	–	12,510
				12,166	12,510	(2,358)	(283)	22,035	4,076	17,959
A. Logan	3-Nov-06	MTI	\$24.10	2,449	–	(2,449)	–	–	–	
	3-Nov-06	LTI	\$24.10	1,270	–	(1,270)	–	–	–	
	9-Nov-07	MTI	\$35.85	1,937	–	–	–	1,937	1,937	
	9-Nov-07	LTI	\$35.85	958	–	–	–	958	958	
	11-Nov-08	LTI	\$22.13	6,130	–	–	(398)	5,732	5,732	
	10-Nov-09	LTI	\$35.15	3,920	–	–	–	3,920	–	3,920
	10-Nov-10	LTI	\$42.29	3,642	–	–	–	3,642	–	3,642
	23-Sep-11	LTI	\$33.18	–	12,510	–	–	12,510	–	12,510
				20,306	12,510	(3,719)	(398)	28,699	8,627	20,072
R. Douglas ⁽³⁾	11-Nov-08	LTI	\$22.13	18,554	–	(17,348)	(1,206)	–	–	
	10-Nov-09	LTI	\$35.15	11,864	–	–	–	11,864	–	11,864
	10-Nov-10	LTI	\$42.29	10,964	–	–	–	10,964	–	10,964
	23-Sep-11	LTI	\$33.18	–	13,940	–	–	13,940	–	13,940
				41,382	13,940	(17,348)	(1,206)	36,768	–	36,768

⁽¹⁾ During the year, the 11 November 2008 LTI plan vested. See Table 13 for details.

⁽²⁾ All equity-based remuneration is 'at risk' and will lapse or be forfeited, in the event that minimum prescribed performance conditions are not met by the Company or individual employees, as applicable.

⁽³⁾ Ron Douglas forfeited the non-vested share rights at 30 June 2012 upon his resignation on 13 July 2012.

Directors' Report

REMUNERATION REPORT

9.1 Performance Conditions for Rights

Table 12: Value of Rights

	Value at Grant Date	Value at Exercise Date	Value at Lapse Date
	(A) \$'000	(B) \$'000	(C) \$'000
Executive Directors and Executive Managers			
Greg Robinson	1,859	550	120
Gerard Bond	760	–	–
Colin Moorhead	438	347	45
Ron Douglas	444	580	45
Debra Stirling	427	–	41
Stephen Creese	457	–	–
Greg Jackson	512	–	–
Peter Smith	444	–	–
Brett Fletcher	444	–	–
Lawrie Conway	398	95	10
Andrew Logan	398	144	15

The LTI grant date for each Executive Director and Executive Manager listed above is 23 September 2011. Table 12 above shows the total value of any Rights granted, exercised and lapsed in 2011–12 in relation to Executive Directors and Executive Managers based on the following assumptions:

- (A) The value of Rights at grant date reflects the fair value of a right multiplied by the number of Rights granted during 2011–12. (Refer footnote G to Tables 8 & 9).
- (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 exercise price multiplied by the number of rights exercised during 2011–12.
- (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 Rights that lapsed during the year.

Performance conditions for Rights are set out in Table 13 below.

Table 13: Executive Directors and Executive Managers – Rights granted between the 2007–08 and 2011–12 years

Note: Refer Table 4 for a summary of the applicable performance hurdles.

Grant Date	Expiry Date	Comparator Group	Strike Price	Vesting Date (for LTI and MTI)	Performance Achieved	Percentage Vested ⁽¹⁾
23 Sep 2011 (LTI)	23 Sep 2014	Performance conditions referred to in the Plan Rules	Nil	23 Sep 2014	To be determined	N/A
10 Nov 2010 (LTI)	10 Nov 2015	Performance conditions referred to in the Plan Rules	Nil	10 Nov 2013	To be determined	N/A
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	Cost: 85% Reserves: 100% ROCE: 96%	93.5%
9 Nov 2007 (LTI)	9 Nov 2012	Newcrest's TSR ranking against FTSE Gold Index	Nil	9 Nov 2010	73rd percentile resulting in 96% of the maximum award of Rights	100%
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%

⁽¹⁾ The percentage vested is the same for all Key Management Personnel.

Table 14: 2011–12 Short Term Incentive Grant and allocation of the September 2011 Equity Grant

Executive Directors and Executive Managers	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 Sep 2011 performance rights grants in future years			
	Percentage Awarded	Percentage Forfeited	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	Maximum Total \$'000
Greg Robinson	28.6%	71.4%	620	620	155	1,395
Gerard Bond	41.1%	58.9%	253	253	63	569
Colin Moorhead	33.6%	66.4%	146	146	37	329
Ron Douglas ⁽¹⁾	28.6%	71.4%	–	–	–	–
Debra Stirling	35.8%	64.3%	142	142	36	320
Stephen Creese	39.3%	60.7%	152	152	38	342
Greg Jackson	28.6%	71.4%	171	171	43	385
Peter Smith	28.6%	71.4%	148	148	37	333
Brett Fletcher	28.6%	71.4%	148	148	37	333
Lawrie Conway	35.8%	64.3%	133	133	33	299
Andrew Logan	35.8%	64.3%	133	133	33	299

⁽¹⁾ Ron Douglas resigned from Newcrest on 13 July 2012 and forfeited all performance rights and future entitlements upon resignation. As a result he will not receive any further remuneration.

(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 September 2011, 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.

Directors' Report

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



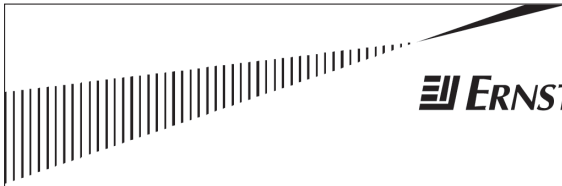
Don Mercer
Chairman

13 August 2012
Melbourne



Greg Robinson
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 2012, 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

Rodney Piltz
Partner
13 August 2012

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Operating sales revenue	4(a)	4,416	4,102
Cost of sales	4(b)	(2,607)	(2,401)
Gross profit		1,809	1,701
Exploration expenses	14	(80)	(55)
Corporate administration expenses	4(c)	(140)	(93)
Other income/(expenses)	4(d)	(14)	(9)
Share of profit of associate	17	15	–
Losses on restructured and closed-out hedge contracts	4(i)	(7)	(153)
Other close-out related costs	4(j)	–	(3)
Business acquisition and integration costs	4(k)	(11)	(52)
Gain on business divestment	4(l)	46	–
Profit before interest and income tax		1,618	1,336
Finance income		2	9
Finance costs	4(e)	(43)	(45)
Profit before income tax		1,577	1,300
Income tax expense	5(b)	(402)	(334)
Profit after income tax		1,175	966
Profit after tax attributable to:			
Owners of the parent		1,117	908
Non-controlling interest		58	58
		1,175	966
Earnings per share (cents per share)			
Basic earnings per share	7	146.0	126.4
Diluted earnings per share	7	145.8	126.2

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Profit after income tax		1,175	966
Other comprehensive income			
Cash flow hedges			
Losses on restructured hedge contracts transferred to the Income Statement	4(i)	7	153
Foreign exchange gains on US dollar borrowings transferred to the Income Statement	24(c)	(10)	-
Other cash flow hedges deferred in equity		(1)	1
Income tax expense/(benefit)	5	2	(47)
		(2)	107
Available-for-sale investments			
Net loss on available-for-sale financial assets		(2)	-
		(2)	-
Foreign currency translation			
Foreign currency translation	24(b)	488	(1,926)
		488	(1,926)
Other comprehensive income/(loss) for the year, net of tax		484	(1,819)
Total comprehensive income/(loss) for the year		1,659	(853)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		1,596	(887)
Non-controlling interest		63	34
		1,659	(853)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Current assets			
Cash and cash equivalents	8(a)	242	185
Trade and other receivables	9	251	441
Inventories	10	748	691
Derivative and other financial assets	11	11	15
Other assets	12	212	210
Total current assets		1,464	1,542
Non-current assets			
Inventories	10	1,095	710
Property, plant and equipment	13	4,364	3,310
Exploration, evaluation and development	14	8,795	7,675
Goodwill	15	3,759	3,621
Other intangible assets	16	93	61
Deferred tax assets	5	259	230
Derivative and other financial assets	11	8	9
Investment in associate	17	395	–
Other assets	12	277	124
Total non-current assets		19,045	15,740
Total assets		20,509	17,282
Current liabilities			
Trade and other payables	18	482	432
Borrowings	19	1,200	116
Provisions	20	200	170
Derivative financial liabilities	21	18	7
Income tax payable		92	92
Total current liabilities		1,992	817
Non-current liabilities			
Borrowings	19	1,208	684
Provisions	20	308	232
Deferred tax liabilities	5	1,907	1,674
Total non-current liabilities		3,423	2,590
Total liabilities		5,415	3,407
Net assets		15,094	13,875
Equity			
Issued capital	22	13,561	13,569
Retained earnings	23	2,890	2,171
Reserves	24	(1,476)	(1,964)
Parent entity interest		14,975	13,776
Non-controlling interest		119	99
Total equity		15,094	13,875

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Cash flows from operating activities			
Receipts from customers		4,624	4,013
Payments to suppliers and employees		(2,648)	(2,157)
Interest received		2	12
Interest paid		(33)	(32)
Income taxes paid		(219)	(107)
Net cash provided by operating activities	8(b)	1,726	1,729
Cash flows from investing activities			
Payments for property, plant and equipment		(436)	(356)
Mine under construction, development and feasibility expenditure		(2,075)	(1,531)
Exploration and evaluation expenditure		(158)	(126)
Information systems development		(45)	(3)
Proceeds from non-participation in rights issue	34	10	–
Payments for business divestment transaction costs	34	(8)	–
Acquisition of subsidiary, net of cash acquired	35(b)	–	(272)
Payment for investments		(3)	(4)
Interest capitalised to development projects		(40)	(2)
Net cash (used in) investing activities		(2,755)	(2,294)
Cash flows from financing activities			
Proceeds from borrowings:			
– US dollar bilateral debt		1,785	614
– US dollar corporate bonds		963	–
Repayment of borrowings:			
– US dollar bilateral debt		(1,086)	(135)
– US dollar private placement		(119)	–
– Other debt		–	(52)
Net repayment of finance lease principal		(4)	(5)
Share issue costs	22	–	(2)
Share buy-back	22	(35)	(28)
Payment for treasury shares	22	(9)	(30)
Dividends paid:			
– Members of the parent entity		(362)	(187)
– Non-controlling interest		(43)	(44)
Net cash provided by financing activities		1,090	131
Net increase/(decrease) in cash and cash equivalents		61	(434)
Cash and cash equivalents at the beginning of the year		185	643
Effects of exchange rate changes on cash held		(4)	(24)
Cash and cash equivalents at the end of the year	8(a)	242	185

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Attributable to Owners of the Parent						Total \$M	Non- controlling Interest \$M	Total \$M
	Issued Capital \$M	FX Translation Reserve* \$M	Hedge Reserve* \$M	Equity Settlement Reserve* \$M	Fair Value Reserve* \$M	Retained Earnings \$M			
Balance at 1 July 2011	13,569	(2,026)	17	45	–	2,171	13,776	99	13,875
Profit for the period	–	–	–	–	–	1,117	1,117	58	1,175
Other comprehensive income for the period	–	483	(2)	–	(2)	–	479	5	484
Total comprehensive income for the period	–	483	(2)	–	(2)	1,117	1,596	63	1,659
Transactions with owners in their capacity as owners									
Share-based payments	–	–	–	9	–	–	9	–	9
Shares issued –									
Dividend reinvestment plan	36	–	–	–	–	–	36	–	36
Share buy-back	(35)	–	–	–	–	–	(35)	–	(35)
Treasury shares	(9)	–	–	–	–	–	(9)	–	(9)
Dividends paid	–	–	–	–	–	(398)	(398)	(43)	(441)
Balance at 30 June 2012	13,561	(1,543)	15	54	(2)	2,890	14,975	119	15,094

* Refer Note 24 for description of reserves.

