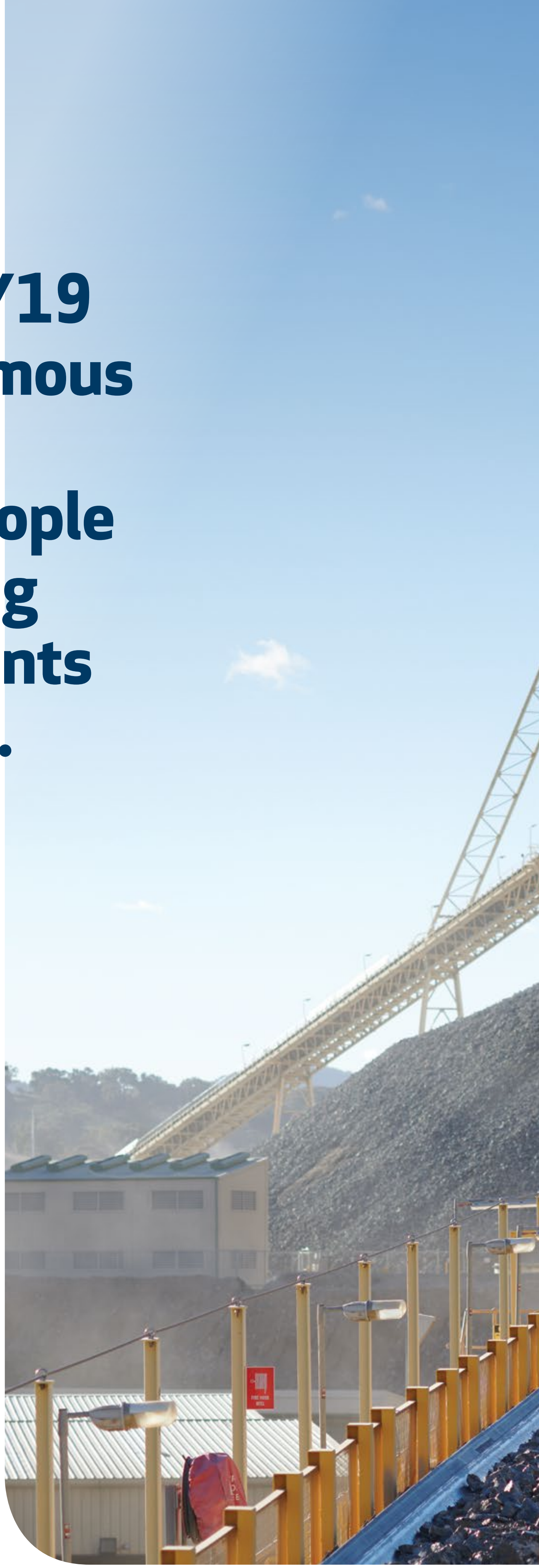
NEWCREST
MINING LIMITED

2019 Annual Report

The success of FY19 reflects the enormous amount of effort applied by our people towards delivering on our commitments and our potential.

SANDEEP BISWAS
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



OUR **VISION**

To be the Miner of Choice.

To be the Miner of Choice for our people, shareholders, host communities, partners and suppliers.

OUR **MISSION**

To safely deliver superior returns to our stakeholders from finding, developing and operating gold/copper mines.


Coarse ore stockpile at Cadia, New South Wales, Australia

FORGING A STRONGER NEWCREST

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Forging a **stronger Newcrest**

The health and safety of our people is of primary importance at Newcrest.

Our clear focus remains on eliminating fatalities and life-changing injuries from our business, while striving to make continual progress on reducing all injuries and health impacts.

We believe that a strong and enduring commitment to the health and safety of our workforce best reflects our values and underpins and sustains optimal business performance.

To achieve Newcrest's full potential for our stakeholders, our company strategy focuses on five key pillars, each with associated aspirations.

OUR **FIVE PILLARS**

Safety & sustainability	People	Operating performance	Technology & innovation	Profitable growth

OUR **ASPIRATIONS**

Safety & sustainability	People	Operating performance	Technology & innovation	Profitable growth
ZERO FATALITIES AND INDUSTRY-LEADING TRIFR BY END OF CY20	FIRST QUARTILE ORGANISATIONAL HEALTH BY END OF CY20	FIRST QUARTILE GROUP AISC PER OUNCE BY END OF CY20	5 BREAKTHROUGH SUCCESSES BY END OF CY20	EXPOSURE TO FIVE TIER ONE OREBODIES BY END OF CY20 (OPERATIONS, DEVELOPMENT PROJECTS, OR EQUITY INVESTMENTS)

OUR **EDGE**

Being agile, bold and having an owner's mindset

Three key **external stakeholders** are:

SHAREHOLDERS

To achieve our Mission of safely delivering superior returns to our stakeholders from finding, developing and operating gold/copper mines, we strive to:

- Safely realise the full potential of our existing assets
- Apply our technical expertise to unlock value in orebodies we own or can acquire
- Leverage our exploration and technical expertise to find, or gain access by early-stage entry to new gold/copper orebodies
- Maintain capital discipline when deploying all growth and exploration opportunities to ensure financial strength throughout the capital cycle
- Provide shareholder value through dividend returns in line with our dividend policy

COMMUNITIES

Newcrest's mining and exploration activities have significant potential to impact the communities where we operate.

A planned, transparent and constructive approach to community engagement and development is critical to maintaining Newcrest's social licence to operate and to ensure that communities benefit from Newcrest's operations. We are also conscious of the need to balance community expectations against a project's ability to deliver returns throughout the life of the mine. In the longer term, we also need to ensure that we do not create undue community dependence upon our mining operations that is unsustainable once the operations reach the end of their lives.

Newcrest's presence provides many direct and indirect benefits to the countries and communities in which we operate. These benefits can potentially include:

- Improved access to employment, health, education and training opportunities
- Investment in community infrastructure and services, including road access and maintenance, electricity and clean water supply
- Income-generating activities, including local business development, goods and services supply and support for local agricultural businesses
- Improved community lifestyle, including religious and sporting facilities and sponsorship of both local and regional events and activities

GOVERNMENT

We believe Newcrest's activities positively contribute to the economy of the jurisdictions where we operate through tax, royalties and other socio-economic benefits at the community level.

Newcrest recognises the importance to our long-term success of developing meaningful relationships with all levels of government. We strive to proactively engage with governments in the jurisdictions where we operate to understand their views about, and expectations of, our activities. Our engagement can cover a wide range of areas including economic, environmental and social responsibility. To strengthen community services and support capacity building, Newcrest also works through a range of partners, including local governments.

Newcrest strives to act with integrity and honesty when conducting business, in a manner that promotes transparency in business dealings. Newcrest is a Supporting Member of the Extractive Industries Transparency Initiative (EITI), which is a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources. As part of this commitment, Newcrest publishes its Annual Tax Contribution Report, which sets out mining royalties and taxes paid across all our operating jurisdictions.

We also actively engage both directly and indirectly, through industry groups, with government and other stakeholders on policy and regulatory reform. Proper consultation is critical to any reform process and Newcrest seeks to participate and contribute on relevant issues to assist with informed discussion and consideration.

Asset overview

Australia

1 CADIA

Location: 25 kilometres from Orange, New South Wales

FY19 Production: 913koz of gold, 91kt of copper

Mining Method: Underground

Reserves and Resources*:

Ore Reserve: 22moz gold & 4.3mt copper

Mineral Resource: 38moz gold & 8.3mt copper

Ownership: 100% Newcrest

2 TELFER

Location: Pilbara, Western Australia

FY19 Production: 452koz of gold, 15kt of copper

Mining Method: Open pit and underground

Reserves and Resources*:

Ore Reserve: 2.0moz gold & 0.20mt copper

Mineral Resource: 6.4moz gold & 0.59mt copper

Ownership: 100% Newcrest

Papua New Guinea

3 LIHIR

Location: Niolam Island, New Ireland Province, 900 kilometres north-east of Port Moresby

FY19 Production: 933koz of gold

Mining Method: Open pit

Reserves and Resources*:

Ore Reserve: 24moz gold

Mineral Resource: 50moz gold

Ownership: 100% Newcrest

Indonesia

4 GOSOWONG

Location: Halmahera Island, North Maluku Province

FY19 Production: 190koz of gold

Mining Method: Underground

Reserves and Resources*:

Ore Reserve: 0.37moz gold

Mineral Resource: 1.1moz gold

Ownership: Gosowong is owned and operated by PT Nusa Halmahera Minerals (Newcrest 75%). The figures represent 100% of Mineral Resource and Ore Reserve.

Canada

5 RED CHRIS

Location: British Columbia, approximately 1,000 kilometres north of Vancouver

Mining Method: Open Pit

Ownership: 70% Newcrest, 30% Imperial Metals Limited. Transaction completed 15 August 2019.

* Mineral Resources and Ore Reserves are as at 31 December 2018. See pages 28 to 31 of this Annual Report.

Advanced Projects

6 WAFI-GOLPU

Location: Morobe Province, 65 kilometres south-west of Lae, Papua New Guinea (PNG)

Potential: Golpu: Underground copper-gold mine; Wafi: Open pit gold-copper mine; Nambonga: Underground gold-copper mine

Reserves and Resources*:

Ore Reserve: 5.5moz gold(1) & 2.5mt copper

Mineral Resource: 13moz gold(2) & 4.4mt copper

(1) Golpu;

(2) Inclusive of Golpu, Wafi and Nambonga deposits

Status: Updated feasibility study completed – Awaiting special mining lease approval.

Ownership: 50% Newcrest, 50% Harmony Gold Mining Company Limited.

The figures represent Newcrest's 50% of the Mineral Resource and Ore Reserve.

EXPLORATION

Leveraging our exploration experience

One of our aspirations is to grow our asset base, ideally "through the drill bit" by focussing on brownfield and greenfield exploration opportunities globally.

We are also pursuing alliances and joint venture arrangements with junior explorers and other mining companies who have access to prospective land. Our experienced exploration teams will partner with these companies to maximise potential exploration results. Newcrest has experience in all forms of mining and processing which gives confidence to our partners that Newcrest will be able to responsibly develop any viable deposits discovered.

At the end of the 2019 financial year, Newcrest had 20 of these agreements of various forms with junior explorers and other mining companies in place.

Our exploration activity is currently concentrated in four broad regions: Australia, North America, Central America and South America.