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

Consolidated	Attributable to Owners of the Parent						Total \$M	Non- controlling Interest \$M	Total \$M
	Issued Capital \$M	FX Translation Reserve* \$M	Hedge Reserve* \$M	Equity Settlement Reserve* \$M	Retained Earnings \$M				
Balance at 1 July 2010	3,640	(124)	(90)	36	1,492	4,954	56	5,010	
Profit for the year	–	–	–	–	908	908	58	966	
Other comprehensive income for the year	–	(1,902)	107	–	–	(1,795)	(24)	(1,819)	
Total comprehensive income for the year	–	(1,902)	107	–	908	(887)	34	(853)	
Transactions with owners in their capacity as owners									
Acquisition of Lihir Gold Limited, net of share issue costs (Note 35)	9,945	–	–	–	–	9,945	53	9,998	
Share-based payments	–	–	–	9	–	9	–	9	
Shares issued –									
Dividend reinvestment plan	42	–	–	–	–	42	–	42	
Share buy-back	(28)	–	–	–	–	(28)	–	(28)	
Treasury shares	(30)	–	–	–	–	(30)	–	(30)	
Dividends paid	–	–	–	–	(229)	(229)	(44)	(273)	
Balance at 30 June 2011	13,569	(2,026)	17	45	2,171	13,776	99	13,875	

* Refer Note 24 for description of reserves.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

1. CORPORATE INFORMATION

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

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

The financial report of Newcrest Mining Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 13 August 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation and Statement of Compliance

The financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets, which have been measured at fair value.

The financial report also complies with International Financial Reporting Standards (IFRS), including interpretations as issued by the International Accounting Standards Board.

The financial report has been presented in Australian dollars and all values are rounded to the nearest \$1,000,000 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 30.

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 33.

(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 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(w)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

(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 allowance for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and an allowance is made for any potential loss on their disposal.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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'. 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(o). 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(o)).

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, and active and significant operations in, or in relation to, the area of interest are continuing.

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

Deferred Feasibility

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

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

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

(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.

Mine Development

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

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

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

Depreciation and Amortisation

Amortisation of costs is provided using the unit-of-production method. 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(o)).

(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) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs), to which the goodwill relates. The recoverable amount is the higher of the CGUs:

- Fair value less costs to sell; and
- Value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The Group performs its impairment testing annually as at 30 June each year.

When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (group of CGUs) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(n) Other Intangible Assets

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

(o) 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.

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

(p) Available-for-Sale Financial Assets

The Group's investment in listed equity securities are designated as available-for-sale financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Income Statement.

The fair values of listed equity securities are determined by reference to quoted market price.

(q) Investment in Associate

The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's share of profit of an associate is included in the Income Statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Income Statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(r) Non-Current Assets and Disposal Groups Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(s) 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.

(t) Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value and subsequently at amortised cost.

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

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

(u) 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 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 using an option pricing model, further details of which are given in Note 26.

The fair value of the rights 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 rights that are expected to become exercisable. At each reporting date the Group revises its estimate of the number of rights 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 rights, the balance of the equity settlements reserve relating to those rights 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.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the Group's Environmental Policy) to 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 a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

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

(w) Derivative Financial Instruments and Hedging

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

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

The fair value of forward sale contracts, diesel forward contracts and foreign currency forward contracts are calculated by reference to current forward commodity prices.

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

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

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

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised 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.

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.

(x) Issued Capital

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

Treasury Shares

The Group's own equity instruments, which are reacquired on market for later use in employee share-based payment arrangements (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(y) Earnings Per Share (EPS)

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

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

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

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

(z) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(aa) Government Royalties

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

(bb) 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.

(cc) 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.

(dd) 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.

(ee) New Accounting Standards and Interpretations

Adoption of New Standards and Interpretations

The Group did not adopt any new and/or revised standards, amendments and interpretations from 1 July 2011 that had an effect on the financial position or performance of the Group.

New Accounting Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those that 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 2012, 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 9 Financial Instruments AASB 2010–7 and AASB 2009–11 Amendments to AAS's arising from AASB 9	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 10 Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity.	(ii)	1 July 2013
AASB 11 Joint Arrangements	AASB 11 replaces AASB 1031. The standard uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.	(ii)	1 July 2013
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about these entities.	(iii)	1 July 2013
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. It includes guidance on how to determine fair value under AASB and expands the disclosure requirements for all assets or liabilities carried at fair value.	(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
AASB 2011–9 Amendment – Presentation of Other Comprehensive Income	This standard requires the grouping of items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	(i)	1 July 2012
AASB 119 Employee Benefits	This revised standard amends the: – definition of short-term benefits, meaning some annual entitlements may become long term in nature with a revised measurement; and – timing for recognising a provision for termination benefits, such that provisions can only be recognised when the officer cannot be withdrawn.	(ii)	1 July 2013
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs (also known as deferred mining costs) are to be capitalised as part of an asset if: – an entity can demonstrate that it is probable future economic benefits will be realised; – the costs can be reliably measured; and – the entity can identify the component of an ore body for which access has been improved. The stripping activity asset shall be amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.	(iv)	1 July 2013

- (i) The adoption of this new standard, amendment or interpretation will not have a material impact on the Group's financial statements.
- (ii) The Group has not yet determined the extent of the impact, if any.
- (iii) This new standard will result in additional disclosures in the financial statements.
- (iv) This interpretation will have an impact on the Group's financial statements. The recognition and measurement of this asset under the interpretation differs from the Group's current accounting policy. The Group has not yet determined the full financial impact of this difference.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Mine Rehabilitation Provision

The Group assesses its mine rehabilitation provision annually in accordance with the accounting policy Note 2(v). 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.

(b) Unit-of-Production Method of Depreciation/Amortisation

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

(c) Impairment of Assets

The Group assesses each Cash-Generating Unit (CGU), including CGUs with Goodwill as listed in Note 15, at least annually, 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(o). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance (including the magnitude and timing of related cash flows).

(d) 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 26.

(e) 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 deferred mining resulting from a change in life of mine ratios are accounted for prospectively.

(f) Recovery of Deferred Tax Assets

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(g) Ore Reserve Estimates

The Group estimates its ore reserves and mineral resources 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.

(h) 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.

(i) Investment in Associates

Included in the carrying value of the investment in Evolution Mining Limited (Evolution) is the Group's share of profit of the associate for the period 2 November 2011 to 30 June 2012. As at the date of this report, Evolution has not released its full financial statements for the year ended 30 June 2012. The Group's share of profit of the associate has been estimated based on publicly available information, including the associate's half-year accounts for the period ended 31 December 2011 and quarterly production reports to 30 June 2012. This estimate may change when full financial statements become available and this may impact the carrying value of the investment.

Judgement is required in assessing whether there is objective evidence that the investment in Evolution is impaired. At the reporting date, the market value of the investment in Evolution was below its carrying amount. The Group has determined that the decline in market value is not significant or prolonged nor is the Group aware of other objective evidence that the investment in Evolution is impaired.

4. REVENUE AND EXPENSES

	Consolidated	
	2012 \$M	2011 \$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	3,740	3,409
Copper	613	638
Silver	63	55
Total operating sales revenue	4,416	4,102
Total revenue	4,416	4,102
(b) Cost of Sales		
Mine production costs	2,221	1,813
Royalty	130	121
Concentrate treatment and realisation	140	136
Deferred mining adjustment	(178)	–
Inventory movements	(248)	(170)
	2,065	1,900
Depreciation	542	501
Total cost of sales	2,607	2,401
(c) Corporate Administration Expenses		
Corporate costs	112	70
Corporate depreciation	19	14
Equity-settled share-based payments	9	9
Total corporate administration expenses	140	93
(d) Other Income/(Expenses)		
Joint venture management fees	–	1
Net foreign exchange gain/(loss)	(14)	(26)
Net fair value gain/(loss) on gold and copper derivatives	16	15
Net gain/(loss) on sale of non-current assets	(3)	–
Royalty dispute ⁽¹⁾	–	11
Other	(13)	(10)
Total other income/(expenses)	(14)	(9)
(e) Finance Costs		
Interest costs:		
Interest on loans	58	22
Finance leases	–	1
Other:		
Facility fees and other costs	17	13
Discount unwind on provisions	8	11
	83	47
Less: Capitalised borrowing costs	(40)	(2)
Total finance costs	43	45
(f) Depreciation and Amortisation		
Property, plant and equipment	316	269
Mine development	291	306
Intangible assets	19	17
	626	592
Add/(Less):		
Capitalised to inventory on hand or mines under construction	(65)	(77)
Total depreciation and amortisation expense	561	515
Included in:		
Cost of sales depreciation	542	501
Corporate depreciation	19	14
Total depreciation and amortisation expense	561	515

⁽¹⁾ In 2010, the Group received an unfavourable ruling by the NSW Court of Appeal in respect to Mineral Royalties dispute at Cadia Valley, and the Group had accrued for this exposure. The ruling was subsequently overturned by the High Court of Australia on Appeal by the Group, and the accrual was released in 2011.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

4. REVENUE AND EXPENSES (continued)

	Consolidated	
	2012 \$M	2011 \$M
(g) Employee Benefits Expense		
Defined contribution plan expense	37	33
Equity-settled share-based payments	9	9
Other employment benefits	458	431
Total employee benefits expense	504	473
(h) Other Items		
Operating lease rentals	8	8
(i) Losses on Restructured and Closed-Out Hedge Contracts		
Losses on restructured and closed-out hedge contracts transferred from reserves (Note 24(c))	7	153
Applicable income tax/(benefit)	(2)	(46)
Total losses on restructured and closed-out hedges (after tax)	5	107
(j) Other Close-Out Related Costs		
Fair value loss on gold put options	–	3
Applicable income tax/(benefit)	–	(1)
Total other close-out related costs (after tax)	–	2
(k) Business Acquisition and Integration Costs		
Acquisition-related costs	–	15
Integration costs ⁽¹⁾	11	37
	11	52
Applicable income tax expense/(benefit)	(3)	(11)
Total business acquisition and integration costs (after tax)	8	41
(l) Gain on Business Divestment		
Consideration received	390	–
Written down value of net assets sold	(336)	–
Disposal costs	(8)	–
Applicable income tax expense/(benefit)	–	–
Gain on business divestment⁽²⁾	46	–

⁽¹⁾ Represents costs associated with the acquisition of Lihir Gold Limited on 30 August 2010. Refer Note 35.

⁽²⁾ Represents gain on the divestment of Cracow and Mt Rawdon operations on 2 November 2011. Refer Note 34.

5. INCOME TAX

	Consolidated	
	2012 \$M	2011 \$M
(a) Income Tax Expense Comprises:		
Current income tax		
Current income tax expense	278	410
Under/(over) provision in respect of prior years	(94)	(41)
	184	369
Deferred tax		
Relating to origination and reversal of temporary differences	195	(30)
Under/(over) provision in respect of prior years	23	(5)
	218	(35)
Income tax expense per the Income Statement	402	334
(b) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	1,577	1,300
Income tax expense calculated at 30% (2011: 30%)	473	390
– Research and development allowance in respect to:		
– Current year	(4)	(7)
– Prior year	(27)	(43)
– Gain on business divestment	(14)	–
– Recognition of tax losses	(35)	–
– Other	18	(3)
– (Over) provided in prior years	(9)	(3)
Income tax expense per the Income Statement	402	334

5. INCOME TAX (continued)

	Consolidated					Balance at 30 June \$M
	Balance at 1 July \$M	Acquisitions and divestments \$M	(Charged)/ credited to income \$M	(Charged)/ credited to equity \$M	Translation \$M	
(c) Movement in Deferred Taxes						
2012						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	205	–	24	–	–	229
– Overseas entities	25	–	4	–	1	30
	230	–	28	–	1	259
Deferred tax liabilities						
Temporary differences:						
– Fixed assets ⁽¹⁾	(1,595)	34	(88)	–	(66)	(1,715)
– Deferred mining	(70)	17	(99)	–	(2)	(154)
– Financial instruments	(3)	–	4	2	–	3
– Provisions	56	(1)	7	–	1	63
– Other	(62)	1	(42)	–	(1)	(104)
	(1,674)	51	(218)	2	(68)	(1,907)
Net deferred taxes	(1,444)	51	(190)	2	(67)	(1,648)
2011						
Deferred tax assets						
Carry forward revenue losses recognised:						
– Australian entities	250	126	(171)	–	–	205
– Overseas entities	21	31	(21)	–	(6)	25
	271	157	(192)	–	(6)	230
Deferred tax liabilities						
Temporary differences:						
– Fixed assets ⁽¹⁾	(380)	(1,476)	(18)	–	279	(1,595)
– Deferred mining	(65)	(13)	7	–	1	(70)
– Financial instruments	(7)	–	51	(47)	–	(3)
– Provisions	21	31	7	–	(3)	56
– Other	(57)	(4)	(12)	10	1	(62)
	(488)	(1,462)	35	(37)	278	(1,674)
Net deferred taxes	(217)	(1,305)	(157)	(37)	272	(1,444)

⁽¹⁾ Comprises property, plant and equipment; exploration, evaluation and development; and other intangible assets.