Drilling at Havieron, Pilbara, Western Australia

Key Achievements for FY19

PROFIT AND CASH FLOW

- Statutory profit[1] of $561 million (up 178%)
- Underlying profit[2,3] of $561 million (up 22%)
- EBITDA margin[2,4] of 45%; EBIT margin of 25%
- Cash flow from operating activities of $1,487 million (up 4%)
- Free cash flow[2] of $804 million (up 34%)

BALANCE SHEET

- Leverage ratio of 0.2 times at 30 June 2019
- Gearing[5] of 4.9% at 30 June 2019
- Cash and undrawn committed debt facilities at 30 June 2019 of approximately $3.6 billion

DIVIDEND

- Total FY19 dividends of US22 cents per share (fully franked)

FIRST QUARTILE COST POSITION

$738/oz

AISC

6% PRODUCTION GROWTH YEAR-ON-YEAR

2.5moz

GOLD PRODUCTION

34% FREE CASH FLOW INCREASE YEAR-ON-YEAR

$804m

FREE CASH FLOW

Progress on our aspirations

SAFETY – Zero fatalities and industry leading TRIFR[6] by end of 2020

- Zero fatalities and a low TRIFR of 2.3 per million hours worked

ORGANISATIONAL HEALTH – First Quartile Organisational Health by end of 2020

- Achieved first quartile organisational health score in the 2019 survey

OPERATIONAL PERFORMANCE – First Quartile AISC per ounce by end of 2020

- Lowest cost of major gold producer peers with All-In Sustaining Cost (AISC)[2,7] of $738 per ounce
- Gold production of 2.5 million ounces, copper production of 106 thousand tonnes
- AISC margin of $531 per ounce

TECHNOLOGY & INNOVATION – 5 breakthrough successes by end of 2020

3 Breakthroughs captured so far:

- **High draw, deep caving,** material increase in draw height and depth over PC1 by PC2 evidenced by recent surface subsidence at Cadia
- **Selective refractory ore oxidation** to materially reduce oxygen energy intensity beyond partial oxidation at Lihir
- **Coarse ore flotation,** reducing grinding energy intensity and improving recovery at Cadia

GROWTH – Exposure to 5 Tier One orebodies by end of 2020

- Tier One orebodies
  - Cadia
  - Lihir
  - Wafi-Golpu (50% ownership)
  - Fruta del Norte (27% ownership)

All operating sites **free cash flow positive**

Five and a half consecutive years of **positive free cash flow**

Clear dividend policy **putting shareholders first**

1. Statutory profit is profit after tax attributable to owners of the Company.
2. For this reference and other references to non-IFRS financial measures throughout this annual report, refer to the information in the Operating and Financial Review in the Directors' Report regarding non-IFRS financial measures.
3. Underlying profit is profit after tax before significant items attributable to owners of the parent. Refer to page 56 for further details.
4. EBITDA is 'Earnings before interest, tax, depreciation, amortisation and significant items'. EBIT is 'Earnings before interest, tax and significant items'. EBITDA and EBIT are used to measure segment performance and have been extracted from Note 4 'Segment Information' on page 97.
5. Gearing is calculated as net debt to net debt and total equity, as at 30 June. Refer to page 54 for further details.
6. Total Recordable Injury Frequency Rate (per million hours worked).
7. AISC and All-In Cost are both determined in accordance with the updated World Gold Council Guidance Note on Non-GAAP Metrics released November 2018. Newcrest has elected to partially apply the updated guidance from 1 January 2019, with the partial nature reflecting Newcrest only being able to apply the leasing changes after 30 June 2019.

GROUP GOLD PRODUCTION

	THOUSAND OUNCES
FY15	2,423
FY16	2,439
FY17	2,381
FY18	2,346
FY19	**2,488**

EBITDA[1, 2]

	$M
FY15	1,385
FY16	1,292
FY17	1,408
FY18	1,565
FY19	**1,670**

CASH FLOW FROM OPERATING ACTIVITIES[1, 2]

	$M
FY15	1,280
FY16	1,241
FY17	1,467
FY18	1,434
FY19	**1,487**

GROUP COPPER PRODUCTION

	THOUSAND TONNES
FY15	97
FY16	83
FY17	84
FY18	78
FY19	**106**

EBIT[1, 2]

	$M
FY15	811
FY16	594
FY17	719
FY18	774
FY19	**924**

FREE CASH FLOW[1, 2]

	$M
FY15	854
FY16	814
FY17	739
FY18	601
FY19	**804**

ALL-IN SUSTAINING COST[1,2]

	$/OUNCE
FY15	780
FY16	762
FY17	787
FY18	835
FY19	**738**

UNDERLYING PROFIT[1, 2]

	$M
FY15	424
FY16	323
FY17	394
FY18	459
FY19	**561**

LEVERAGE RATIO[1, 2, 3]

	TIMES
FY15	2.1
FY16	1.6
FY17	1.1
FY18	0.7
FY19	**0.2**

FY19 RESULTS AT A GLANCE[1, 2]

		12 months to 30 June 2019	12 months to 30 June 2018	% Change
Gold produced	(ounces)	2,487,739	2,346,354	6%
Copper produced	(tonnes)	105,867	77,975	36%
Realised gold price	($ per ounce)	1,269	1,308	(3%)
Realised copper price	($ per pound)	2.78	3.09	(10%)
Average exchange rate	(AUD:USD)	0.7156	0.7754	(8%)
Sales revenue	($ millions)	3,742	3,562	5%
EBITDA	($ millions)	1,670	1,565	7%
EBIT	($ millions)	924	774	19%
Statutory profit	($ millions)	561	202	178%
Underlying profit	($ millions)	561	459	22%
Cash flow from operating activities	($ millions)	1,487	1,434	4%
Net cash outflow from investing activities	($ millions)	683	833	(18%)
Free cash flow	($ millions)	804	601	34%
Return on capital employed (ROCE)	(percent)	11.2	8.8	27%
Leverage ratio[3]	(times)	0.2	0.7	(71%)
Gearing	(percent)	4.9	12.2	(60%)
Total dividends	(cents per share)	22.0	18.5	19%

1. All financial data presented in the Annual Report is quoted in US dollars unless otherwise stated.
2. EBIT, EBITDA, Underlying profit, AISC, Free cash flow, ROCE and Gearing are non-IFRS financial information and have not been subject to audit by the Company's external auditor. Refer to the information in the Operating and Financial Review in the Directors' Report regarding non-IFRS financial measures.
3. Leverage ratio (Net debt to EBITDA) is calculated as net debt divided by EBITDA of the preceding 12 months. Calculated as at 30 June.

Chairman's Report

It is my pleasure to present Newcrest's Annual Report for the 2019 financial year, providing details of our continued progress against our business strategy.

Newcrest continues to pursue business transformation by focusing on the key areas of safety and sustainability, people, operating performance, technology and innovation, and profitable growth.

The focus on safety transformation across the business over the past few years has been relentless. Led from the top, yet owned by its people, the Company's determined focus on never losing sight of the vision of everybody going home safe and healthy every day has seen yet another year without fatalities or life-changing injuries. Though the performance in the 2019 year was pleasing, everyone from the Board to the frontline recognises that when it comes to safety there is no finish line and our focus must never waver.

Globally, the political environment continues to change, bringing fresh challenges in some of the countries in which we operate and explore. Public expectations of our role are also changing and increasing. We remain committed to working together closely with our host governments and communities to deliver benefits at a national and local level.

The recent addition of Red Chris to Newcrest's portfolio highlights our disciplined investment approach, in line with our business strategy, to build on our portfolio of high quality, long life assets.

Taking into account our improved balance sheet, and considering expected capital requirements and market conditions, the Board has determined to pay a fully franked US14.5 cents per share final dividend, taking our total dividend for the year to US22 cents per share. This meets Newcrest's commitment to targeting a total dividend payout of at least 10 to 30% of annual free cash flow, with the total annual dividend no less than US15 cents per share.

Peter Tomsett joined the Newcrest Board in September 2018. Peter has extensive gold mining and international business experience, as both an executive and non-executive director of a broad range of mining companies. He is a member of Newcrest's Audit and Risk Committee and Safety and Sustainability Committee.

APPLYING OUR DIVIDEND POLICY

US22cps

TOTAL FY19 DIVIDEND

DELIVERING RETURNS TO SHAREHOLDERS

47.7%

TOTAL SHAREHOLDER RETURN FOR FY19

Newcrest continues to embed sustainable mining principles and practice in all levels of its business. It is our belief that the long-term development and success of the Company and industry is dependent on a consistent and integrated approach to sustainability.

The past year has seen a number of mergers and acquisitions in the gold industry. In terms of global comparisons, Newcrest is ranked around number six in terms of ounces produced, but number three by market capitalisation, highlighting the Company's portfolio of high quality ounces.

Newcrest holds a unique position in the market, with its long reserve life, low cost production, organic growth options, strong exploration and technical capabilities, and a financially robust balance sheet. The Board is confident in the positive outlook for the Company and we thank you for your ongoing support.

PETER HAY
CHAIRMAN

FY19 **GROWTH**

Application of our growth strategy

The aspiration for the Profitable Growth pillar is to have exposure to five Tier One orebodies by the end of calendar year 2020. At our Investor Day in October 2018, we highlighted our desire to have exposure to a further 2–4 Tier Two assets and a strong pre-production pipeline.

Our approach to growth has remained consistent, with value creation for our shareholders always underpinning our decision-making.

In order of preference, we seek to achieve growth through:

1. Organic growth
2. Greenfield exploration
3. Early entry partnerships with explorers
4. Acquisition or merger – when we see the opportunity to create value through application of our strong and unique technical capabilities

We are well on the way to achieving our aspiration through our exposure to the Tier One orebodies of Cadia, Lihir, Wafi-Golpu and Fruta del Norte (through our investment in Lundin Gold).

Organic growth was pursued through a number of projects including the progression of the Cadia Expansion Feasibility Study which is expected to be completed in the first half of FY20. The Cadia Molybdenum Plant has also been approved for execution. When commissioned, it will generate an additional revenue stream for Cadia in the form of a molybdenum concentrate and further reduce Cadia's AISC per ounce via a molybdenum by-product credit.

During the year, our exploration team continued to pursue several opportunities through 100% owned greenfield tenements. Similarly, the exploration team signed several early entry partnerships with explorers in order to gain access to prospective ground. One such partnership is with Greatland Gold, who own the Havieron tenement close to our Telfer mine in Western Australia. Havieron is what we believe to be a highly prospective project which, with successful exploration, could become an underground mine that could provide supplementary higher grade feed to the Telfer processing plant.

Newcrest also added to its asset portfolio by acquisition during the year. In August 2019, Newcrest announced it had completed the joint venture transaction with Imperial Metals to acquire 70% of the Red Chris mine in British Columbia, Canada. With a two stage transformation plan which seeks to optimise the existing operation and subsequently apply Newcrest's technical expertise in block caving and coarse ore separation, Newcrest believes it has a pathway to develop Red Chris into a Tier One operation subject to further drilling and study work.

Managing Director's Review

This year has been one of growth and improvement on many levels at Newcrest, as we have built upon the solid foundations for transformation laid in previous years.

I am pleased to report the achievements delivered throughout the year against our 'Forging a stronger Newcrest' business strategy that we announced in February 2018.

Our strategy maintains focus on our long-term commitment to the safety, health and wellbeing of our people. Our Safety Transformation plan has now been in place for almost four years, encouraging all our people to take ownership of their own safety and that of their workmates.

During this period we have had no fatalities. In the past 12 months our total recordable injury frequency rate was 2.3 per million hours worked, an improvement of 3% compared to the prior year.

The three pillars of our Safety Transformation – having a stronger safety culture through NewSafe, critical controls for high risk tasks, and robust process safety management – have not changed since their introduction in 2015.

We can never be complacent when it comes to safety. Our aim remains the elimination of fatalities and life-changing injuries from our business.

The Company's strong performance over the past 12 months would not be possible were it not for the tremendous effort put in by Newcrest's people. This financial year, Newcrest produced 2.5 million ounces of gold at a low AISC of $738 per ounce, generating a statutory and underlying profit of $561m. Pleasingly, all operations were cash flow positive, allowing the Group as a whole to generate $804m in free cash flow over the financial year. This strong cashflow generation allowed us to reduce our net debt position by a further $645m down to $395m and strengthen our leverage ratio and gearing ratios to be well within our target financial metrics. This strong financial position also facilitated investment in future growth opportunities.

LOW COST POSITION

$738/oz

AISC

GENERATED FREE CASH FLOW (FCF)

$804m

FCF IN FY19

Cadia had an outstanding year, producing 913koz of gold and a record low AISC of $132 per ounce. Lihir was able to achieve its 15mtpa sustainable mill throughput rate target by the end of the financial year. Telfer increased its gold production and improved its AISC per ounce compared to the prior year. We continue to explore opportunities to further optimise the Telfer operation, in an attempt to unlock the potential value of its 6.4 million ounces of gold Mineral Resources*. Gosowong generated $29m of free cash flow, despite approaching the end of its reserve life.

The announcement in March of our acquisition of a 70% interest in and operatorship of the Red Chris mine and associated exploration tenements in Canada was well aligned with our growth strategy. The transaction is exciting for Newcrest and is the culmination of a substantial amount of work. We have looked at many growth opportunities over the last couple of years and been judicious in selecting a transaction which aligns with our growth strategy and financial goals. With the transaction having closed on 15 August 2019, Red Chris adds a potential Tier One, long life asset with immediate geographic and production diversification in a leading mining jurisdiction. Through a two-stage transformation plan, we have identified opportunities to add value by delivering improvements through our Edge programme and applying our unique technical capabilities in block caving. We also look forward to progressing the promising exploration opportunities this transaction brings.

Also in March 2019, we announced that Newcrest had entered into a farm-in agreement with Greatland Gold for the Havieron tenement. Early drilling conducted at Havieron has suggested the possibility for developing a high grade underground mine, the product of which could be processed at Telfer, just 45km away. This potential option could transform the outlook for Telfer, potentially improving its financial performance and extending its life out beyond 10 years.

Newcrest has a history of delivering value through the application of technology and innovation. Our current leading position within the gold industry in block cave mining is a direct outcome of this. As the world's remaining ore deposits become deeper and lower grade, block cave mining with its high productivity and low operating costs have become the underground mining method of choice when the orebody warrants it.

At Newcrest we are working on developing the next generation of caving with an industry leading approach called undercut-less caving, with the aim of safely reducing capital costs and cave establishment time.

Through continued investment in innovation we continue to discover what is possible. For example, we are pursuing the development of autonomous, semi-autonomous and remote mining solutions to reduce exposure of our personnel in hot mining conditions at Lihir and to the underground operations at Cadia and at Telfer. We continue to explore and trial technologies for selective processing, mass sensing and sorting at sites. We also use advanced analytics and digital technology such as artificial intelligence and virtual reality to increase safety and performance.

Over the course of the financial year we have made substantial progress on our drive to integrate sustainability across the business, supporting our commitment and membership of the International Council on Mining and Metals (ICMM).

This has seen us develop new policies on sustainability and climate change, and develop new objectives, measures and targets in relation to biodiversity, water management and energy efficiency.

In April 2019 we released the findings of the Independent Technical Review Board into the root cause of the Cadia Northern Tailings Storage Facility embankment slump that occurred in March 2018. Newcrest is a working group member of the ICMM Tailings Review and, together with other industry leaders, we are committed to the ICMM approach to the governance of tailings storage facilities. It is a key issue for us and the communities we operate in, and an area we will continue to work closely on, both within Newcrest and in collaboration with our peers in the industry.

The achievements made throughout the year were only possible due to the commitment and tenacity of the Newcrest team. Our people are the engine behind our results and I thank them for their continued efforts and high performance.

Over the past 12 months we have continued to focus on building the leadership capability and career paths of our people through our tailor-made talent, leadership and management development programmes, and the establishment of talent councils specifically to identify career opportunities to help our people reach their full potential.

We also launched our Diversity and Inclusion Strategy, with specific targets that will continue to increase our representation of women and local and national employees across the business globally.

Our annual company-wide Organisational Health survey has again shown a continual improvement, with Newcrest now ranking in the top quartile of 'healthy' organisations surveyed. Reaching top quartile health was one of our 2020 aspirations and a result of the transformation work undertaken across the Company over the past five years.

We enter the next financial year in a strong position and continue to focus on our 'Forging a stronger Newcrest' business strategy as we strive to realise our future aspirations. Thank you to our people, shareholders, suppliers, customers and local communities for your continued support.

SANDEEP BISWAS
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

* Mineral Resources and Ore Reserves are as at 31 December 2018. See pages 28 to 31 of this Annual Report.

Safety & Sustainability

At Newcrest, we view safety and sustainability as more than risks to be managed.

They provide opportunities to show our values in action; to deliver on the commitments we make to our people, and our communities; to operate safely, healthily, efficiently, ethically and transparently.

Our goal is to create a work environment where everyone can go home safe and healthy every day. We empower our people to stop work if it is not safe. We strive to create an environment where everyone can make a difference and share their concerns, insights and learnings with others.

The Safety Transformation Plan, which began in 2015, continues to direct our efforts and deliver results. Safety is strongest when the three elements of culture, controls and systems are aligned. Our safety culture, behaviours and actions are led by NewSafe. Our Critical Control Management programme puts in place the review, approval and verification steps for high-risk tasks. Process Safety management targets wider system risks, such as operating plant designs and chemical and energy hazards.

In FY19 we had no fatalities, ending the year with a total recordable injury frequency rate of 2.3 per million hours worked. Our overarching aim remains the elimination of fatalities and life-changing injuries from our business.

Complementing the Safety Transformation Plan are Newcrest's programmes in health, hygiene and community health. Key focus areas for these programmes include workplace monitoring and controlling potential occupational health exposures, fatigue, and mental and physical health and wellbeing. In FY19, we continued the delivery of fatigue management programmes and mental health first aid training courses developed in 2018. Monitoring and reducing potential workplace exposures remained a key part of our health and hygiene programme with all sites undertaking activities to identify and reduce exposures.

Our new Sustainability Framework provides a structure for how sustainability is governed across the business. The framework builds on Newcrest's transformation plan to clearly articulate our vision and commitment to sustainability, and how we will deliver on our commitments through a series of supporting objectives and targets. Through the development of our framework, we have also identified and strengthened specific areas in sustainability. We developed new policies, objectives and targets on a range of sustainable mining topics including biodiversity, water management, responsible supply chains, energy efficiency and climate change and we have begun integrating them through our business.

To promote low-emissions technologies in our business, we have set the target of 30% reduction in greenhouse gas emissions intensity, by 2030 against a 2018 baseline, as measured by the metric of kg CO_2-e/ per tonnes of ore treated.

For business planning, including new acquisitions and key capital expenditures, we will include carbon price scenarios ranging between $25 and $50 a tonne of CO_2-e in our business case sensitivity analysis for jurisdictions where there is no regulated carbon price.

In 2019 we committed to transparently disclose our performance in accordance with the Taskforce on Climate-Related Financial Disclosure (TCFD) framework. The TCFD provides a framework to apply the risks and opportunities of climate change and the transition to a lower-carbon economy. We will progressively report our progress against the TCFD in our Sustainability Report.

In the past year Newcrest has also played an active role in discussions on global tailings facilities standards, and published a list of its facilities, their design and use. In April 2019 we released the expert report prepared in relation to the 2018 slump of a part of Cadia's Northern Tailings Storage Facility.

The expert report was shared with the industry including the International Council on Mining and Metals (ICMM) and the Minerals Council of Australia (MCA), where we seek to contribute to raising standards and harness the industry's collective insights.

Our approach to sustainability also includes community agreements and partnerships to foster socio-economic advancement. Newcrest and its employees are involved in targeted local community programmes, ranging from indigenous employment and training, education, mental health and awareness programmes to agribusiness and social housing initiatives.

These activities reflect our commitment to work with industry, governments, local communities and other key stakeholders, to explain our activities and build long-term economic opportunities and social capacity within the communities in which we operate.

People

We aim to create a diverse and inclusive environment where all our people feel safe and valued, and they have the training and support they need to deliver superior results.

During this financial year, Newcrest launched its first public Diversity and Inclusion Strategy, with targets taking us through to FY21. Measures look at both quantitative and qualitative performance, as well as focusing on specific targets, that include:

- Continuing to increase the representation of women across our business globally, with additional concentration on the representation of females in leadership roles within our business; and
- Improving the representation of Aboriginal/Torres Strait Islander employees in our Australian business and representation of indigenous, local and national employees globally.

Across Newcrest, we continue to focus on the relatively low representation of women in technical and operational roles, combined with low representation of men in support and administration roles. These traditional gender role perceptions require sustained cultural, social and behavioural change, which we aim to address through our Diversity and Inclusion Strategy. The Strategy includes targeted activities and initiatives such as continued attention on improved education to reduce unconscious bias and specific communication regarding the benefits of diverse workforces.

Fostering a diverse and inclusive work environment goes beyond gender. It is about having a culture that values and respects differences. Every year we measure the company's Organisational Health in an annual survey. This year, a record 86% of employees and contractors participated in the survey, indicating high levels of employee engagement and a culture of comfort in providing feedback, which are important factors in building inclusive teams.

The results from this year's survey demonstrate our continued improvement and transformation of workplace culture, with Newcrest now ranked in the top quartile of surveyed organisations.

This year, for the first time, we also included elements of workforce diversity and inclusion in the Organisational Health survey. More than 95% of respondents said they were aware of Newcrest's commitment to creating a diverse and inclusive workplace.

We continue to evolve our tailor-made leadership and management development programmes to help Newcrest's people deliver on our 2020 aspirations detailed in the "Forging a stronger Newcrest" strategy document.

This year we also established Talent Councils, helping us sharpen our focus on engaging and retaining employees, as well as identifying career opportunities to help our people reach their full potential.

"Value for Newcrest shareholders always underpins our approach to growth.