(d) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of carry forward capital losses of \$286 million (2011: \$296 million) because it is not probable that the Group will have future capital gains available against which carry forward capital losses could be utilised.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

6. DIVIDENDS

	Cents per share	Total amount \$M	Date of payment
(a) Dividend Determined and Paid			
The following dividends (unfranked) on ordinary shares were determined and paid:			
2011 Financial Year			
Final – In respect to the year ended 30 June 2010	20.0	153	22 Oct 2010
Interim – In respect to the year ended 30 June 2011	10.0	76	15 Apr 2011
	30.0	229	
2012 Financial Year			
Final – In respect to the year ended 30 June 2011	20.0	153	21 Oct 2011
Special – In respect to the year ended 30 June 2011	20.0	153	16 Dec 2011
Interim – In respect to the year ended 30 June 2012	12.0	92	17 Apr 2012
	52.0	398	
Participation in the Dividend Reinvestment Plan reduced the cash amount paid to owners of the parent to \$362 million (2011: \$187 million).			
(b) Dividend Proposed and Not Recognised as a Liability			
Subsequent to the end of the year, the Directors determined the following dividend (15% franked) be paid:			
Final – In respect to the year ended 30 June 2012	23.0	176	19 Oct 2012

(c) Dividend Franking Account Balance

Franking credits at 30% as at 30 June 2012 available for the subsequent financial year is \$20 million (2011: nil).

7. EARNINGS PER SHARE (EPS)

	Consolidated	
	2012 ¢	2011 ¢
EPS (cents per share)		
Basic EPS	146.0	126.4
Diluted EPS	145.8	126.2
	2012 \$M	2011 \$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	1,117	908
	2012 No. of shares	2011 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:	765,048,302	718,079,536
Effect of dilutive securities:		
Share rights ⁽¹⁾	1,108,181	1,176,963
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	766,156,483	719,256,499

⁽¹⁾ Rights granted to employees (including Key Management Personnel) as described in Note 26 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These rights have not been included in the determination of basic earnings per share.

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2012 \$M	2011 \$M
(a) Components of Cash and Cash Equivalents		
Cash at bank	100	40
Short-term deposits	142	145
Total cash and cash equivalents	242	185
(b) Reconciliation of Net Profit after Income Tax to Net Cash Flow from Operating Activities		
Profit after income tax	1,175	966
Non-cash items:		
Depreciation and amortisation	561	515
Hedge restructure and close-out expense	7	153
Net fair value change on derivatives	15	18
Share-based payments	9	9
Discount unwind on provisions	8	11
Share of profit of associate	(15)	–
Non-cash component of gain on business divestment	(54)	–
Other non-cash items	(11)	43
Items presented as investing or financing activities:		
Exploration expenditure written off	80	55
Changes in assets and liabilities, net of effects from business acquisitions and divestments:		
(Increase)/Decrease in:		
Trade and other receivables	190	(144)
Inventories	(452)	(70)
Deferred mining	(177)	(42)
Prepayments	(35)	78
Deferred tax assets	(29)	198
(Decrease)/Increase in:		
Trade and other payables	50	64
Provisions	120	77
Current tax liabilities	–	76
Deferred tax liabilities	284	(276)
Deferred income	–	(2)
Net cash from operating activities	1,726	1,729
(c) Non-cash Financing and Investing Activities		
Dividends paid by the issue of shares under the Dividend Reinvestment Plan	36	42

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2012 \$M	2011 \$M
Current		
Metal in concentrate receivables ⁽¹⁾	100	277
Bullion awaiting settlement ⁽²⁾	46	56
GST receivable ⁽³⁾	61	60
Other receivables ⁽³⁾	44	48
Total current receivables	251	441

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

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

⁽³⁾ Recorded at amortised cost, are non-interest bearing and are generally expected to settle within one to two months.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

10. INVENTORIES

	Consolidated	
	2012 \$M	2011 \$M
Current		
Ore	240	232
Gold in circuit	32	25
Concentrate	94	136
Materials and supplies	382	298
Total current inventories	748	691
Non-Current		
Ore	1,095	710
Total non-current inventories	1,095	710

11. DERIVATIVE AND OTHER FINANCIAL ASSETS

	Consolidated	
	2012 \$M	2011 \$M
Current		
Quotational period derivatives ⁽¹⁾	–	6
Copper forward sales contracts	10	6
Other financial derivatives	1	3
Total current derivative and other financial assets	11	15
Non-Current		
Available-for-sale financial assets ⁽²⁾	8	9
Total non-current derivative and other financial assets	8	9

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

⁽²⁾ Represents investments in listed companies.

12. OTHER ASSETS

	Consolidated	
	2012 \$M	2011 \$M
Current		
Prepayments	91	55
Deferred mining expenditure	121	155
Total current other assets	212	210
Non-Current		
Prepayments	5	6
Deferred mining expenditure	272	118
Total non-current other assets	277	124

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2012 \$M	2011 \$M
At 30 June		
Cost	6,516	5,172
Accumulated depreciation	(2,152)	(1,862)
	4,364	3,310
Year ended 30 June		
Carrying amount at 1 July	3,310	1,764
Business divestment (Note 34)	(52)	–
Acquisition of Lihir Gold Ltd (Note 35)	–	1,565
Additions	436	357
Depreciation charge for the year	(316)	(269)
FX translation	31	(362)
Reclassifications/transfers	955	255
Carrying amount at 30 June	4,364	3,310

Included in property, plant and equipment are leased assets with a carrying amount of \$12 million (2011: \$14 million).

14. CAPITALISED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES

	Consolidated				
	Exploration and Evaluation Expenditure \$M	Deferred Feasibility Expenditure \$M	Mines Under Construction \$M	Mine Development ⁽¹⁾ \$M	Total \$M
At 30 June 2012					
Cost	797	174	1,731	7,532	10,234
Accumulated depreciation	–	–	–	(1,439)	(1,439)
	797	174	1,731	6,093	8,795
Year ended 30 June 2012					
Carrying amount at 1 July 2011	775	74	1,376	5,450	7,675
Business divestment (Note 34)	(16)	–	–	(213)	(229)
Expenditure during the year ⁽²⁾	158	130	1,815	249	2,352
Expenditure written off during the year	(80)	–	–	–	(80)
Depreciation charge for the year	–	–	–	(291)	(291)
FX translation	36	2	56	235	329
Reclassifications/transfers	(76)	(32)	(1,516)	663	(961)
Carrying amount at 30 June 2012	797	174	1,731	6,093	8,795
At 30 June 2011					
Cost	775	74	1,376	6,720	8,945
Accumulated depreciation	–	–	–	(1,270)	(1,270)
	775	74	1,376	5,450	7,675
Year ended 30 June 2011					
Carrying amount at 1 July 2010	285	20	477	1,774	2,556
Acquisition of Lihir Gold Ltd (Note 35)	565	–	672	3,748	4,985
Expenditure during the year ⁽²⁾	126	32	1,411	178	1,747
Expenditure written off during the year	(55)	–	–	–	(55)
Depreciation charge for the year	–	–	–	(306)	(306)
FX translation	(142)	–	(168)	(696)	(1,006)
Reclassifications/transfers	(4)	22	(1,016)	752	(246)
Carrying amount at 30 June 2011	775	74	1,376	5,450	7,675

Reclassifications/transfers:

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

⁽¹⁾ Includes acquired Mineral Rights.

⁽²⁾ Borrowing costs were capitalised on qualifying assets at a weighted average interest rate of 3% (2011: 2%).

Areas of interest in the exploration phase at cost:

	Consolidated	
	2012 \$M	2011 \$M
Cadia Valley, NSW	6	54
Telfer, WA	69	52
Cracow and Mount Rawdon, QLD	–	15
Marsden, NSW	5	5
Gosowong, Indonesia	28	22
Namosi, Fiji	20	20
Hidden Valley, PNG	5	13
Wafi-Golpu, PNG	143	115
Morobe Province, PNG	6	6
Lihir, PNG	227	199
Côte d'Ivoire, West Africa	288	274
	797	775

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.

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FOR THE YEAR ENDED 30 JUNE 2012

15. GOODWILL

	Consolidated	
	2012 \$M	2011 \$M
Opening balance	3,621	–
Divestments (Note 34)	(53)	–
Acquisition of Lihir Gold Limited (Note 35)	–	4,370
Foreign currency translation	191	(749)
Closing balance	3,759	3,621

(a) Allocation of Goodwill to Cash-Generating Units

Goodwill arose through the acquisition of Lihir Gold Limited on 30 August 2010 and has been allocated to the following cash-generating units (CGUs):

Mt Rawdon	–	53
West Africa	184	175
Lihir	3,575	3,393
	3,759	3,621

(b) Impairment Test

Goodwill recognised as a result of the acquisition of Lihir Gold Limited (LGL) has been allocated to Cash-Generating Units (CGUs) as noted above in Note 15(a).

The goodwill on acquisition reflects the following aspects:

- The unique financial characteristics of gold assets, where they generally trade at a premium to underlying discounted cash flows;
- The value implicit in the ability to sustain and/or grow the Newcrest group by increasing reserves and resources through exploration at the acquired assets, as well as the increased optionality available for the total asset portfolio; and
- The requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in the acquisition.

In assessing whether goodwill has been impaired, the carrying amount of the CGU is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs to sell and value in use. The Group has used fair value less costs to sell, as it is higher.

Fair value less costs to sell was determined by using a discounted cash flow methodology, then application of a CGU specific gold multiple. The discounted cash flow valuations are based on the latest CGU life-of-mine (LOM) planning information, market-based commodity price and exchange assumptions and country specific discount rates.

The LOM plans reflect Newcrest's assessment of the relevant characteristics of the ore body (including recoverable reserves and resources) and processing activities to estimate overall production levels, future cash costs of production and required levels of capital expenditure for each mine. LOM plans are updated annually.

The key assumptions in addition to the LOM plans used in the discounted cash flow valuations are gold prices, the Australian dollar exchange rate against the US dollar, discount rates and CGU specific gold multiple.

Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this most recent review, long-term gold price is estimated at US\$1,100 per ounce (2011: US\$1,000 per ounce) and the long-term US to Australian dollar exchange rate of US\$0.80 per A\$1.00 (2011: \$0.80).

The discount rate applied to discount the estimated cash flows is based upon Newcrest's real weighted average cost of capital, with an appropriate adjustment for the risks associated with the relevant cash flows based on the functional currency and geographic location of the CGU. The real after tax discount rates used were Papua New Guinea 5.5% and Côte d'Ivoire 6% (2011: Papua New Guinea 7% and Côte d'Ivoire 7%); in both cases the functional currency is US dollars.

Newcrest applies a gold multiple to the discounted cash flow valuation in order to assess the CGU's estimated fair value. Gold companies typically trade at a market capitalisation that is based on a multiple of their underlying discounted cash flow valuation. Similarly, in an asset sale scenario, a gold multiple would generally be applied when estimating the fair value of an operating gold mine. In determining the appropriate gold multiples for CGUs, we took into consideration the mine life, reserve/resource addition potential, average annual production level and operating cost profile. In addition, the external market view of Newcrest's overall gold multiple was taken into consideration. The following range of gold multiples for each CGU was determined: Lihir 1.4 (2011: 1.7 – 2.0) and West Africa 1.1 (2011: 1.3 – 1.7).

In the assessment of goodwill impairment, Newcrest also undertook sensitivity analysis using the following scenarios:

- (i) Long-term gold price of US\$1,300 per ounce, AUD:USD exchange rate of \$0.85, with all other key assumptions held constant; and
- (ii) Spot prices for commodities for all future periods, including gold price at US\$1,575 per ounce, AUD:USD exchange rate of \$1.025, with no gold multiple applied. All other key assumptions held constant.

Lihir and West Africa at 30 June 2012 each had an excess of fair value over carrying value in all three valuation scenarios.

It should be noted that the CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, discount rates, CGU specific gold multiples, production and cost performance. A material adverse change in one or more of these assumptions could result in a material reduction in the excess of valuation over book value.