SANDEEP BISWAS
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Newcrest is the **operator of Red Chris**

Located in British Columbia, in the "Golden Triangle", host to **numerous copper-gold porphyry deposits**

A two-stage transformation is **expected to deliver significant value to shareholders**

Open pit at Red Chris, British Columbia, Canada

Releasing **orebody potential**

RED **CHRIS**

In March 2019, and following an intensive due diligence process, Newcrest entered into an agreement with Imperial Metals to acquire 70% of the Red Chris Mine. The acquisition completed on 15 August 2019. At Newcrest, we see this as a meaningful, yet measured entry into North America. We believe Red Chris has the potential to be transformed into a Tier One orebody through the application of our technical expertise.

The size of this transaction was readily accommodated by Newcrest's strong cashflows and did not put at risk our strong balance sheet and liquidity position.

Importantly, Newcrest has identified several opportunities to add value through application of our technical capabilities via a two stage transformation approach.

Stage One: the application of our Edge programme, where we see opportunities at Red Chris to add value in areas including:

- the improvement of ore body knowledge
- grade and process control
- extensional resource and exploration drilling

Stage Two: the application of our industry-leading technical expertise, technology and innovation.

Red Chris is an orebody which has geological and metallurgical similarities to the Cadia orebodies. These similarities have enabled us to confidently identify several opportunities to add value through the application of:

- block caving
- coarse ore flotation
- mass sensing and sorting

Since the transaction closed, Newcrest has immediately begun work on the transformation and operations integration, commencing resource and exploration drilling, pit optimisation and process plant optimisation work streams and two concept studies on block cave design and selective processing.

HAVIERON

In March 2019, we also announced that Newcrest had entered into a farm-in agreement with Greatland Gold for the Havieron tenement, situated just 45km from Telfer.

Further drilling is required to confirm the possibility of a high grade underground mine.

If successful, the high grade ore extracted from the mine could be transferred to Telfer, which could materially improve its All-In Sustaining Cost per ounce and increase its mine life.

Telfer is the largest processing facility in the highly prospective Paterson Province, the province in which the Havieron tenement is located. With sufficient capacity and capability to process other discoveries, Newcrest believes the Paterson province presents significant additional opportunity for Telfer in the future.

Newcrest has commenced drilling at Havieron and initial drilling results have been encouraging.

Newcrest's **value proposition**

Long reserve life

54moz

Gold Ore Reserves

With an estimated 54 million ounces of gold Ore Reserves[1], Newcrest's Reserve Life was approximately 22 years at 30 June 2019[2]

Delivering on commitments

$4.2b

Free cash flow delivered over 5.5 years

Newcrest strives to deliver on its commitments. In FY19, Newcrest successfully delivered on a number of these, including:

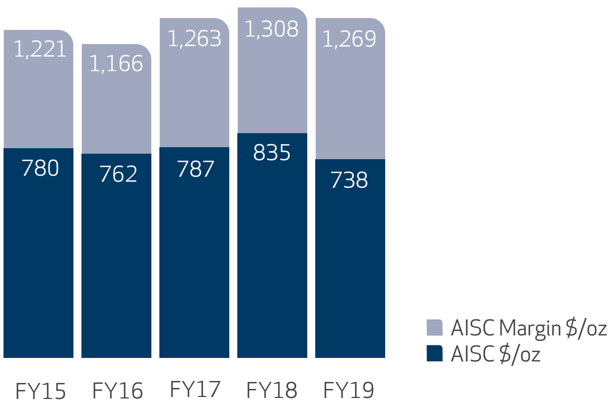
- Met group production and cost guidance
- Achieved an annualised 15mtpa sustainable mill throughput rate at Lihir (in June 2019 quarter)
- Developed Climate Change Policy and set emissions targets for 2030
- $55m in total community payments and expenditures on community services and development projects
- Returned capital to shareholders first, with a dividend of US22 cents per share, as governed by our dividend policy

Additional achievements include:

- First quartile Organisational Health Score
- 6th consecutive year of positive free cash flow

Low cost **production**

Five years of achieving an All-In Sustaining Cost below $850/oz has resulted in Newcrest consistently realising an AISC margin of over $400/oz in each of FY15, FY16, FY17, FY18, and FY19.



1. See page 30 of this Annual Report. An updated Reserves and Resources statement will be issued in February 2020.
2. Reserve life is indicative and calculated as proven and probable gold reserves (contained metal) as at 31 December 2018 divided by gold production for the 12 months ended 30 June 2019. The reserve life calculation does not take into account gold recovery rates and therefore estimates of reserve life do not necessarily equate to operating mine life.

Organic **growth options**

Newcrest is focussed on maximising the profitable cash generation potential of its existing assets, projects and exploration prospects.

Cadia

Work continued on the Cadia Expansion Feasibility Study, which remains on track to be submitted for Board approval by the end of December 2019. Cadia continued early works on the next Cadia East block cave, PC2-3, which is located to the east of the current mining operations. The early works include establishing access and a ventilation system.

The Cadia Molybdenum Plant Feasibility Study was gated to Execution during the year, at an estimated capital cost of $95m, with commissioning of the plant expected in FY22. The Molybdenum Plant is expected to deliver an additional revenue stream for Cadia in the form of a molybdenum concentrate which will be a by-product credit to AISC per ounce.

Lihir

Lihir achieved the target of an annualised 15mtpa sustainable mill throughput rate in the June 2019 quarter. Having achieved this target, Lihir is looking to stabilise throughput at or slightly above these levels and increase focus on lifting recovery rates to maximise overall gold production and cash flow in the future.

Wafi-Golpu

Recent developments in Papua New Guinea (PNG) have resulted in a delay to permitting of the Wafi-Golpu Project. These developments include a period of internal political contest culminating in the Parliament's election of a new Prime Minister, as well as the delay associated with legal proceedings between the National Government and the Morobe Provincial Government regarding the internal distribution of PNG's economic interests in the project. These developments have compelled the Wafi-Golpu Joint Venture (WGJV) to defer and revise the work programme it had planned to commence in FY20.

General operation of the site, community programmes, environmental monitoring and engineering activity all continue, although at a reduced scale. The project team in Brisbane has been redeployed and reduced in order to mitigate the costs of the delay.

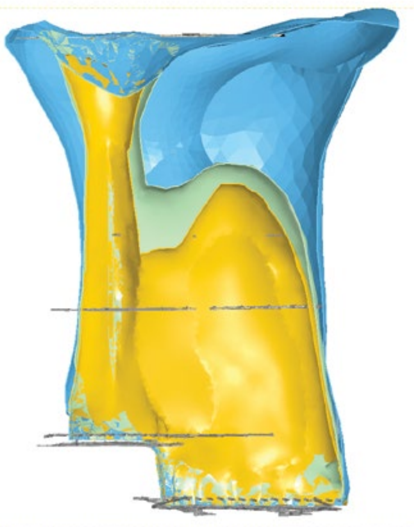
The PNG Government continues to signal its support for the project and the WGJV is well placed to resume discussions with the PNG Government given the constructive progress already made on the various agreements required for completion of the permitting process and the grant of a Special Mining Lease. It is difficult to estimate the duration of this delay and the market will be advised when discussions recommence.

Financially robust

Newcrest's financial metrics have improved significantly over the past five years and supported ratings upgrades from both Standard & Poor's and Moody's during the year. The strong financial performance has enabled the Board to announce dividends relating to FY19 totalling US22 cents per share.

Exploration & technical capability

Newcrest's capabilities to find, develop, mine and process a diverse range of orebodies – including lower grade, complex, refractory, deep, narrow or those in poor ground – have been enhanced by ongoing innovation and problem-solving. It is Newcrest's capability in bulk underground mining, particularly block caving, which truly sets it apart and positions Newcrest to take advantage of future discoveries.



Indicative schematic of Cadia East Block Caves.

Our experienced exploration team targets regions that leverage our strong suite of technical capabilities and competitive strengths, including:

- Our ability to mine and process a diverse range of gold/copper deposits
- Our expertise in exploration for porphyry and epithermal gold-rich deposits

Transformative technology helps exploration work faster and smarter

Newcrest's Exploration team is applying innovative field-based analytical technology that enable geologists to make faster and better-informed decisions at the time of drilling. We are early adopters of high-resolution core logging technologies that provide consistent, reliable geological data, in near real-time, at the drill site. This technology means that we have decision critical data within hours. It is now possible to visualise our drilling data within an hour of rock being extracted from the ground.

Newcrest, working with key technology partners, have co-created new workflows in the automated mapping of drill cores. We have combined multiple core-based scanning technologies to maximize value from our drilling. The TruScan™ geo-analysis tool, developed by Boart Longyear, is designed to provide same-day continuous acquisition of high-density geochemical data. While not replacing traditional assays, this technology provides data vital for our geologists to make more accurate and timely decisions, through faster and smarter targeting.

Our innovative way of mapping drill cores create huge volumes of data. We are analysing this data in new ways working with data scientists, mathematicians and computer vision specialists to embed real-time analytics and machine-driven geology-led predictive technologies – this is transforming how we explore.

On site core analysis in real time

The Board

PETER HAY

LLB, FAICD
Independent Non-Executive Chairman

Mr Hay was appointed as Non-Executive Chairman of the Board in January 2014, after being appointed as a Non-Executive Director in August 2013. Mr Hay is also the Chairman of the Nominations Committee.

Skills, experience and expertise
Mr Hay has a strong background and breadth of experience in business, corporate law, finance and investment banking advisory work, with particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises. Mr Hay was a partner of the legal firm Freehills until 2005, where he served as Chief Executive Officer from 2000 and is a former member of the Australian Takeovers Panel.

Current Listed Directorships
- Chairman of Vicinity Centres (from 2015)

Other Current Directorships/appointments
- Chairman of Australia Pacific Airports Corporation (from July 2019)
- Member of AICD Corporate Governance Committee
- Director of Cormack Foundation (from 2005)

SANDEEP BISWAS

BEng (Chem) (Hons), FAusIMM
Managing Director and Chief Executive Officer

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

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

Current Directorships/appointments
- Vice Chairman of the Minerals Council of Australia
- Director of the World Gold Council (from 2017)
- Member of ICMM Council

GERARD BOND

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

Finance Director and Chief Financial Officer

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

Skills, experience and expertise

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

Other Current Directorships/ appointments

- Alternate Director of the World Gold Council

PHILIP AIKEN AM

BEng (Chemical), Advanced Management Program (HBS)

Independent Non-Executive Director

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

Skills, experience and expertise

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

Current Listed Directorships

- Chairman of Aveva Group plc (from 2012)
- Chairman of Balfour Beatty plc (from 2015)

Current Directorships/appointments

- Director of Gammon China Limited (Chairman during 2018, Director from 2019)
- Business Ambassador, Business Events Sydney (from 2016)
- Chairman of Australia Day Foundation (from 2007)

XIAOLING LIU

BEng (Extractive Metallurgy), PhD (Extractive Metallurgy), GAICD, FAusIMM, FTSE

Independent Non-Executive Director

Dr Liu was appointed to the Board in September 2015. She is a member of the Human Resources and Remuneration Committee, the Audit and Risk Committee and the Nominations Committee.

Skills, experience and expertise

Dr Liu has extensive executive experience in leading global mining and processing businesses. Her last executive role was as President and Chief Executive Officer of Rio Tinto Minerals based in Denver, where she ran integrated mining, processing and supply chain operations in the United States, Europe and Asia. Prior to her last executive role, Dr Liu held senior management and operational roles at Rio Tinto throughout her career including President – Primary Metal Pacific, Managing Director – Global Technical Services and General Manager Bell Bay Smelter.

Current Listed Directorships

- Director of South 32 Limited (from 2017)

Other Current Directorships/ appointments

- Director of Melbourne Business School (from 2016)
- Member of the China Matters Advisory Council (from 2017)

Former Listed Directorships (last 3 years)

- Director of Iluka Resources Limited (2016 – 2019)

The **Board** continued

ROGER HIGGINS

BE (Civil Engineering) (Hons), MSc (Hydraulics), PhD (Water Resources), Stanford Executive Program, FIEAust, FAusIMM
Independent Non-Executive Director

Dr Higgins was appointed as Non-Executive Director to the Board in October 2015. He is Chairman of the Safety and Sustainability Committee and a member of the Human Resources and Remuneration Committee.

Skills, experience and expertise

Dr Higgins brings extensive experience leading mining companies and operations, and has deep working knowledge of Papua New Guinea as a current Non-Executive Director and a former Managing Director of Ok Tedi Mining Limited in Papua New Guinea. In his most recent executive position, Dr Higgins served as Senior Vice President, Copper at Canadian metals and mining company, Teck Resources Limited. Prior to this role he was Vice President and Chief Operating Officer with BHP Billiton Base Metals Customer Sector Group working in Australia and also held senior positions with BHP Billiton in Chile. He also holds the position of Adjunct Professor with the Sustainable Minerals Institute, University of Queensland.

Current Listed Directorships

- Director of WorleyParsons Limited (from 2019)
- Chairman of Minotaur Exploration Limited (Director from 2016, Chairman from 2017)

Other Current Directorships/appointments

- Director of Ok Tedi Mining Limited (from 2014)
- Member of the Sustainable Minerals Institute Advisory Board, University of Queensland (from 2016)
- Member of the Energy and Resources Advisory Board, University of Adelaide (from 2019)

Former Listed Directorships (last 3 years)

- Director of Metminco Limited (2013 – 2019)

VICKKI MCFADDEN

BComm, LLB
Independent Non-Executive Director

Ms McFadden was appointed as Non-Executive Director of the Board in October 2016. She is Chairman of the Audit and Risk Committee and a member of the Human Resources and Remuneration Committee.

Skills, experience and expertise

Ms McFadden is an experienced company director and has broad experience in several roles as member or chairman of audit and risk committees. Ms McFadden has an extensive background in finance and law. She is a former investment banker with considerable expertise in corporate finance transactions, having served as Managing Director of Investment Banking at Merrill Lynch in Australia and as a Director of Centaurus Corporate Finance and a former President of the Australian Takeovers Panel.

Current Listed Directorships

- Chairman of The GPT Group (from 2018)
- Director of Tabcorp Holdings Limited (from 2017)

Other Current Directorships/appointments

- Director of The Myer Family Investments Pty Ltd (from 2011)
- Member of the Advisory Board and Executive Committee of the UNSW Business School (from 2006)

PETER TOMSETT

BEng (Mining) (Hons), MSc (Mineral Production Management), GAICD
Independent Non-Executive Director

Mr Tomsett was appointed as a Non-Executive Director of the Board in September 2018. He is a member of the Audit and Risk Committee and the Safety and Sustainability Committee.

Skills, experience and expertise
Mr Tomsett has extensive and deep gold mining and international business experience as both an executive and non-executive director of a broad range of mining companies listed on the Australian, Toronto, New York and London stock exchanges. His last executive role was as the President and Chief Executive Officer of global gold and copper company, Placer Dome Inc, where he worked for 20 years in project, operational and executive roles.

He has been the Chairman and Managing Director of Kidston Gold Mines Ltd and the Non-Executive Chairman of Equinox Minerals Ltd and Silver Standard Resources Inc. He has also held numerous other Board positions in mining, energy and construction companies and associations including as a Director of OZ Minerals Ltd, Acacia Mining plc, Talisman Energy Inc, North American Energy Partners Inc, Africo Resources Ltd, World Gold Council, Minerals Council of Australia, and International Council for Mining and Metals.

Former Listed Directorships (last 3 years)
- Director of OZ Minerals Ltd (2017 – 2018)
- Director of Acacia Mining plc (2013 – 2017)
- Chairman of Silver Standard Resources Inc (Director 2006 – 2017, Chairman 2008 – 2017)

Conveyors at Telfer, Western Australia

Mineral Resources and Ore Reserves

Newcrest Mining Limited releases its Annual Statement of Mineral Resource and Ore Reserve estimates and Explanatory Notes as of 31 December each year. The Statement for the period ending 31 December 2018 was released on 14 February 2019, and can be found on Newcrest's website at www.newcrest.com.au. This section of the Annual Report includes relevant information set out in that Statement. Changes that have occurred in the six months ending 30 June 2019 due to mining depletion and other adjustments are noted below.

For the purposes of the Annual Mineral Resources and Ore Reserves Statement as at 31 December 2018, Newcrest has completed a detailed review of all production sources. The review has taken into account long term metal prices, foreign exchange and cost assumptions, and mining and metallurgy performance to inform cut-off grades and physical mining parameters.

As at 31 December 2018, Group Mineral Resources are estimated to contain 110 million ounces of gold, 19 million tonnes of copper and 93 million ounces of silver. This represents a decrease of approximately 7.6 million ounces of gold (~6%), 0.1 million tonnes of copper (~0.5%) and 0.9 million ounces of silver (~1%), compared with the estimate as at 31 December 2017. The Group Mineral Resources estimates as at 31 December 2018 are set out in the Mineral Resource tables. Mineral Resources are reported inclusive of Ore Reserves.

The Group Mineral Resources as at 31 December 2018 includes changes at numerous deposits following updated notional constraining shells and/or resource models. These include:

- Estimated mining depletion of approximately 3.2 million ounces of gold, 0.1 million tonnes of copper and 1 million ounces of silver.
- Removal of the insitu Cadia Hill open pit Mineral Resource estimated to contain 2.7 million ounces of gold and 0.23 million tonnes of copper following approval to use the Cadia Hill open pit as tailings disposal for Cadia East, precluding any future mining in Cadia Hill. (refer to market release "Cadia Expansion Pre-Feasibility Study Findings" dated 22 August 2018).
- Decrease at Telfer, post mining depletion, of approximately 1.1 million ounces of gold and 0.05 million tonnes of copper following updated resource models and re-optimised notional constraining shells for the open pit and reductions underground of in-situ and cave stocks in consideration of the maturity of the Sub Level Cave operation.
- Removal of the Séguéla Mineral Resource of 0.43 million ounces of gold following divestment of the project (refer to market release "Newcrest to divest Séguéla for $30m" dated 12 February 2019).

As at 31 December 2018, Group Ore Reserves are estimated to contain 54 million ounces of gold, 7 million tonnes of copper and 36 million ounces of silver. This represents a decrease of approximately 8.1 million ounces of gold (~13%), 3.5 million tonnes of copper (~34%) and 0.6 million ounces of silver (~2%) compared with the estimate as at 31 December 2017. The Group Ore Reserves estimates as at 31 December 2018 are set out in the Ore Reserve tables.

The Group Ore Reserves as at 31 December 2018 includes the following changes:

- Estimated mining depletion of approximately 3.1 million ounces of gold, 0.1 million tonnes of copper and 1 million ounces of silver, offset by minor additions at operating sites.
- Removal of the Cadia Hill open pit Ore Reserve estimated to contain 1.5 million ounces of gold and 0.13 million tonnes of copper following approval to use the Cadia Hill open pit as tailings disposal for Cadia East, precluding any future mining in Cadia Hill (refer to market release "Cadia Expansion Pre-Feasibility Study Findings" dated 22 August 2018).
- Removal of Newcrest's 71.82% interest in the Namosi Waisoi open pit Ore Reserve estimated to contain 3.7 million ounces of gold and 3.6 million tonnes of copper, as it was no longer considered economically mineable under the current economic reporting and technical assumptions. Further evaluation at Namosi Waisoi is currently focused on a combination of open pit and underground block cave as an alternative, but this evaluation is not yet at Pre-Feasibility study level.

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

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

Long Term Metal Price Assumptions	Newcrest, MMJV & NJV
Mineral Resource Estimates	
Gold – USD/oz	1,300.00
Copper – USD/lb	3.40
Silver – USD/oz	21.00
Ore Reserve Estimates	
Gold – USD/oz	1,200.00
Copper – USD/lb	3.00
Silver – USD/oz	18.00
Long Term Exchange Rate USD: AUD	**0.75**

Gold, copper and silver metal price assumptions remains unchanged from that used for December 2017 reporting. Following review of exchange rate assumptions the AUD:USD exchange rate assumption has been lowered from 0.80 to 0.75 and local currency assumptions for the PNG Kina have been updated (the Indonesia Rupiah and Côte d'Ivoire Franc remain unchanged). MMJV long term metal price and exchange rate assumptions are aligned to Newcrest assumptions. The Namosi Joint Venture (NJV) long term metal price and exchange rate assumptions have been aligned to Newcrest assumptions as at 31 December 2018.

Where appropriate, Mineral Resources are also spatially constrained within notional mining volumes based on metal prices of USD 1,400/oz for gold and USD 4.00/lb for copper. This approach is adopted to eliminate mineralisation that does not have reasonable prospects of eventual economic extraction from Mineral Resource estimates.

The Annual Statement of Mineral Resources and Ore Reserves, 31 December 2018, has been prepared in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012).

Mineral Resource and Ore Reserve estimates reported for the MMJV are based on Competent Persons' statements provided by the MMJV and are quoted as Newcrest's 50% interest.

Competent Person Statement

1. The Annual Mineral Resources and Ore Reserves Statement and Explanatory Notes have been compiled by Mr K. Gleeson. Mr Gleeson is the Head of Mineral Resource Management, a full-time employee of Newcrest Mining Limited and holds options and shares in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2019 Remuneration Report. He is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Gleeson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr Gleeson consents to the inclusion of the material in this report in the form and context in which it appears.
2. The information in this Annual Report that relates to Mineral Resources or Ore Reserves as at 31 December 2018 has been extracted from the release titled "Annual Mineral Resources and Ore Reserves Statement – 31 December 2018" dated 14 February 2019 (the original release). Newcrest confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original release.
3. The information in this Annual Report that relates to changes in the Mineral Resources or Ore Reserves since 31 December 2018:
    a. for Gosowong Ore Reserves, is based on and fairly represents information and supporting documentation prepared by the following Competent Persons Mark Kaesehagen – Gosowong Ore Reserves; and
    b. for all other Mineral Resources or Ore Reserves, is based on and fairly represents information and supporting documentation prepared by the Competent Persons named in the Mineral Resources and Ore Reserves Tables extracted from the original release.