16. OTHER INTANGIBLE ASSETS

	Consolidated	
	2012 \$M	2011 \$M
Information Systems Development		
At 30 June		
Cost	154	103
Accumulated amortisation	(61)	(42)
	93	61
Year ended 30 June		
Carrying amount at 1 July	61	83
Acquisition of Lihir Gold Limited (Note 35)	–	3
Additions	45	1
Amortisation charge for the year	(19)	(17)
Reclassifications/transfers	6	(9)
Carrying amount at 30 June	93	61

17. INVESTMENT IN ASSOCIATE

	Consolidated	
	2012 \$M	2011 \$M
Investment in Evolution Mining Ltd		
Opening balance	–	–
Acquisitions (Note 34)	390	–
Share of profit of associate	15	–
Non-participation in rights issue	(10)	–
Closing balance	395	–

The Group has a 32.68% (2011: nil) interest in Evolution Mining Limited (Evolution), which is an Australian gold mining company listed on the Australian Securities Exchange (ASX). The market value of the Group's interest in Evolution as 30 June 2012 was \$341 million based on the closing market bid price of \$1.48 on the ASX on 29 June 2012.

The following table discloses summarised financial information of the Group's investment in Evolution:

Share of the associate's statement of financial position		
Total assets	445	–
Total liabilities	(50)	–
Net assets	395	–
Share of the associate's revenue and profit		
Revenue	126	–
Profit	15	–

18. TRADE AND OTHER PAYABLES

	Consolidated	
	2012 \$M	2011 \$M
Trade payables ⁽¹⁾	120	91
Other payables and accruals ⁽¹⁾	362	341
Total trade and other payables	482	432

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

19. BORROWINGS

		Consolidated	
		2012 \$M	2011 \$M
Current			
Finance lease liabilities – secured	(i)	3	4
US dollar bilateral debt – unsecured	(ii)	1,197	–
US dollar private placement notes – unsecured	(iii)	–	112
Total current borrowings		1,200	116
Non-Current			
Finance lease liabilities – secured	(i)	1	4
US dollar bilateral debt – unsecured	(ii)	–	466
US dollar private placement notes – unsecured	(iii)	226	214
US dollar corporate bonds – unsecured	(iv)	981	–
Total non-current borrowings		1,208	684

(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 has bilateral debt facilities of US\$2,000 million (2011: US\$1,100 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.

At the date of this report, the Group is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of three years or more.

(iii) US dollar private placement notes

During the year ended 30 June 2005, the Group issued US\$350 million of long-term senior unsecured notes into the North American private placement market. The proceeds of the placement were received on 11 May 2005 and comprised five tranches:

	Maturity	2012 US\$M	2011 US\$M
Floating 7 years	11/5/2012	–	25
Fixed 7 years	11/5/2012	–	95
Fixed 10 years	11/5/2015	105	105
Fixed 12 years	11/5/2017	100	100
Fixed 15 years	11/5/2020	25	25
		230	350

Interest on the fixed rate notes is payable semi-annually at an average of 5.7% (2011: 5.6%). Floating rate interest was based on LIBOR plus a margin and was payable quarterly at an average of 1.2% (2011: 1.2%).

These notes were fully drawn as at 30 June 2012 and have been restated to Australian dollars, using the spot exchange rate at the reporting date.

(iv) US dollar corporate bonds

In November 2011, Newcrest issued US\$1,000 million in US dollar Corporate Bonds (notes). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

- US\$750 million Senior Unsecured Notes due 15 November 2021 with a coupon of 4.45%.
- US\$250 million Senior Unsecured Notes due 15 November 2041 with a coupon of 5.75%.

(v) Hedging: US dollar denominated debt

Where considered appropriate the foreign currency component of US dollar denominated debt is designated either as a cash flow hedge of future US dollar denominated commodity sales or a net investment in foreign operations with a US dollar functional currency. Refer Note 27(d) for further details.

19. BORROWINGS (continued)

(vi) Financial arrangements

The Group has access to the following unsecured financing arrangements.

	Consolidated	
	2012 \$M	2011 \$M
Facilities utilised at reporting date:		
US dollar bilateral facilities	1,197	466
US dollar private placement notes	226	326
US dollar corporate bonds	981	–
	2,404	792
Facilities not utilised at reporting date:		
US dollar bilateral facilities	765	558
	765	558
Total facilities		
US dollar bilateral facilities (2012: US\$2,000M, 2011: US\$1,100M)	1,962	1,024
US dollar private placement notes (2012: US\$230M, 2011: US\$350M)	226	326
US dollar corporate bonds (2012: US\$1,000M, 2011: nil)	981	–
	3,169	1,350

20. PROVISIONS

		Consolidated	
		2012 \$M	2011 \$M
Current			
Employee benefits	(i)	134	109
Mine rehabilitation and restoration	(ii)	6	5
Other	(iii)	60	56
Total current provisions		200	170
Non-Current			
Employee benefits	(i)	29	24
Mine rehabilitation and restoration	(ii)	279	206
Other	(iii)	–	2
Total non-current provisions		308	232

(i) Employee benefits

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

(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.

(iii) Other provisions

Comprises onerous contracts, community obligations and other miscellaneous items.

Movements in provisions

Movements in provisions (excluding employee benefits) during the year were as follows:

	Mine Rehabilitation & Restoration \$M	Other Provisions \$M
At 1 July 2011	211	58
Charged during the year	4	8
Movements in discount rates	71	–
Paid/utilised during the year	–	(9)
Business divestment	(12)	–
Unwinding of discount	8	–
FX translation	3	3
At 30 June 2012	285	60
Split between:		
Current	6	60
Non-current	279	–
	285	60

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

21. FINANCIAL DERIVATIVE LIABILITIES

	Consolidated	
	2012 \$M	2011 \$M
Current		
Quotational period derivatives ⁽¹⁾	18	6
Other financial derivatives	–	1
Total current financial derivative liabilities	18	7

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

22. ISSUED CAPITAL

	Consolidated	
	2012 \$M	2011 \$M
(a) Movements in Issued Capital		
Opening balance	13,569	3,640
Shares issued during the year:		
– Dividend reinvestment plan	(ii) 36	42
– Acquisition of Lihir Gold Limited	(iii) –	9,947
– Share issue costs	(iii) –	(2)
– Share buy-back	(v) (35)	(28)
– Shares repurchased and held in treasury	(vi) (9)	(30)
Total issued capital	13,561	13,569
	2012 No.	2011 No.

(b) Number of Issued Ordinary Shares

Comprises:		
– Shares held by the public	764,561,477	764,412,847
– Treasury shares	438,523	587,153
Total issued capital	765,000,000	765,000,000
Movement in issued ordinary shares for the year		
Opening number of shares	764,412,847	483,498,777
Shares issued under:		
– Share plans	(i) 379,568	343,086
– Dividend reinvestment plan	(ii) 1,062,040	1,085,162
– Acquisition of Lihir Gold Limited	(iii) –	280,987,564
– Employee share acquisition plan	(iv) 39,062	39,257
– Share buy-back	(v) (1,062,040)	(754,621)
– Purchases by the Newcrest Employee Share Trust	(vi) (270,000)	(786,378)
Closing number of shares	764,561,477	764,412,847
Movement in treasury shares for the year		
Opening number of shares	587,153	–
– Purchases	270,000	786,378
– Issued pursuant to share plans	(418,630)	(199,225)
Closing number of shares	438,523	587,153

- (i) Represents rights exercised under the Company's share-based payments plans. Refer Note 26.
- (ii) The Dividend Reinvestment Plan provides shareholders with an opportunity to reinvest all or part of their dividend entitlements at the market price at the time of issue.
- (iii) Represents issue of shares on 13 September 2010 pursuant to the Scheme of Arrangement between Lihir Gold Limited and its ordinary shareholders, which became effective on 30 August 2010. Refer Note 35 for further details. Transaction costs associated with the issue amounted to \$2 million.
- (iv) 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.

22. ISSUED CAPITAL (continued)

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

Date	Shares Bought Back and Cancelled			
	No.	Average Price	Low	High
17 Nov 2011	432,056	36.74	36.36	37.01
25 Nov 2011	63,560	33.62	33.29	34.23
21 Dec 2011	394,195	31.49	30.86	31.69
26 Apr 2012	108,800	25.47	25.43	25.49
27 Apr 2012	63,429	25.81	25.69	25.90
	1,062,040			

The total cost of \$35 million has been deducted from Issued Capital.

In order to minimise 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 intends to 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.

(vi) During the year, \$9 million of shares (2011: \$30 million) were purchased by the Newcrest Employee Share Trust on behalf of Newcrest Mining Limited to satisfy future share rights and awards as they vest.

23. RETAINED EARNINGS

	Consolidated	
	2012 \$M	2011 \$M
Opening balance	2,171	1,492
Profit after tax (attributable to owners of the parent)	1,117	908
Dividends paid	(398)	(229)
Closing balance	2,890	2,171

24. RESERVES

	Note	Consolidated	
		2012 \$M	2011 \$M
Equity Settlements Reserve	(a)	54	45
Foreign Currency Translation Reserve	(b)	(1,543)	(2,026)
Hedge Reserve	(c)	15	17
Fair Value Reserve	(d)	(2)	–
Total Reserves		(1,476)	(1,964)

(a) Equity Settlements Reserve

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

(b) Foreign Currency Translation Reserve

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

During the current year, the Group issued US\$1,000 million in US denominated corporate bonds. This debt has been designated as a hedge of the net investment in a foreign operation (Lihir Gold Limited). The exchange gains or losses upon subsequent revaluation of this US dollar denominated debt, in an effective hedge relationship, from the historical drawdown rate to the period-end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve. These cumulative gains or losses will remain deferred in equity and will only be transferred to the Income Statement in the event of the disposal of the foreign operation. During the year \$7 million (net of tax) was deferred to the reserve in respect of this net investment hedge.

The Group's foreign operations have a US dollar functional currency. The decrease in the reserve during the year was mainly due to the depreciation of the Australian dollar against the US dollar, which represented a movement of 5%. The Group's foreign operations were translated at a rate of 1.0191 at 30 June 2012 compared with 1.0739 at 30 June 2011.

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FOR THE YEAR ENDED 30 JUNE 2012

24. RESERVES (continued)

(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(w)). The components of the Hedge Reserve at year end were as follows:

Components	30 June 2012			30 June 2011		
	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 ⁽¹⁾	20	(6)	14	30	(9)	21
Losses on hedge contracts ⁽²⁾	–	–	–	(7)	2	(5)
Other cash flow hedges	1	–	1	2	(1)	1
	21	(6)	15	25	(8)	17

⁽¹⁾ FX Gains on US dollar private placement notes

The foreign currency component of this US dollar denominated debt was designated as a cash flow hedge of future US dollar denominated commodity sales. During the 2010 year, this hedge was de-designated. As a result of this de-designation, foreign exchange differences on the retranslation of this debt, from the date of de-designation are recorded in the Income Statement.

At the date of de-designation, the balance of this cash flow hedge deferred in equity was \$21 million (net of tax). This balance will continue to remain deferred in equity and will be released to the Income Statement, in the same period as the anticipated hedged US dollar denominated commodity sales.

During the year, \$7 million (gross of \$10 million less tax of \$3 million) was transferred to the Income Statement (2011: nil).

⁽²⁾ Losses on hedge contracts

Losses on hedge contracts incurred in previous years (which were restructured/closed out in previous years) were released to the Income Statement in line with the original sales to which they were designated. These losses have now been fully released to the Income Statement.

(d) Fair Value Reserve

The Fair Value Reserve records movements in the fair value of available-for-sale financial assets. Where a revalued financial asset is sold or is determined to be impaired, the cumulative gain or loss included in the reserve is recognised in profit or loss.

25. AUDITOR'S REMUNERATION

	Consolidated	
	2012 \$'000	2011 \$'000
(a) Amounts Received or Due and Receivable by Ernst & Young (Australia) for:		
Audit or review of financial reports of the company and subsidiaries	1,834	1,805
Other services:		
– Assurance services in respect of acquisitions	–	58
– Assurance services in respect of divestments	40	185
– Accounting advice and other assurance-related services	128	6
– Assurance services in relation to USD corporate bonds issue	319	–
– Advisory services in relation to business management processes	413	–
	2,734	2,054
(b) Amounts Received or Due and Receivable by Related Practices of Ernst & Young (Australia) for:		
Audit or review of financial reports of subsidiaries	193	91
(c) Amounts Received or Due and Receivable by Other Auditors for:		
Audit or review of the financial report of subsidiaries	41	415
Other non-audit services	–	148
	41	563

26. SHARE-BASED PAYMENTS

(a) Newcrest Employee Share Acquisition Plan

Under the Newcrest Employee Share Acquisition Plan (ESAP, or the Plan), eligible employees are granted shares in Newcrest Mining Limited (the Company) for no cash consideration. All Australian resident permanent employees who have been continuously employed by the 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 (2011: \$1.5 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 2012, 1,396 employees participated in the Plan (2011: 1,501 employees).

(b) Executive Performance Share Plan (LTI Plan)

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

26. SHARE-BASED PAYMENTS (continued)

The performance measures for the Performance Rights granted in the 2011 and 2012 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 re-test performance under the Plan after the performance period.

The assessed fair value at grant date of the share rights granted under the Plan during the 2012 year was \$31.83 (2011: \$41.66) per right.

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

– Exercise price:	nil	(2011: nil)
– Risk-free interest rate:	3.16%	(2011: 5.09%)
– Expected life of right (years):	3 years	(2011: 3 years)
– Share price at grant date:	\$33.18	(2011: \$42.29)
– Expected dividend yield:	1.5%	(2011: 0.5%)

(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 performing personnel in 2009.
- 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.

Outstanding Restricted Rights at the end of 2012 have an expiry date of 11 November 2013.

(d) Movements in the Number of Rights

Detailed information of share rights over unissued ordinary shares is set out below:

Grant date	Exercise date on or after	Expiry date	Movement in Number of Rights During the Year				Number at end of year	Number Exercisable at end of year
			Number at beginning of year	Granted	Exercised	Forfeited		
2012								
3 Nov 06	3 Nov 09	3 Nov 11	103,429	–	(102,787)	(642)	–	–
9 Nov 07	9 Nov 10	9 Nov 12	124,902	–	(70,989)	(633)	53,280	53,280
11 Nov 08	11 Nov 10	11 Nov 12	81,339	–	(34,240)	(4,857)	42,242	42,242
11 Nov 08	11 Nov 11	11 Nov 13	352,129	–	(171,552)	(47,008)	133,569	133,569
10 Nov 09	10 Nov 12	10 Nov 14	253,809	–	–	(83,256)	170,553	–
10 Nov 10	10 Nov 13	10 Nov 15	261,355	–	–	(68,257)	193,098	–
23 Sep 11	23 Sep 14	23 Sep 14	–	517,564	–	(2,125)	515,439	–
Total			1,176,963	517,564	(379,568)	(206,778)	1,108,181	229,091
2011								
8 Nov 05	8 Nov 08	8 Nov 10	11,166	–	(11,166)	–	–	–
14 Jul 06	14 Jul 09	14 Jul 11	165,000	–	(165,000)	–	–	–
3 Nov 06	3 Nov 09	3 Nov 11	140,804	–	(35,561)	(1,814)	103,429	103,429
9 Nov 07	9 Nov 10	9 Nov 12	220,971	–	(79,497)	(16,572)	124,902	124,902
11 Nov 08	11 Nov 10	11 Nov 12	146,272	–	(51,862)	(13,071)	81,339	81,339
11 Nov 08	11 Nov 11	11 Nov 13	361,206	–	–	(9,077)	352,129	–
10 Nov 09	10 Nov 12	10 Nov 14	264,079	–	–	(10,270)	253,809	–
10 Nov 10	10 Nov 13	10 Nov 15	–	261,355	–	–	261,355	–
Total			1,309,498	261,355	(343,086)	(50,804)	1,176,963	309,670

All share rights have a nil exercise price.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

27. 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 and available-for-sale assets, 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 assets and financial liabilities at year end.

Category	Consolidated	
	2012 \$M	2011 \$M
Financial assets		
Cash and cash equivalents	242	185
Loans and receivables	251	441
Derivatives at fair value through profit or loss	10	12
Derivatives in designated hedge accounting relationship	1	3
Available-for-sale financial assets	8	9
Financial liabilities		
Trade and other payables	482	432
Borrowings	2,408	800
Derivatives at fair value through profit or loss	18	6
Derivatives in designated hedge accounting relationship	–	1

(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 counterparty, with a maximum exposure equal to the carrying amount of these financial assets as recorded in the financial statements.

It is the Group's policy that all customers who wish to trade on credit terms and providers of capital or financial counter parties are subject to a credit risk analysis including assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (such as letter of credits) where appropriate from customers, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was \$14 million (2011: nil).

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 2012 or 30 June 2011.

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.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (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		Total \$M
		Less than 30 days \$M	Greater than 30 days \$M	
2012				
Metal in concentrate receivables	100	–	–	100
Bullion awaiting settlement	46	–	–	46
GST receivable	61	–	–	61
Other receivables	29	9	6	44
	236	9	6	251
2011				
Metal in concentrate receivables	277	–	–	277
Bullion awaiting settlement	56	–	–	56
GST receivable	60	–	–	60
Other receivables	40	3	5	48
	433	3	5	441

(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 19 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities, 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
2012						
Payables	482	–	–	–	–	482
Borrowings	319	936	60	369	1,503	3,187
Derivatives	18	–	–	–	–	18
	819	936	60	369	1,503	3,687
2011						
Payables	432	–	–	–	–	432
Borrowings	13	123	480	130	127	873
Derivatives	7	–	–	–	–	7
	452	123	480	130	127	1,312

At the date of this report, the Group is in the process of renewing its bilateral debt facilities with a number of banks. It is expected that this renewal process will be completed no later than 30 September 2012, with facility terms of three years or more.

(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, CFA franc and Fiji dollar; however, these exposures are less significant.

Newcrest hedges certain non-functional currency capital commitment exposures to provide some budget certainty in the functional currency. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

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FOR THE YEAR ENDED 30 JUNE 2012

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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	2012 A\$M	2011 A\$M
Financial assets		
Cash and cash equivalents	49	16
Trade and other receivables	100	277
Related party receivables	947	407
Derivatives	11	12
	1,107	712
Financial liabilities		
Payables	10	4
Borrowings	2,404	792
Derivatives	18	6
	2,432	802
Net exposure	(1,325)	(90)

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. As at 30 June 2012 US dollar borrowings of A\$1,472 million were designated as a net investment in foreign operations (2011: nil).

Forward Foreign Exchange Contracts

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

Outstanding contracts	Average Exchange Rate		Contract Value A\$M		Fair Value A\$M	
	2012	2011	2012	2011	2012	2011
Buy EUR/Sell AUD	–	0.71	–	44	–	(1)
Buy EUR/Sell USD	0.72	–	1	–	–	–
			1	44	–	(1)

The above contracts are for periods less than 12 months.

Sensitivity Analysis

The following table details the Group's sensitivity to a 15% movement (2011: 15%) (i.e. increase and decrease) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The 15% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2012 \$M	2011 \$M	2012 \$M	2011 \$M
AUD/USD +15%	(13)	(27)	134	45
AUD/USD -15%	18	36	(182)	(62)

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

- Reasonably possible movements in foreign exchange rates.
- The reasonably possible movement of 15% (2011: 15%) was calculated by taking the US dollar spot rate as at the reporting date, moving this spot rate by 15% (2011:15%) and then re-converting the US dollar into the Australian dollar 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 the Australian dollar 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.

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(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 is disclosed in Notes 11 and 21.

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:

Copper Forward Sale Contracts	2012			2011		
	Tonnes	Weighted Average Price US\$	Fair Value A\$M	Tonnes	Weighted Average Price US\$	Fair Value A\$M
Maturing:						
Less than 6 months	21,784	8,053	10	19,020	9,497	6

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:

Gold put options	2012			2011		
	Ounces	Strike Price A\$	Fair Value A\$M	Ounces	Strike Price US\$	Fair Value A\$M
Maturing:						
Less than 1 year	–	–	–	500,000	800	–
			–	500,000		–

The total premium paid for these options in September 2007 was \$79 million, which represented the fair value at the date entered. The fair value of these options was subsequently estimated using an option pricing model. As at 30 June 2011, the options had a fair value of nil. These options fully expired during the 2012 year.

Diesel/Fuel Forward Contracts

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

Maturing in less than 12 months	2012			2011		
	Quantity	Weighted Average Price US\$	Fair Value A\$M	Quantity	Weighted Average Price US\$	Fair Value A\$M
Diesel forward contracts (barrels)	539,355	111	–	1,190,071	127	1
Heavy fuel forward contracts (tonnes)	51,749	579	1	79,724	606	2

Sensitivity Analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in gold and copper commodity prices, with all other variables held constant. The 15% (2011: 15%) movement for gold and 15% (2011: 15%) movement for copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five-year period.

Post-tax gain/(loss)	Impact on profit ⁽¹⁾ Higher/(Lower)		Impact on Equity ⁽²⁾ Higher/(Lower)	
	2012 \$M	2011 \$M	2012 \$M	2011 \$M
Gold⁽³⁾				
Gold +15%	23	31	23	31
Gold -15%	(23)	(31)	(23)	(31)
Copper				
Copper +15%	1	1	1	1
Copper -15%	(1)	(1)	(1)	(1)

⁽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 embedded derivative relating to quotational period movements on gold sales (refer note 2(z)).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(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 19.

Interest Rate Exposure

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

Consolidated	2012			2011		
	Floating Interest \$M	Fixed Interest \$M	Effective Interest Rate %	Floating Interest \$M	Fixed Interest \$M	Effective Interest Rate %
Financial assets						
Cash and cash equivalents	242	–	0.3	185	–	0.5
	242	–		185	–	
Financial liabilities						
Lease liabilities – floating	3	–	3.1	7	–	1.9
Lease liabilities – fixed	–	1	5.0	–	1	6.8
Bilateral debt	1,197	–	2.1	466	–	2.0
Corporate bonds	–	981	4.8	–	–	–
Private placement – floating	–	–	–	23	–	1.1
Private placement – fixed	–	226	5.7	–	303	5.6
	1,200	1,208		496	304	
	(958)	(1,208)		(311)	(304)	

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

Sensitivity Analysis

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

Post-tax gain/(loss)	Impact on Profit Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2012 \$M	2011 \$M	2012 \$M	2011 \$M
+1% (100 basis points)	(7)	(2)	(7)	(2)
-1% (100 basis points)	7	2	7	2

The Group's sensitivity to interest rates has increased during the current year due to the drawdown on the bilateral debt facility.

(g) Fair Value

(i) Fair Value of Financial Instruments Carried at Amortised Cost

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

Financial assets/(liabilities)	Carrying amount		Fair value	
	2012 \$M	2011 \$M	2012 \$M	2011 \$M
Borrowings				
Fixed rate debt: ⁽¹⁾				
– Private placement	(226)	(303)	(249)	(328)
– Corporate bonds	(981)	–	(1,008)	–
	(1,207)	(303)	(1,257)	(328)

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

27. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(ii) 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).

Financial assets/(liabilities)	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
2012				
Financial assets				
Copper forward sales contracts	–	10	–	10
Other financial derivatives	–	1	–	1
Available-for-sale financial assets	8	–	–	8
Financial liabilities				
Quotational period derivatives	–	(18)	–	(18)
2011				
Financial assets				
Quotational period derivatives	–	6	–	6
Copper forward sales contracts	–	6	–	6
Other financial derivatives	–	3	–	3
Available-for-sale financial assets	9	–	–	9
Financial liabilities				
Quotational period derivatives	–	(6)	–	(6)
Other financial derivatives	–	(1)	–	(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 19, 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 have maximum gearing of around 15% and maintain the equivalent of an investment grade credit rating around BBB+.

The gearing ratio at year end was as follows:

	2012 \$M	2011 \$M
Total debt	2,408	800
Less: Cash and cash equivalents	(242)	(185)
Net debt	2,166	615
Equity	15,094	13,875
Total capital (net debt and equity)	17,260	14,490
Gearing ratio	12.5%	4.2%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

28. COMMITMENTS

	Consolidated	
	2012 \$M	2011 \$M
(a) Finance Lease Commitments		
Within one year	3	4
Later than one year but not later than five years	1	4
Total minimum lease payments	4	8
Less future finance charges	—	—
Present value of minimum lease payments	4	8
Included in the financial statements as borrowings (Note 19):		
Current	3	4
Non-current	1	4
	4	8

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) Operating Lease Commitments

Future minimum rentals payable on non-cancellable operating leases due:

Within one year	6	5
Later than one year but not later than five years	17	12
Later than five years	8	10
Total	31	27

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

(c) Capital Expenditure Commitments

Capital expenditure commitments	446	743
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This represents contracted mining development expenditure.