Each of these persons referenced in paragraph (3) above, other than Mr G. Job, was at the reporting date a full-time employee of Newcrest Mining Limited or its relevant subsidiaries, holds options (and in some cases, shares) in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2019 Remuneration Report. Mr Job is a full time employee of Harmony Gold Mining Company Limited, Newcrest's joint venture partner in each of the MMJVs.

All the Competent Persons referenced in paragraph (3) above are Members of The Australasian Institute of Mining and Metallurgy and / or The Australian Institute of Geoscientists, and have sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Each Competent Person, consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Mineral Resources and Ore Reserves continued

Governance

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

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

1. Provision of standards and guidelines, and approvals consequent to these;
2. Resources and Reserves reporting process, based on well founded assumptions and compliant with external standards (JORC Code 2012, ASX Listing Rules);
3. External review of process conformance and compliance; and
4. Internal assessment of processes around all input assumptions.

Updates to the Mineral Resource and Ore Reserve estimates at 31 December 2018 were completed in accordance with the RRSC governance and review process. This included reporting in compliance with the JORC Code 2012, training and endorsement of suitably qualified Competent Persons, independent external review of Mineral Resources and Ore Reserves every three years (unless agreed by RRSC) or where there is a material change and endorsement of the Annual Mineral Resources and Ore Reserve Statement by the RRSC prior to release to the market.

Changes Since 31 December 2018 Mineral Resource And Ore Reserve Statement

Newcrest is not aware of any new information or data that materially affects the information contained in the Annual Mineral Resource and Ore Reserve Statement 31 December 2018 other than changes due to normal mining depletion and other adjustments that occurred during the six months ended 30 June 2019. These changes are summarized by province below.

Newcrest's Annual Statement of Mineral Resources and Ore Reserves is based upon a number of factors, including (without limitation) actual exploration and production results, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. No material changes were made to those assumptions during the period to 30 June 2019. However, in preparing the Annual Statement of Mineral Resources and Ore Reserves for the period ended 31 December 2019, Newcrest proposes to review long-term foreign exchange rate, metal price and cost assumptions.

There are also specific ongoing studies to maximize the value of operations at Lihir, Telfer, and Cadia that may be incorporated into the Mineral Resource and Ore Reserve assumptions for the period ending 31 December 2019. Cadia Expansion Feasibility Study following on from the Pre-Feasibility Study for the Cadia Expansion is expected to be completed by end of December 2019. In addition Newcrest's 75%-owned Indonesian subsidiary, PT Nusa Halmahera Minerals (PT NHM), has entered into an amendment agreement with the Government of Indonesia to amend the Gosowong Contract of Work (CoW), and as a result, Newcrest must divest at least another 26% from its current shareholding percentage of 75%.

At this stage, the impact that the assumption changes or outcomes of the ongoing studies and amended Gosowong Contract of Work (CoW), will have on Newcrest's Mineral Resources and Ore Reserves estimates for the period ending 31 December 2019 has not been determined.

Red Chris (Canada)

On 11 March 2019 Newcrest announced that it had entered into an agreement with TSX-listed Imperial Metals Corporation to acquire a 70% joint venture interest in, and operatorship, of the Red Chris Mine and surrounding tenements in British Columbia, Canada (refer market release "Newcrest to acquire potential Tier 1 orebody in Canada", dated 11 March 2019). Red Chris is a copper-gold porphyry with an operating open-pit mine.

Since completion of the transaction (refer market release "Newcrest completes 70% acquisition of Red Chris", dated 16 August 2019), Newcrest has commenced a work program, which includes additional exploration and resource definition drilling, resource optimisation for both open pit and underground mining scenarios and pre-feasibility level studies to define the high value optimum plan for evaluation of the foreign estimates reported by Imperial Minerals Corporation in relation to Red Chris and reporting as Mineral Resources and Ore Reserves in accordance with JORC 2012. This work is expected to be completed within three years and will be funded using internal cash reserves.

Cadia (NSW)

Mineralisation recognised to date in the Cadia Province is porphyry related gold and copper, hosted in rocks of Ordovician age. Orebodies are typically large tonnage, low-grade gold with strong copper by-product and minor base metal associations. Minor molybdenum and silver mineralisation is also present. Ore is sourced by bulk mining methods from underground operations. Changes to Mineral Resources and Ore Reserves at Cadia since 31 December 2018 have only occurred at Cadia East as detailed below.

Cadia East Underground

Cadia East is a low-grade, porphyry related gold and copper deposit with mining based on bulk underground extraction by panel caving methods. Commercial production from Panel Cave 1 (PC1) commenced in January 2013. Commercial production from Panel Cave 2 (PC2) commenced in October 2014.

During the year, Cadia progressed its growth opportunities including its expansion plans, with the findings of the Cadia Expansion Feasibility Study expected to be released by the end of December 2019. In conjunction with the study, Cadia commenced early works on the next block cave of Cadia East, PC2–3. The Early Works Project includes establishing access and a ventilation system for the PC2–3 block cave. It also includes development of the first components of the materials handling system and the crushing station, as well as the cave engineering level for hydrofracturing the ore body. Changes to the Mineral Resource and Ore Reserve since 31 December 2018 were due to mining depletion for decrease of 0.6 million ounces of gold and 0.06 million tonnes of copper.

Ridgeway

No change in Ore Reserves or Mineral Resources has been made since 31 December 2018.

Telfer (WA)

Gold and copper mineralisation in the Telfer Province is intrusion related and occurs as higher-grade stratabound reefs, discordant veins and lower-grade bulk tonnage stockwork zones. The Telfer operation is comprised of open pit mining at both Main Dome and West Dome and underground mining at Main Dome. Open pit mining is a conventional truck and hydraulic excavator operation. Underground selective and bulk long hole open stope mining methods are used for excavation of the high-grade reefs and Western Flanks respectively, while stockwork ore and waste are mined using sub level cave bulk mining method. Underground sub level cave bulk mining ore and Western Flanks bulk open stope ore is hoisted to the surface via a shaft. Changes to Mineral Resources and Ore Reserves at Telfer since 31 December 2018 have only occurred in the two producing mines detailed below.

Telfer Main Dome and West Dome Open Pits

Open pit mining has continued at both Main Dome and West Dome open pits (including stockpile reclaim). Since 31 December 2018, the Mineral Resource has been depleted by 0.15 million ounces of gold and <0.01 million tonnes of copper and the Ore Reserve has been depleted by 0.10 million ounces of gold and <0.01 million tonnes of copper.

Telfer Underground

The Telfer Underground comprises the operating SLC mine and selective high-grade reef mining and Western Flanks reef and stockwork mining. Since 31 December 2018, both the Mineral Resource and Ore Reserve have been depleted by 0.1 million ounces of gold and less than <0.01 million tonnes of copper.

Lihir (PNG)

The Lihir Gold Mine is located on Niolam Island, 900 kilometres north-east of Port Moresby in the New Ireland Province of Papua New Guinea (PNG). Lihir is a volcanic sea mount that rises steeply from sea level to approximately 600 metres above sea level. The Luise Caldera, in which all of the known ore deposits are located, is on the east coast of the island. The Lihir Gold Mine 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. Changes to Mineral Resources and Ore Reserves at Lihir since 31 December 2018 have occurred in both open pit and stockpiles and have comprised the depletion of 0.7 million ounces of gold from both Mineral Resource and Ore Reserve.

Gosowong (Indonesia)

Gosowong is located on Halmahera Island in North Maluku Province in the eastern part of the Republic of Indonesia. Gosowong is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture between Newcrest (75 percent) and PT Aneka Tambang (25 percent). For the purpose of reporting Mineral Resources and Ore Reserves, Newcrest reports 100 percent of the assets. Economic mineralisation in the Gosowong province is low sulphidation epithermal veining containing high-grade gold and silver. On 23 June 2018 Newcrest's 75%-owned Indonesian subsidiary, PT Nusa Halmahera Minerals (PT NHM), has entered into an amendment agreement with the Government of Indonesia to amend the Gosowong Contract of Work (CoW). Under this agreement Indonesian parties must own at least 51% of PT NHM within two years of signing the amendment agreement. As a result, Newcrest must divest at least another 26% interest from its current shareholding percentage of 75%.

Changes to Mineral Resources and Ore Reserves at Gosowong since 31 December 2018 have only occurred at the two producing mines detailed below.

Kencana Underground

Since 31 December 2018, the Mineral Resource and Ore Reserves have changed through mining depletion and from infill and near mine exploration drilling and resource updates. The Mineral Resource has decreased by 0.04 million ounces of gold and the Ore Reserve has decreased by 0.02 million ounces of gold.

Toguraci Underground

Since 31 December 2018, the Mineral Resource and Ore Reserves have changed through mining depletion and from infill and near mine exploration drilling and resource updates. The Mineral Resource has decreased by 0.07 million ounces of gold and the Ore Reserve has decreased by 0.04 million ounces of gold.

MMJV Wafi-Golpu Project (PNG)

No change in Ore Reserves or Mineral Resources has been made since 31 December 2018 for Golpu. Updated Mineral Resources estimate for Wafi since December 2018 has increased Mineral resource by 0.06 million ounces of gold and 2.7 million ounces silver (Newcrest 50% share). No change to the Nambonga Mineral Resource have been made since 31 December 2018.