29. CONTINGENT LIABILITIES

- Legal proceedings were commenced in December 2010 against the Hidden Valley mine unincorporated joint venture (in which Newcrest holds a 50% interest) in Papua New Guinea over alleged damage to the Watut River (which runs adjacent to the Hidden Valley gold mine) alleged to have been caused by waste rock and overburden from the mine. The damages sought by the plaintiffs are not specified. At this stage, it is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding in their claim, nor the potential liability of the Hidden Valley mine unincorporated joint venture parties were the plaintiffs to succeed. The defendants are defending the claims. Accordingly, no provision has been recognised in the financial statements for this matter.
- In addition to the above matter, 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.
- The Indonesian Tax Office (ITO) is conducting tax audits of PT Nusa Halmahera Minerals (PTNHM), which is owned 82.5% by the Group. The audits cover the 2005, 2007, 2008, 2010 and 2011 financial years. The Group considers that PTNHM has made adequate provision for its taxation liabilities and is taking appropriate steps to address issues raised by the ITO. There would be a tax impact on the Group if any of the ITO audits result in an adjustment that increases PTNHM's taxation liabilities.
- 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 \$163 million (2011: \$159 million).

30. CONTROLLED ENTITIES

Entity	Notes	Country of Incorporation	Percentage Holding	
			2012 %	2011 %
Parent Entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Newcrest Operations Ltd	(a)	Australia	100	100
Australmin Holdings Ltd	(d)	Australia	100	100
Cadia Holdings Pty Ltd	(a)	Australia	100	100
Contango Agricultural Co. Pty Ltd		Australia	100	100
Horskar Pty Limited	(d)	Australia	100	100
Newcrest Exploration Holdings Pty Ltd	(a)	Australia	100	100
Newcrest Finance Pty Ltd	(a)	Australia	100	100
Newcrest International Pty Ltd	(a)	Australia	100	100
Newcrest Services Pty Ltd	(d)	Australia	100	100

30. CONTROLLED ENTITIES (continued)

Entity	Notes	Country of Incorporation	Percentage Holding	
			2012 %	2011 %
Newcrest Technology Pty Ltd	(d)	Australia	100	100
Newgen Pty Ltd		Australia	100	100
Sulawesi Investments Pty Ltd	(a) (d)	Australia	100	100
Niugini Mining Australia Pty Ltd	(d)	Australia	100	100
LGL Australian Holdings Pty Ltd	(d)	Australia	100	100
LGL Services Australia Pty Ltd		Australia	100	100
LGL Ballarat Operations Pty Ltd	(d)	Australia	100	100
New Resource Pty Ltd	(d)	Australia	100	100
Berringa Resources Pty Ltd	(d)	Australia	100	100
Ballarat West Goldfields Pty Ltd	(d)	Australia	100	100
LGL Mount Rawdon Operations Pty Ltd		Australia	100	100
LGL Mount Rawdon Property Holdings Pty Ltd	(d)	Australia	100	100
LGL CDI Investments Pty Ltd	(d)	Australia	100	100
LGL CDI Exploration Pty Ltd	(d)	Australia	100	100
Newcrest Holdings (Investments) Pty Ltd		Australia	100	–
Newcrest Singapore Holdings Pte Ltd	(c)	Singapore	100	100
Newcrest Insurance Pte Ltd	(b)	Singapore	100	100
Newcrest Singapore (Tandai) Pte Ltd	(c)	Singapore	100	100
Newcrest Fiji Holdings 1 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Holdings 2 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Exploration Holdings 1 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Fiji Exploration Holdings 2 Pte Ltd	(c) (d)	Singapore	100	100
Newcrest Trading Pte Ltd	(d)	Singapore	100	–
PT Nusa Halmahera Minerals	(b)	Indonesia	82.5	82.5
PT Puncakbaru Jayatama	(b)	Indonesia	100	100
PT Bengkulu Utara Gold	(c)	Indonesia	70	70
Newcrest (Fiji) Ltd	(b)	Fiji	100	100
Newcrest Exploration (Fiji) Ltd	(b)	Fiji	100	–
Newcrest PNG 1 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG 2 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG 3 Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG Exploration Ltd	(b)	Papua New Guinea	100	100
Newcrest PNG Andewa Ltd	(b)	Papua New Guinea	100	–
Lihir Gold Ltd	(b)	Papua New Guinea	100	100
Niugini Mining Ltd	(b) (d)	Papua New Guinea	100	100
Lihir Management Company Ltd	(b) (d)	Papua New Guinea	100	100
LGL PNG Holdings Ltd	(b) (d)	Papua New Guinea	100	100
600 Holdings Inc	(d)	USA	100	100
Newcrest Resources Inc		USA	100	100
Newcrest USA Inc	(e)	USA	100	100
Newroyal Resources Inc		USA	100	100
Newcrest Chile Holdings 1	(d)	Bermuda	100	100
Newcrest Chile Holdings 2	(d)	Bermuda	100	100
Newcrest Peru Holdings 1	(d)	Bermuda	100	100
Newcrest Peru Holdings 2	(d)	Bermuda	100	100
Minera Newcrest Chile SRL	(d)	Chile	100	100
Minera Newcrest Peru SAC	(d)	Peru	100	100
Newcrest Mining BC Ltd	(d)	Canada	100	100
LGL Holdings CI SA		Côte d'Ivoire	100	100
LGL Development CI SA	(d)	Côte d'Ivoire	100	100
LGL Exploration CI SA	(d)	Côte d'Ivoire	100	100
LGL Mines CI SA		Côte d'Ivoire	89.89	89.89
LGL Resources CI SA		Côte d'Ivoire	99.89	98.00

Notes:

- (a) These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. (Refer Note 32 for further information).
- (b) Audited by affiliates of the parent entity auditors.
- (c) Audited by auditors other than parent entity auditors.
- (d) Dormant entities.
- (e) Formerly Newmont Pty Ltd.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

31. PARENT ENTITY INFORMATION

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

	Company	
	2012 \$M	2011 \$M
(a) Income Statement		
Profit after income tax	486	29
Total comprehensive income for the year	486	29
(b) Statement of Financial Position		
Current assets	277	273
Non-current assets	13,811	13,612
Total assets	14,088	13,885
Current liabilities	165	117
Non-current liabilities	211	145
Total liabilities	376	262
Net assets	13,712	13,623
Issued capital	13,561	13,569
Equity settlements reserve	54	45
Retained earnings:		
Opening balance	9	209
Profit after tax	486	29
Dividends paid	(398)	(229)
Closing balance	97	9
Total equity	13,712	13,623
(c) Commitments		
Capital expenditure commitments		
Capital expenditure contracted but not provided for, all of which is payable as follows:		
Within one year	24	12
Total	24	12
Operating lease commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	3	2
Later than one year but not later than five years	5	4
Later than five years	–	–
Total	8	6
(d) Guarantees and Contingent Liabilities		

The Company and certain Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 32. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of this Deed on the basis that the possibility of default is remote.

32. 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 30 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.

Income Statement	Consolidated	
	2012 \$M	2011 \$M
Operating sales revenue	2,375	2,249
Cost of sales	(1,618)	(1,500)
Gross profit	757	749
Exploration costs	(32)	(28)
Corporate administration costs	(137)	(82)
Other revenue	188	249
Other income/(expenses)	23	(6)
Losses on restructured and closed-out hedge contracts	(7)	(153)
Other close-out related costs	–	(3)
Business acquisition and integration costs	(11)	(48)
Gain on business divestment	46	–
Profit before interest and income tax	827	678
Finance income	34	9
Finance costs	(36)	(45)
Profit before income tax	825	642
Income tax expense	(106)	(85)
Profit after income tax	719	557

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

32. DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	Consolidated	
	2012 \$M	2011 \$M
Current assets		
Cash and cash equivalents	64	26
Trade and other receivables	144	623
Inventories	288	364
Derivative and other financial assets	10	12
Other assets	91	146
Total current assets	597	1,171
Non-current assets		
Other receivables	2,135	2
Inventories	83	-
Investment in subsidiaries	10,096	11,058
Property, plant and equipment	2,250	1,606
Exploration, evaluation and development expenditure	3,221	2,540
Other intangible assets	88	57
Deferred tax assets	229	205
Derivative and other financial assets	1	2
Other assets	208	37
Total non-current assets	18,311	15,507
Total assets	18,908	16,678
Current liabilities		
Trade and other payables	280	226
Borrowings	1,197	112
Provisions	90	72
Derivative and other financial liabilities	18	8
Income tax payable	20	-
Other liabilities	-	7
Total current liabilities	1,605	425
Non-current liabilities		
Borrowings	1,207	680
Provisions	173	82
Deferred tax liabilities	503	380
Total non-current liabilities	1,883	1,142
Total liabilities	3,488	1,567
Net assets	15,420	15,111
Equity		
Issued capital	13,561	13,569
Retained earnings	1,922	1,601
Reserves	(63)	(59)
Total equity	15,420	15,111

33. INTERESTS IN UNINCORPORATED JOINT VENTURE ASSETS

(a) Interests

The Group has interests in the following significant unincorporated joint ventures:

Name	Country	Principal Activity	Ownership Interest	
			2012 %	2011 %
Cracow JV ⁽¹⁾	Australia	Gold production and mineral exploration	–	70.0
Namosi JV	Fiji	Mineral exploration	69.94	69.94
Hidden Valley JV	Papua New Guinea	Gold production and mineral exploration	50.0	50.0
Wafi-Golpu JV ⁽²⁾	Papua New Guinea	Mineral exploration	50.0	50.0
Morobe Exploration JV	Papua New Guinea	Mineral exploration	50.0	50.0

⁽¹⁾ The Group divested its interest in the Cracow JV on 2 November 2011. Refer Note 34.

⁽²⁾ Consistent with the current administrative practice, the PNG National Government has reserved the right to take up an equity interest of up to 30% in a mine developed from Wafi-Golpu. The right is recorded as a condition in exploration licences and is exercisable by the PNG National Government once at any time prior to the grant of a mining lease or special mining lease. If the PNG National Government exercises this right, the exercise price is a pro-rata share of the historical exploration costs. Once the right is exercised, the PNG National Government becomes responsible for its proportionate share of ongoing exploration and project development costs. The PNG National Government has indicated its intention to exercise its option, nominating government-owned company Petromin PNG Holdings Ltd to take up the interest, although the option has not yet been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu joint venture would be reduced to 35%.

(b) Assets Employed in Joint Ventures

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	
	2012 \$M	2011 \$M
Current assets		
Cash assets	23	10
Receivables	9	11
Inventories	58	43
Other assets	42	24
	132	88
Non-current assets		
Property, plant and equipment	394	376
Exploration, evaluation and development	224	174
	618	550
Total assets	750	638

For operating and capital expenditure commitments and contingent liability disclosures relating to the joint ventures refer to Note 28 and Note 29 respectively.

34. BUSINESS DIVESTMENT

On 2 November 2011, the Group sold its 70% interest in the Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine (the Assets). The Assets were sold to Evolution Mining Limited (Evolution), which was a company formed through the merger of Catalpa Resources Limited and Conquest Mining Limited.

Newcrest received 231,082,631 shares in Evolution as consideration for the Assets, resulting in an initial 38.95% interest in Evolution. This interest was subsequently diluted to 32.68% following a 3 for 17 accelerated renounceable entitlement offer (rights issue) undertaken by Evolution, in which Newcrest had agreed not to take up its entitlement. Newcrest received \$10 million from its non-participation in the rights issue.

Gain on Divestment

The gain on the divestment of the Assets was as follows:

	Consolidated	
	Note	\$M
Consideration received	(i)	390
Written down value of net assets sold	(ii)	(336)
Disposal costs		(8)
Applicable income tax	(iii)	–
		46

(i) Represents 231,082,631 shares in Evolution at \$1.6893 per share, based on the quoted price of Evolution shares at the divestment date (2 November 2011).

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FOR THE YEAR ENDED 30 JUNE 2012

34. BUSINESS DIVESTMENT (continued)

(ii) Represents the carrying values of the net assets disposed, as detailed below:

	Consolidated
	Book Value on Divestment \$M
Assets	
Inventories	10
Deferred mining	57
Property, plant and equipment	52
Exploration, evaluation and development	229
Goodwill	53
Total assets	401
Liabilities	
Provisions	14
Deferred tax liabilities	51
Total liabilities	65
Net assets divested	336

(iii) The Group has utilised previously unrecognised capital losses to offset the taxable capital gain.

35. BUSINESS ACQUISITIONS

Newcrest and Lihir Gold Limited (LGL) entered into a Merger Implementation Agreement on 4 May 2010 to combine the two companies under a Scheme of Arrangement (Scheme). The Scheme was approved by LGL shareholders on 23 August 2010 and was approved by the National Court of Papua New Guinea (the Court) on 27 August 2010. In accordance with the Court Order, the Scheme became effective on 30 August 2010. Newcrest assumed effective management control of LGL on 30 August 2010.

LGL is a gold producer, with operations in Papua New Guinea, West Africa and Australia. LGL has 19 subsidiaries, which are all wholly-owned except for:

- LGL Mines CI SA (89.89% owned). This company is the holder and operator of the Bonikro operations.
- LGL Resources CI SA (98% owned). This company is the holder of exploration permits in Côte d'Ivoire.

Details of the acquisition are as follows:

	2011 \$M
(a) Consideration	
Equity instruments: 280,987,564 Newcrest shares at \$35.40 per share ⁽¹⁾	9,947
Cash consideration	533
Total consideration	10,480
(b) Net Cash Flow Attributable to the Acquisition	
Cash consideration paid	533
Less: Cash and cash equivalent balance acquired	(261)
Net cash outflow	272
(c) Acquisition-Related Costs	
Costs charged to the Income Statement (Note 4(k))	15
Share issue costs charged to Equity (Note 22)	2
Acquisition-related costs incurred in 2011	17
Costs charged to the Income Statement in 2010	12
Total acquisition related costs	29

⁽¹⁾ The fair value of \$35.40 is based on the quoted price of Newcrest shares at the acquisition date (30 August 2010)

35. BUSINESS ACQUISITIONS (continued)

(d) Fair Values

Details of the fair values at the date of acquisition are set out below:

	Fair Value on Acquisition \$M
Assets	
Cash and cash equivalents	261
Trade and other receivables	10
Inventories	911
Property, plant and equipment	1,565
Exploration, evaluation and development	4,985
Other intangible assets	3
Financial derivative assets	8
Deferred tax assets	157
Other assets	103
Total assets	8,003
Liabilities	
Trade and other payables	159
Borrowings	58
Provisions	159
Financial derivative liabilities	1
Deferred tax liabilities	1,462
Other liabilities	1
Total liabilities	1,840
Fair value of identifiable net assets	6,163
Non-controlling interest in identifiable acquired net assets	(53)
Goodwill on acquisition	4,370
	10,480

(e) Pro-Forma Results

The Income Statement for the year ended 30 June 2011 includes sales revenue of \$1,037 million and profit after income tax of \$325 million, as a result of the acquisition of LGL.

Had the acquisition of LGL occurred at the beginning of the 2011 reporting period, the Income Statement would have included additional sales revenue and profit after tax of \$220 million and \$55 million respectively (representing the pro-forma results for the period 1 July to 30 August 2010).

In determining the 'pro-forma' sales revenue and net profit after income tax of the Group had LGL been acquired at the beginning of the 2011 reporting period:

- depreciation of plant and equipment, mine development and mineral rights acquired have been calculated on the basis of the fair values arising in the final accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- synergy benefits have not been taken into account.

36. SEGMENT INFORMATION

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

The Group's reportable operating segments are:

- Cadia Valley, Australia
- Telfer, Australia
- Cracow JV (70% interest) and Mt Rawdon, Australia (divested on 2 November 2011)
- Gosowong, Indonesia
- Lihir, Papua New Guinea
- Hidden Valley JV (50% interest), Papua New Guinea
- West Africa (includes Bonikro operations and exploration and evaluation activities in Côte d'Ivoire)
- Exploration and Other.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

36. SEGMENT INFORMATION (continued)

(a) Segment Results, Segment Assets and Segment Liabilities

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

Segment Revenues represent gold, copper and silver sales at unhedged prices.

EBITDA is earnings before interest, tax, depreciation, amortisation, hedge restructure and other significant items. EBIT is earnings before interest, tax, hedge restructure and other significant items. The reconciliation of EBITDA and EBIT to profit before tax is shown in the following table.

Segment assets exclude deferred tax assets and intercompany receivables.

Segment liabilities exclude intercompany payables.

2012	Cadia Valley \$M	Telfer \$M	Cracow & Mt Rawdon ⁽¹⁾ \$M	Gosowong \$M	Lihir ⁽¹⁾ \$M	Hidden Valley \$M	West Africa \$M	Total Operations \$M	Exploration & Other \$M	Corporate ⁽²⁾ \$M	Total Group \$M
External sales revenue	1,141	1,192	89	711	964	172	147	4,416	–	–	4,416
EBITDA	568	473	37	527	651	32	63	2,351	(80)	(120)	2,151
Depreciation and amortisation	(111)	(187)	(11)	(67)	(97)	(36)	(33)	(542)	–	(19)	(561)
EBIT (Segment result)	457	286	26	460	554	(4)	30	1,809	(80)	(139)	1,590
Finance income										2	2
Finance costs										(43)	(43)
<i>Hedge restructure and other significant items:</i>											
Losses on restructured and closed-out hedge contracts										(7)	(7)
Business acquisition and integration costs										(11)	(11)
Gain on business divestment										46	46
Profit before income tax										(152)	1,577
Other information											
Segment assets	3,835	2,241	–	523	10,669	679	960	18,907	638	964	20,509
Segment liabilities	230	233	–	86	1,553	68	120	2,290	22	3,103	5,415
Capital expenditure ⁽³⁾	1,278	279	8	88	773	38	17	2,481	231	121	2,833

⁽¹⁾ Segment Result attributable to Mt Rawdon and Cracow is for the period 1 July to 2 November 2011. Refer Note 34.

⁽²⁾ Includes eliminations.

⁽³⁾ Represents additions to property, plant and equipment; exploration, evaluation and development; and other intangible assets.

2011	Cadia Valley \$M	Telfer \$M	Cracow & Mt Rawdon ⁽¹⁾ \$M	Gosowong \$M	Lihir ⁽¹⁾ \$M	Hidden Valley \$M	West Africa ⁽¹⁾ \$M	Total Operations \$M	Exploration & Other \$M	Corporate ⁽²⁾ \$M	Total Group \$M
External sales revenue	1,083	1,065	209	654	887	162	42	4,102	–	–	4,102
EBITDA	551	409	106	504	594	37	1	2,202	(55)	(88)	2,059
Depreciation and amortisation	(77)	(172)	(31)	(67)	(106)	(39)	(9)	(501)	–	(14)	(515)
EBIT (Segment result)	474	237	75	437	488	(2)	(8)	1,701	(55)	(102)	1,544
Finance income										9	9
Finance costs										(45)	(45)
<i>Hedge restructure and other significant items:</i>											
Losses on restructured and closed-out hedge contracts										(153)	(153)
Other close-out related costs										(3)	(3)
Business acquisition and integration costs										(52)	(52)
Profit before income tax										(346)	1,300
Other information											
Segment assets	2,851	2,007	388	432	9,241	586	830	16,335	501	446	17,282
Segment liabilities	185	169	82	86	1,346	58	99	2,025	12	1,370	3,407
Capital expenditure ⁽³⁾	1,022	119	28	93	609	50	5	1,926	150	29	2,105

⁽¹⁾ Segment Result attributable to Mt Rawdon, Lihir and West Africa is for the period 30 August 2010 to 30 June 2011. Refer Note 35.

⁽²⁾ Includes eliminations.

⁽³⁾ Represents additions to property, plant and equipment; exploration, evaluation and development; and other intangible assets.

36. SEGMENT INFORMATION (continued)

(b) 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	2012 \$M	2011 \$M
Bullion		
Australia	2,366	2,238
Other Asia	2	6
Concentrate		
Japan	730	1,021
Korea	159	53
China	95	91
Europe ⁽¹⁾	762	576
USA ⁽¹⁾	302	117
Total sales revenue	4,416	4,102

⁽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	2012 \$M	2011 \$M
Australia	6,253	4,622
Indonesia	283	250
Papua New Guinea	11,324	9,820
West Africa	864	777
Other	62	41
Total non-current assets	18,786	15,510

Non-current assets for this purpose exclude deferred tax assets.

(c) Major Customer Information

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

	Revenue		Percentage of external revenue	
	2012 \$M	2011 \$M	2012 %	2011 %
Customer A ⁽¹⁾	2,226	1,945	50	47
Customer B	598	695	14	17
Customer C	481	398	11	10

⁽¹⁾ Represents sales of bullion.

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37. KEY MANAGEMENT PERSONNEL

(a) Details of Directors and Key Management Personnel

Key Management Personnel (KMP), as defined in AASB 124 Related Party Disclosures, comprise the Company Directors (including Executive Directors) and Executive Managers. The Managing Director, Finance Director and the Executive Managers are members of the Group's Executive Committee (Exco). The members of the Exco exercise the greatest control over the management and strategic direction of the Group and are also the highest paid individuals in the Group.

Name	Position
Directors	
Greg Robinson ⁽¹⁾	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer (commenced 1 January 2012 and appointed as Executive Director on 8 February 2012)
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
Lady Winifred Kamit	Non-Executive Director
Ian Smith ⁽¹⁾	Former Managing Director and Chief Executive Officer
Executive Managers	
Ron Douglas	Executive General Manager – Projects
Colin Moorhead	Executive General Manager – Minerals
Debra Stirling	Executive General Manager – People and Communication
Stephen Creese	Executive General Manager – Corporate Affairs
Greg Jackson	Chief Operating Officer
Peter Smith	Executive General Manager – Australian Operations
Brett Fletcher	Executive General Manager – PNG and Indonesian Operations
Lawrie Conway	Executive General Manager – Commercial and West Africa (commenced 1 July 2011)
Andrew Logan	Executive General Manager – Step Change, Innovation and Technology (commenced 1 July 2011)
Geoff Day	Chief Operating Officer – Offshore Operations (resigned 4 February 2011)

⁽¹⁾ Ian Smith stepped down as Managing Director and Chief Executive Officer on 30 June 2011 and Greg Robinson was appointed Managing Director and Chief Executive Officer, with effect from 1 July 2011.

(b) Remuneration of Key Management Personnel

	2012 \$'000	2011 \$'000
Short-term	15,771	16,602
Post-employment	248	219
Termination	–	2,250
Share-based payments	3,901	2,476
	19,920	21,547

37. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings of Key Management Personnel

Shares held in Newcrest Mining Limited:

Key Management Personnel	Balance at 1 July 2011	Acquired on exercise of Rights	Net Other Changes	Balance at 30 June 2012
Directors				
G. Robinson	4,235	16,252	–	20,487
G. Bond	–	–	–	–
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	22,447	–	–	22,447
T. Poole	4,235	–	–	4,235
R. Knight	20,000	–	–	20,000
V. Gauci	3,400	–	–	3,400
W. Kamit	326	–	–	326
Executive Managers				
C. Moorhead	32,317	8,568	(23,568)	17,317
R. Douglas	8,725	17,348	–	26,073
D. Stirling	5,603	–	–	5,603
S. Creese	–	–	–	–
G. Jackson	–	–	–	–
P. Smith	20,964	–	–	20,964
B. Fletcher	–	–	–	–
L. Conway	34,829	2,358	(12,500)	24,687
A. Logan	–	3,719	–	3,719

Key Management Personnel	Balance at 1 July 2010	Acquired on exercise of Rights	Net Other Changes	Balance at 30 June 2011
Directors				
I. Smith	4,235	165,000	(165,000)	4,235
G. Robinson	4,235	–	–	4,235
D. Mercer	15,546	–	–	15,546
J. Spark	18,105	–	–	18,105
R. Lee	20,000	–	2,447	22,447
T. Poole	4,235	–	–	4,235
R. Knight	20,000	–	–	20,000
V. Gauci	3,400	–	–	3,400
W. Kamit	–	–	326	326
Executive Managers				
C. Moorhead	32,317	–	–	32,317
R. Douglas	–	8,725	–	8,725
D. Stirling	5,603	–	–	5,603
S. Creese	–	–	–	–
G. Jackson	–	–	–	–
P. Smith	–	–	20,694	20,694
B. Fletcher	–	–	–	–

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37. KEY MANAGEMENT PERSONNEL (continued)

(d) Rights held by 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 Plan. The movements in the year in the number of rights over ordinary shares in Newcrest, held directly, indirectly or beneficially, by each KMP, including their personally related entities is shown in the following table.