Mineral Resources and Ore Reserves continued

2018 Mineral Resources as at 31 December 2018

Dec-18 Mineral Resources		Measured Resource		Indicated Resource		Inferred Resource		Dec-18 Total Resource			Comparison to Dec-17 Total Resource		
Gold Mineral Resources (inclusive of Gold Ore Reserves)	Competent Person	Dry Tonnes (million)	Gold Grade (g/t Au)	Dry Tonnes (million)	Gold Grade (g/t Au)	Dry Tonnes (million)	Gold Grade (g/t Au)	Dry Tonnes (million)	Gold Grade (g/t Au)	Insitu Gold (million ounces)	Dry Tonnes (million)	Gold Grade (g/t Au)	Insitu Gold (million ounces)
Operational Provinces													
Cadia East Underground		–	–	2,900	0.36	–	–	2,900	0.36	34	*3,000*	*0.37*	*35*
Ridgeway Underground	Vik Singh	–	–	110	0.57	41	0.38	150	0.52	2.4	*150*	*0.52*	*2.4*
Other		33	0.30	80	0.35	11	0.70	120	0.37	1.5	*300*	*0.43*	*4.1*
Total Cadia Province										**38**			***42***
Main Dome Open Pit (incl. stockpiles)		5.5	0.38	18	0.67	0.27	0.25	24	0.60	0.46	*40*	*0.68*	*0.87*
West Dome Open Pit	Ashok Doorgapershad	–	–	150	0.63	0.15	0.41	150	0.63	3.1	*200*	*0.62*	*4.0*
Telfer Underground		–	–	39	1.7	12	1.5	50	1.6	2.7	*61*	*1.6*	*3.1*
Other		–	–	0.44	2.9	4.4	1.1	4.9	1.3	0.20	*4.9*	*1.3*	*0.20*
Total Telfer Province										**6.4**			***8.2***
Lihir	Glenn Patterson-Kane	85	2.0	540	2.3	67	2.3	690	2.3	50	*710*	*2.3*	*52*
Gosowong [1]	Denny Lesmana	–	–	2.8	10	0.57	9.2	3.3	10	1.1	*3.7*	*10*	*1.2*
Seguela	Paul Kitto	–	–	–	–	–	–	–	–	–	*5.8*	*2.3*	*0.43*
Total Operational Provinces										**96**			***100***
Non-Operational Provinces													
MMJV – Golpu / Wafi & Nambonga (50%) [2]	David Finn / Greg Job	–	–	400	0.86	100	0.72	500	0.83	13	*500*	*0.83*	*13*
Namosi JV (71.82%) [3]	Vik Singh	–	–	1,300	0.11	120	0.08	1,400	0.11	4.9	*1,600*	*0.11*	*5.4*
Total Non-Operational Provinces										**18**			***19***
Total Gold Mineral Resources										**110**			***120***

Dec-18 Mineral Resources		Measured Resource		Indicated Resource		Inferred Resource		Dec-18 Total Resource			Comparison to Dec-17 Total Resource		
Copper Mineral Resources (inclusive of Copper Ore Reserves)	Competent Person	Dry Tonnes (million)	Copper Grade (% Cu)	Dry Tonnes (million)	Copper Grade (% Cu)	Dry Tonnes (million)	Copper Grade (% Cu)	Dry Tonnes (million)	Copper Grade (% Cu)	Insitu Copper (million tonnes)	Dry Tonnes (million)	Copper Grade (% Cu)	Insitu Copper (million tonnes)
Operational Provinces													
Cadia East Underground		–	–	2,900	0.26	–	–	2,900	0.26	7.6	*3,000*	*0.26*	*7.7*
Ridgeway Underground	Vik Singh	–	–	110	0.30	41	0.40	150	0.33	0.48	*150*	*0.33*	*0.48*
Other		33	0.13	80	0.19	11	0.52	120	0.20	0.25	*300*	*0.16*	*0.48*
Total Cadia Province										**8.3**			***8.7***
Main Dome Open Pit (incl. stockpiles)		5.5	0.094	18	0.093	0.27	0.013	24	0.092	0.022	*33*	*0.077*	*0.026*
West Dome Open Pit	Ashok Doorgapershad	–	–	150	0.062	0.15	0.026	150	0.062	0.095	*200*	*0.058*	*0.12*
Telfer Underground		–	–	39	0.39	12	0.42	50	0.40	0.20	*61*	*0.40*	*0.24*
Other		–	–	–	–	14	0.37	14	0.37	0.052	*14*	*0.37*	*0.052*
O'Callaghans		–	–	69	0.29	9.0	0.24	78	0.29	0.22	*78*	*0.29*	*0.22*
Total Telfer Province										**0.59**			***0.66***
Total Operational Provinces										**8.9**			***9.3***
Non-Operational Provinces													
MMJV – Golpu / Wafi & Nambonga (50%) [2]	David Finn / Greg Job	–	–	340	1.1	92	0.68	440	1.0	4.4	*430*	*1.0*	*4.4*
Namosi JV (71.82%) [3]	Vik Singh	–	–	1,300	0.35	330	0.37	1,600	0.35	5.7	*1,600*	*0.35*	*5.4*
Total Non-Operational Provinces										**10**			***10***
Total Copper Mineral Resources										**19**			***19***

Dec-18 Mineral Resources		Measured Resource		Indicated Resource		Inferred Resource		Dec-18 Total Resource			Comparison to Dec-17 Total Resource		
Silver Mineral Resources (inclusive of Silver Ore Reserves)	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)	Insitu Silver (million ounces)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Insitu Silver (million ounces)
Operational Provinces													
Cadia Valley Operations	Vik Singh	–	–	3,000	0.68	41	0.43	3,100	0.68	67	*3,100*	*0.68*	*68*
Gosowong [1]	Denny Lesmana	–	–	2.8	15	0.57	11	3.3	14	1.5	*3.7*	*14*	*1.7*
Total Operational Provinces										**69**			***70***
Non-Operational Provinces													
MMJV – Golpu / Wafi (50%) [2]	David Finn / Greg Job	–	–	400	1.6	79	1.3	480	1.6	24	*480*	*1.6*	*24*
Total Non-Operational Provinces										**24**			***24***
Total Silver Mineral Resources										**93**			***94***

Dec-18 Mineral Resources		Tonnes	Grade			Contained Metal		
Polymetallic Mineral Resources (inclusive of Polymetallic Ore Reserves)	Competent Person	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO_3)	Zinc Grade (% Zn)	Lead Grade (% Pb)	Insitu Tungsten Trioxide (million tonnes)	Insitu Zinc (million tonnes)	Insitu Lead (million tonnes)
O'Callaghans								
Measured		–	–	–	–	–	–	–
Indicated	Ashok Doorgapershad	69	0.34	0.53	0.26	0.24	0.36	0.18
Inferred		9.0	0.25	0.19	0.11	0.023	0.017	0.0097
Total Polymetallic Mineral Resources		**78**	**0.33**	**0.49**	**0.24**	**0.26**	**0.38**	**0.19**
Measured		*–*	*–*	*–*	*–*	*–*	*–*	*–*
Indicated	*Ashok Doorgapershad*	*69*	*0.34*	*0.53*	*0.26*	*0.24*	*0.36*	*0.18*
Inferred		*9.0*	*0.25*	*0.19*	*0.11*	*0.023*	*0.017*	*0.0097*
Comparison to Dec-17 Total Polymetallic Mineral Resources		***78***	***0.33***	***0.49***	***0.24***	***0.26***	***0.38***	***0.19***

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

1. Gosowong (inclusive of Toguraci and Kencana) is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture company (Newcrest 75%). The figures shown represent 100% of the Mineral Resource.
2. MMJV refers to projects owned by the Morobe Mining unincorporated joint ventures between subsidiaries of Newcrest (50%) and Harmony Gold Mining Company Limited (50%). The figures shown represent 50% of the Mineral Resource.
3. Namosi refers to the Namosi unincorporated joint venture, in which Newcrest has a 71.82% interest. The figures shown represent 71.82% of the Mineral Resource at December 2018 compared to 71.42% of the Mineral Resource at December 2017.

Mineral Resources and Ore Reserves continued

2018 Ore Reserves as at 31 December 2018

Dec-18 Ore Reserves		**Proved Reserve**		**Probable Reserve**		**Dec-18 Total Reserve**			**Comparison to Dec-17 Total Reserve**		
Gold Ore Reserves	Competent Person	Dry Tonnes (million)	Gold Grade (g/t Au)	Dry Tonnes (million)	Gold Grade (g/t Au)	Dry Tonnes (million)	Gold Grade (g/t Au)	Insitu Gold (million ounces)	Dry Tonnes (million)	Gold Grade (g/t Au)	Insitu Gold (million ounces)
Operational Provinces											
Cadia East Underground		–	–	1,400	0.47	1,400	0.47	21	*1,400*	*0.48*	*22*
Ridgeway Underground	Geoffrey Newcombe	–	–	80	0.54	80	0.54	1.4	*80*	*0.54*	*1.4*
Other		–	–	–	–	–	–	–	*86*	*0.53*	*1.5*
Total Cadia Province								**22**			***25***
Main Dome Open Pit (incl. stockpiles)		5.5	0.38	3.7	0.72	9.3	0.52	0.15	*21*	*0.56*	*0.38*
West Dome Open Pit	Otto Richter	–	–	63	0.75	63	0.75	1.5	*65*	*0.76*	*1.6*
Telfer Underground		–	–	4.9	1.9	4.9	1.9	0.30	*8.0*	*1.7*	*0.43*
Total Telfer Province								**2.0**			***2.4***
Lihir	Steven Butt	85	2.0	240	2.4	330	2.3	24	*340*	*2.3*	*25*
Gosowong [1]	Jimmy Suroto	–	–	1.4	8.1	1.4	8.1	0.37	*1.9*	*8.0*	*0.48*
Total Operational Provinces								**49**			***53***
Non-Operational Provinces											
MMJV – Golpu (50%) [2]	Pasqualino Manca	–	–	200	0.86	200	0.86	5.5	*190*	*0.91*	*5.5*
Namosi JV (71.82%) [3]	Geoffrey Newcombe	–	–	–	–	–	–	–	*950*	*0.12*	*3.7*
Total Non-Operational Provinces								**5.5**			***9.2***
Total Gold Ore Reserves								**54**			***62***

Dec-18 Ore Reserves		**Proved Reserve**		**Probable Reserve**		**Dec-18 Total Reserve**			**Comparison to Dec-17 Total Reserve**		
Copper Ore Reserves	Competent Person	Dry Tonnes (million)	Copper Grade (% Cu)	Dry Tonnes (million)	Copper Grade (% Cu)	Dry Tonnes (million)	Copper Grade (% Cu)	Insitu Copper (million tonnes)	Dry Tonnes (million)	Copper Grade (% Cu)	Insitu Copper (million tonnes)
Operational Provinces											
Cadia East Underground		–	–	1,400	0.30	1,400	0.30	4.1	*1,400*	*0.28*	*4.0*
Ridgeway Underground	Geoffrey Newcombe	–	–	80	0.28	80	0.28	0.23	*80*	*0.28*	*0.23*
Other		–	–	–	–	–	–	–	*86*	*0.15*	*0.13*
Total Cadia Province								**4.3**			***4.3***
Main Dome Open Pit (incl. stockpiles)		5.5	0.094	3.7	0.080	9.3	0.088	0.0082	*15*	*0.090*	*0.013*
West Dome Open Pit	Otto Richter	–	–	63	0.076	63	0.076	0.048	*65*	*0.074*	*0.048*
Telfer Underground		–	–	4.9	0.29	4.9	0.29	0.014	*8.0*	*0.28*	*0.023*
O'Callaghans		–	–	44	0.29	44	0.29	0.13	*44*	*0.29*	*0.13*
Total Telfer Province								**0.20**			***0.21***
Total Operational Provinces								**4.5**			***4.5***
Non-Operational Provinces											
MMJV – Golpu (50%) [2]	Pasqualino Manca	–	–	200	1.2	200	1.2	2.5	*190*	*1.3*	*2.4*
Namosi JV (71.82%) [3]	Geoffrey Newcombe	–	–	–	–	–	–	–	*950*	*0.37*	*3.6*
Total Non-Operational Provinces								**2.5**			***5.9***
Total Copper Ore Reserves								**7.0**			***10.0***