Key Management Personnel	Movements During 2012				As at 30 June 2012		
	Balance at 1/07/11	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/12	Vested and Exercisable	Non-Vested ⁽¹⁾
G. Robinson	145,480	58,406	(16,252)	(3,252)	184,382	60,195	124,187
G. Bond	–	23,884	–	–	23,884	–	23,884
C. Moorhead	49,800	13,762	(8,568)	(1,206)	53,788	17,348	36,440
R. Douglas ⁽²⁾	41,382	13,940	(17,348)	(1,206)	36,768	–	36,768
D. Stirling	47,152	13,404	–	(1,117)	59,439	24,530	34,909
S. Creese	22,678	14,368	–	–	37,046	–	37,046
G. Jackson	24,630	16,085	–	–	40,715	–	40,715
P. Smith	10,964	13,940	–	–	24,904	–	24,904
B. Fletcher	9,845	13,940	–	–	23,785	–	23,785
L. Conway	12,166	12,510	(2,358)	(283)	22,035	4,076	17,959
A. Logan	20,306	12,510	(3,719)	(398)	28,699	8,627	20,072
Total	384,403	206,749	(48,245)	(7,462)	535,445	114,776	420,669

Key Management Personnel	Movements During 2011				As at 30 June 2011		
	Balance at 1/07/10	Rights granted	Rights exercised	Rights lapsed	Balance at 30/06/11	Vested and Exercisable	Non-Vested
I. Smith	423,570	58,824	(165,000)	(1,418)	315,976	93,127	222,849
G. Robinson	112,041	33,793	–	(354)	145,480	29,675	115,805
C. Moorhead	39,064	10,814	–	(78)	49,800	8,568	41,232
R. Douglas	39,373	10,964	(8,725)	(230)	41,382	–	41,382
D. Stirling	36,862	10,513	–	(223)	47,152	8,457	38,695
S. Creese	11,864	10,814	–	–	22,678	–	22,678
G. Jackson	11,864	12,766	–	–	24,630	–	24,630
P. Smith	–	10,964	–	–	10,964	–	10,964
B. Fletcher	–	9,845	–	–	9,845	–	9,845
G. Day	30,418	10,964	–	(41,382)	–	–	–
Total	705,056	180,261	(173,725)	(43,685)	667,907	139,827	528,080

⁽¹⁾ 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.

⁽²⁾ Ron Douglas subsequently resigned on 13 July 2012 and forfeited the non-vested share rights at 30 June 2012.

(e) Loans to Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

(f) 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.

38. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors of Newcrest Mining Limited determined that a final dividend of 23 cents per ordinary share (15% franked) is to be paid in respect of the 2012 financial year. The total amount of the dividend is \$176 million. This dividend has not been provided for in the 30 June 2012 financial statements.

There are no other matters or circumstances which have arisen since 30 June 2012 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 2012 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 2012.
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 32 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



Greg Robinson
Managing Director and
Chief Executive Officer

13 August 2012
Melbourne, Victoria

Independent Auditor's Report



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

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

Independent audit report to members of Newcrest Mining Limited

Report on the financial report

We have audited the accompanying financial report of Newcrest Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

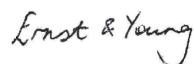
- a. the financial report of Newcrest Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Rodney Piltz
Partner
Melbourne
13 August 2012

Shareholder Information

CAPITAL AT 31 AUGUST 2012

Share Capital	765,000,000
Ordinary shareholders	81,043
Shareholders with less than a marketable parcel of \$500 worth of ordinary shares	2,973
Market price (ASX)	\$24.65

NEWCREST TOP 20 INVESTORS AT 31 AUGUST 2012

Name	Current Balance	Issued Capital %
1 HSBC Custody Nominees (Australia) Limited	285,243,166	37.29
2 National Nominees Limited	189,882,456	24.82
3 JP Morgan Nominees Australia Limited	111,999,701	14.64
4 Citicorp Nominees Pty Limited	31,970,572	4.18
5 JP Morgan Nominees Australia Limited	15,497,674	2.03
6 BNP Paribas Noms Pty Ltd	7,909,595	1.03
7 AMP Life Limited	6,121,417	0.80
8 Citicorp Nominees Pty Limited	5,675,929	0.74
9 HSBC Custody Nominees (Australia) Limited	4,384,630	0.57
10 BNP Paribas Noms Pty Ltd	3,604,814	0.47
11 HSBC Custody Nominees (Australia) Limited – A/C 2	2,954,317	0.39
12 BNP Paribas Noms Pty Ltd	2,569,514	0.34
13 QIC Limited	1,947,693	0.25
14 UBS Nominees Pty Ltd	1,553,250	0.20
15 UBS Wealth Management Australia Nominees Pty Ltd	1,356,173	0.18
16 UBS Nominees Pty Ltd	667,158	0.09
17 HSBC Custody Nominees (Australia) Limited – GSCO ECA	612,602	0.08
18 Suncorp Custodian Services Pty Limited	584,100	0.08
19 BNP Paribas Noms Pty Ltd	577,000	0.08
20 Bond Street Custodians Limited	519,171	0.07
Total	675,630,932	88.32

SUBSTANTIAL SHAREHOLDERS AT 31 AUGUST 2012

	%
Blackrock	11.58
Commonwealth Bank of Australia	6.82

INVESTOR CATEGORIES AT 31 AUGUST 2012

Ranges	Investors	Securities	Issued Capital %
1 – 1,000	63,609	20,587,225	2.70
1,001 – 5,000	15,408	31,622,260	4.13
5,001 – 10,000	1,299	9,120,433	1.19
10,001 – 100,000	649	14,302,701	1.87
100,001 and Over	78	689,367,381	90.11
Total	81,043	765,000,000	100.00

VOTING RIGHTS

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

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

DIVIDENDS

The company has declared a final dividend of 23 cents per share, 75% funded by conduit foreign income, 15% franked and 10% subject to Australian Dividend Withholding Tax. The dividend is payable to shareholders on 19 October 2012. Shareholders registered as at the close of business on 28 September 2012 will be eligible for the dividend. The Dividend Reinvestment Plan remains in place and will be offered to shareholders according to the terms of the Plan.

US INVESTOR INFORMATION

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

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

During the year the net movement for ADRs was negative 4,152,127 and at year end a net 14,248,072 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 Newcrest's share registry at 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 holding and balances
- Update your electronic communication instructions
- Update your address and bank details
- Confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Check transaction and dividend history
- Enter your email address
- Download a variety of instruction forms
- Add or update Dividend Reinvestment Plan (DRP) instructions
- Lodge your proxy online for the Annual General Meeting (AGM)
- Subscribe to email announcements

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and 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 are paid into your account as cleared funds, allowing you to access them on payment date.

CONTACT INFORMATION

You can also contact the 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	2012	2011	2010	2009	2008
Gold Production – Newcrest Share⁽¹⁾⁽²⁾ (ounces)					
Cadia Hill	241,430	364,196	325,712	297,889	414,171
Ridgeway	223,314	147,904	171,974	234,298	301,417
Cadia East	8,451*	3,320*	–	–	–
Telfer	540,114	621,291	688,909	629,108	590,217
Gosowong	439,384	463,218	442,525	400,220	400,202
Hidden Valley	88,801	100,232	61,148*	225*	–
Lihir ⁽¹⁾	604,336	639,256	–	–	–
Bonikro ⁽¹⁾	92,102	41,235	–	–	–
Cracow ⁽²⁾	23,787	71,206	71,932	69,443	75,175
Mt Rawdon ⁽¹⁾⁽²⁾	24,198	75,494	–	–	–
Total	2,285,917	2,527,352	1,762,200	1,631,183	1,781,182
Copper Production (tonnes)	76,015	75,631	86,816	89,877	87,458
Costs per ounce (after by-product credits)					
Cash costs (A\$ per ounce)	603	493	347	468	261
Total costs ⁽³⁾ (A\$ per ounce)	839	692	523	632	416
Cash Flow (A\$M)					
Operating cash flow	1,726	1,729	1,303	1,024	1,018
Exploration expenditure	158	126	101	109	77
Capital expenditure	2,556	1,890	786	1,270	338
Profit and Loss (A\$M)					
Sales revenue	4,416	4,102	2,802	2,531	2,363
Depreciation and amortisation	(561)	(515)	(309)	(267)	(279)
Income tax expense	(402)	(334)	(209)	(128)	(37)
Net profit after tax:					
– Statutory Profit ⁽⁴⁾	1,117	908	557	248	134
– Underlying Profit ⁽⁵⁾	1,084	1,058	776	483	494
Earnings per share (EPS):					
– Basic EPS on Statutory Profit (cents per share)	146.0	126.4	115.2	53.0	30.8
– Basic EPS on Underlying Profit (cents per share)	141.7	147.3	160.5	103.2	113.2
Dividend (cents per share) ⁽⁶⁾	35.0	50.0	25.0	15.0	10.0
Financial Position (A\$M)					
Total assets	20,509	17,282	6,334	5,616	4,324
Total liabilities	5,415	3,407	1,324	1,258	1,072
Shareholders' equity	15,094	13,875	5,010	4,358	3,252
Ratios (percent)					
Gearing ⁽⁷⁾	12.5	4.2	(4.5)	1.9	8.2
Return on Capital Employed ⁽⁸⁾	10.1	12.4	24.9	20.1	23.1
Issued Capital (million shares) at year end	765	765	484	483	453
Gold Inventory (million ounces)⁽⁹⁾					
Ore Reserves	79	80	47	43	40
Mineral Resources	150	148	84	80	71

* Includes pre-commissioning production.

⁽¹⁾ Production from the former LGL operations included from the acquisition date of 30 August 2010. Total gold production from 1 July 2010 to 30 June 2011 was 2,701,918 ounces.

⁽²⁾ Production from Cracow and Mt Rawdon included to the date of divestment on 2 November 2011.

⁽³⁾ Comprises cash costs plus depreciation and amortisation.

⁽⁴⁾ Statutory Profit is profit after tax attributable to owners of the parent.

⁽⁵⁾ Underlying Profit is profit after tax before hedge restructure and other significant items attributable to owners of the parent.

⁽⁶⁾ Dividends in 2011 included a special dividend of 20 cents per share.

⁽⁷⁾ Calculated as Net Debt to Capital (Capital comprises equity plus net debt).

⁽⁸⁾ Calculated as EBIT to Average Capital Employed (Shareholders Equity plus Net Debt).

⁽⁹⁾ Reserves and Resources are as at 31 December 2011 for 2012. For 2008 to 2011 Reserves and Resources are at 30 June.

Corporate Directory

Investor Information

Registered and Principal Office

Newcrest Mining Limited
Level 9, 600 St Kilda Road
Melbourne, Victoria 3004
Australia
T: +61 (0)3 9522 5333
F: +61 (0)3 9525 2996
E: corporateaffairs@newcrest.com.au
www.newcrest.com.au

Company Secretary

Scott Langford
Newcrest Mining Limited
Level 9, 600 St Kilda Road
Melbourne, Victoria 3004
Australia
T: +61 (0)3 9522 5333
F: +61 (0)3 9521 3564
E: scott.langford@newcrest.com.au

Investor Relations

North America and Europe

Steve Warner
VP, Investor Relations
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New York, NY
USA 10017
T: +1 212 351 5064
F: +1 212 880 6499
E: steve.warner@newcrest.com.au

Australia and Asia

Kim Kerr
Manager, Investor Relations
Level 9, 600 St Kilda Road
Melbourne, Victoria 3004
Australia
T: +61 (0)3 9522 5316
F: +61 (0)3 9522 5473
E: kim.kerr@newcrest.com.au

Stock Exchange Listings

Australian Stock Exchange
(Ticker NCM)
Toronto Stock Exchange
(Ticker NM)
Port Moresby Exchange
(Ticker NCM)
New York ADRs
(Ticker NCMGY)

Share Registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne, Victoria 3000
Australia

Postal Address

Locked Bag A14
Sydney South,
New South Wales 1235
Australia
T: 1300 554 474
+61 (0)2 8280 7111
F: +61 (0)2 9287 0303
+61 (0)2 9287 0309*
*For faxing of Proxy Forms only.
E: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Port Moresby Stock Exchange

PNG Registries Limited
Level 2, AON Haus McGregor Street
Port Moresby
PO Box 1265
Papua New Guinea
T: +675 321 6377
F: +675 321 6379

American Depositary Receipts (ADRs)

The Bank of New York Mellon
Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516
T: Toll Free for US domestic callers:
1-888-269-2377
International Callers: +1 201-680-6825
E: shrrelations@bnymellon.com
www.bnymellon.com\shareowner

Other Offices

Brisbane Office

Level 32, 400 George Street
Brisbane, Queensland 4000
Australia
T: +61 (0)7 3318 3300
F: +61 (0)7 3318 9203

Perth and Telfer Office

193 Great Eastern Highway
Belmont, Western Australia 6104
Australia
T: +61 (0)8 9270 7070
F: +61 (0)8 9277 7127

Port Moresby Office

Level 4, Port Tower Building
Hunter Street
Port Moresby, Papua New Guinea
T: +675 321 7711
F: +675 321 4705

Company Events

25 October 2012
Annual General Meeting 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, employment and
sustainability information.