Dec-18 Ore Reserves		Proved Reserve		Probable Reserve		Dec-18 Total Reserve			Comparison to Dec-17 Total Reserve		
Silver Ore Reserves	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)	Insitu Silver (million ounces)	Dry Tonnes (million)	Silver Grade (g/t Ag)	Insitu Silver (million ounces)
Operational Provinces											
Cadia Valley Operations	Geoffrey Newcombe	–	–	1,400	0.78	1,400	0.78	36	*1,500*	*0.75*	*36*
Gosowong [1]	Jimmy Suroto	–	–	1.4	12	1.4	12	0.54	*1.9*	*10*	*0.62*
Total Operational Provinces								**36**			***37***
Total Silver Ore Reserves								**36**			***37***

Dec-18 Ore Reserves		Tonnes	Grade			Contained Metal		
Polymetallic Ore Reserves	Competent Person	Dry Tonnes (million)	Tungsten Trioxide Grade (% WO_3)	Zinc Grade (% Zn)	Lead Grade (% Pb)	Insitu Tungsten Trioxide (million tonnes)	Insitu Zinc (million tonnes)	Insitu Lead (million tonnes)
O'Callaghans								
Proved	Otto Richter	–	–	–	–	–	–	–
Probable		44	0.36	0.65	0.32	0.16	0.29	0.14
Total Polymetallic Ore Reserves		**44**	**0.36**	**0.65**	**0.32**	**0.16**	**0.29**	**0.14**
Proved	*Otto Richter*	–	–	–	–	–	–	–
Probable		*44*	*0.36*	*0.65*	*0.32*	*0.16*	*0.29*	*0.14*
Comparison to Dec-17 Total Polymetallic Ore Reserves		***44***	***0.36***	***0.65***	***0.32***	***0.16***	***0.29***	***0.14***

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

1. Gosowong (inclusive of Toguraci and Kencana) is owned and operated by PT Nusa Halmahera Minerals, an incorporated joint venture company (Newcrest 75%). The figures shown represent 100% of the Ore Reserve.
2. MMJV refers to projects owned by the Morobe Mining unincorporated joint ventures between subsidiaries of Newcrest (50%) and Harmony Gold Mining Company Limited (50%). The figures shown represent 50% of the Ore Reserve.
3. Namosi refers to the Namosi unincorporated joint venture, in which Newcrest has a 71.82% interest. The figures shown represent 71.82% of the Ore Reserve at December 2018 compared to 71.42% of the Ore Reserve at December 2017.

Corporate Governance Statement

The Board believes that adherence by Newcrest and its people to the highest standards of corporate governance is critical in order to achieve its vision. Accordingly, Newcrest has a detailed governance framework, which is regularly reviewed and adapted to developments in market practice and regulation.

As at the date of lodgement of this Report, Newcrest's governance framework complies with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. Further information in relation to Newcrest's governance framework is provided in the Corporate Governance Statement, which was lodged with ASX on the date of lodgement of this Annual Report and is available in the corporate governance section of the Newcrest website at http://www.newcrest.com.au. The corporate governance section of the Newcrest website also provides further information in relation to Newcrest's governance framework, including Board and Board Committee Charters and key policies.

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Directors' Report

The Directors present their report together with the consolidated financial report of the Newcrest Mining Limited Group, comprising Newcrest Mining Limited ('the Company') and its controlled entities ('Newcrest' or 'the Group'), for the year ended 30 June 2019.

Directors

The Directors of the Company during the year ended 30 June 2019, and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

Peter Hay	Non-Executive Director and Non-Executive Chairman
Sandeep Biswas	Managing Director and Chief Executive Officer
Gerard Bond	Finance Director and Chief Financial Officer
Philip Aiken AM	Non-Executive Director
Roger Higgins	Non-Executive Director
Rick Lee AM	Non-Executive Director (resigned on 14 November 2018)
Xiaoling Liu	Non-Executive Director
Vickki McFadden	Non-Executive Director
Peter Tomsett	Non-Executive Director (appointed on 1 September 2018)

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 2019 was US$561 million (2018: profit of US$202 million).

Refer to the Operating and Financial Review for further details. The Operating and Financial Review forms part of this Directors' Report. The financial information in the Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS financial information to the financial statements are included in Section 6 of the Operating and Financial Review.

Dividends

The following dividends of the Company were paid during the year:

- Final dividend for the year ended 30 June 2018 of US 11 cents per share, amounting to US$84 million, was paid on 5 October 2018. This dividend was fully franked.
- Interim dividend for the year ended 30 June 2019 of US 7.5 cents per share, amounting to US$58 million, was paid on 22 March 2019. This dividend was fully franked.

The Directors have determined to pay a final dividend for the year ended 30 June 2019 of US 14.5 cents per share, which will be fully franked. The dividend will be paid on 26 September 2019.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group.

Future Developments

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

Subsequent Events

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2019 of US 14.5 cents per share, which will be fully franked. The dividend will be paid on 26 September 2019. The total amount of the dividend is US$111 million. This dividend has not been provided for in the 30 June 2019 financial statements.

Subsequent to year end the Group completed the acquisition of its interest in the Red Chris Joint Venture. Refer Note 38 for details.

There have been no other matters or events that have occurred subsequent to 30 June 2019 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.

Options

The Company does not have any unissued shares or unissued interests under option as at the date of this report, nor has it granted, or issued shares or interests under, any options during or since the end of the year. Refer to Note 33 for the number of Performance Rights over unissued ordinary shares at year end.

Non-Audit Services

During the year, Ernst & Young (external auditor to the Company), has provided other services in addition to the statutory audit, as disclosed in Note 35 to the financial statements. These other services include sustainability and audit-related assurance services and non-audit services.

The Directors are satisfied that the provision of non-audit services provided by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these non-audit services do not compromise the auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they did not impact on the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

The provision of non-audit services represented less than one third of the total amounts paid or payable to Ernst & Young (Australia) and its related practices in the current period.

Auditor Independence

A copy of the Auditor's Independence Declaration, as required by the *Corporations Act 2001*, is included after this report.

Currency

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

Rounding of Amounts

Newcrest Mining Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report are rounded to the nearest million dollars except where otherwise indicated.

Environmental Regulation and Performance

The Managing Director reports to the Board on all significant safety, health and environmental incidents. The Board also has a Safety and Sustainability Committee which has oversight of the safety, health and environmental performance of the Group and meets at least four times per year.

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 ('PNG') and Fiji. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate environmental policies and standards.

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

The Group has an internal reporting system covering all sites. Environmental incidents are reported and assessed according to their environmental consequence and environmental authorities are notified where required and remedial action is undertaken.

Levels of environmental incidents are categorised based on factors such as spill volume, incident location (onsite or offsite) and environmental consequence. Incident numbers are based on four levels of actual environmental consequence including: 1 (Minor), 2 (Major), 3 (Critical), and 4 (Catastrophic). Level 1 Minor incidents are tracked and managed at a site level and are not reported in aggregate for the Group. The number of incidents reported by level based on actual environmental consequence for the 2019 financial year and 2018 comparative year is shown in the following table.

Category	Level 2	Level 3	Level 4
2019 – Number of incidents	11	0	0
2018 – Number of incidents	11	1	0

Indemnification and Insurance of Directors and Officers

Newcrest indemnifies each Director, Secretary and Executive Officer of Newcrest and its subsidiaries against any liability related to, or arising out of, the conduct of the business of Newcrest or its subsidiaries or the discharge of the Director's, Secretary's or Executive Officer's duties. These indemnities are given to the extent that Newcrest is permitted by law and its Constitution to do so. No payment has been made to indemnify any Director, Secretary and Executive Officer of the Company and its subsidiaries during or since the end of the financial year.

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

Indemnification of Auditors

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

Information on Directors

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 20 to 23. These details have been updated since 16 August 2019.

Directors' Report continued

Information on Former Directors[1]

Rick Lee AM

Independent Non-Executive Director

BEng (Chemical) (Hons), MA (Econ) (Oxon), FAICD

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

Skills, experience and expertise

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

Current Listed Directorships

Chairman of Ruralco Holdings Limited (from 2016)

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

Information on Company Secretary and Deputy Company Secretary

Francesca Lee

General Counsel and Company Secretary

BComm, LLB (Hons), LLM, Grad. Dip. CSP, AGIA

Ms Lee joined Newcrest as General Counsel and Company Secretary in March 2014. She was General Counsel and Company Secretary of OZ Minerals Limited from 2008 until 2014, and its antecedent companies from 2003. Ms Lee has more than 30 years' experience working across various senior legal and commercial roles within the mining industry including BHP Billiton, Rio Tinto Limited and Comalco Limited, including as General Manager Internal Audit and Risk at Rio Tinto Limited. She also spent several years as Vice President Structured Finance with Citibank Limited.

Ms Lee was a member of the Australian Government Takeovers Panel from 2009 until March 2015.

Claire Hannon

Deputy Company Secretary

BSc, LLB (Hons), Grad. Dip. App Fin, GAICD

Ms Hannon joined Newcrest in January 2013 as Corporate Counsel in the legal team. She was appointed as an additional Company Secretary in August 2015. Prior to joining Newcrest, Ms Hannon worked as a lawyer in the Melbourne office of Ashurst and the London office of Clifford Chance, specialising in mergers and acquisitions and corporate law.

Remuneration Report

The Remuneration Report is set out on pages 68 to 88 and forms part of this Directors' Report.

(1) Information provided is at the date of cessation as a Director of the Company.

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[1]	Nature of Interest
Peter Hay	54,601	Direct and Indirect	–	–
Sandeep Biswas	643,252	Direct and Indirect	535,467	Direct
Gerard Bond	195,046	Direct and Indirect	132,248	Direct
Philip Aiken AM	18,229	Direct	–	–
Xiaoling Liu	13,000	Indirect	–	–
Roger Higgins	12,503	Indirect	–	–
Vickki McFadden	10,000	Indirect	–	–
Peter Tomsett	20,000	Indirect	–	–
Former Directors				
Rick Lee AM[2]	28,447	Indirect	–	–

1. Represents Sandeep Biswas' and Gerard Bond's unvested performance rights granted pursuant to the Company's Long Term Incentive plans in the 2017, 2018 and 2019 financial years respectively.
2. Balance as at date on which he ceased to be a Director of the Company.

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 were:

			Committees of the Board									
	Directors' Meetings		Audit & Risk		Human Resources & Remuneration		Safety & Sustainability		Nominations		Special Board Committees[1]	
Director	A	B	A	B	A	B	A	B	A	B	A	B
Peter Hay	14	14	–	–	–	–	–	–	4	4	3	3
Sandeep Biswas	13[2]	14	–	–	–	–	–	–	–	–	3	3
Gerard Bond	11[2][3]	14	–	–	–	–	–	–	–	–	3	3
Philip Aiken AM	12[3]	14	–	–	7	7	4	4	4	4	–	–
Roger Higgins	13[3]	14	–	–	4	4	4	4	–	–	–	–
Xiaoling Liu	13[3]	14	6	6	7	7	–	–	3	3	–	–
Vickki McFadden	14	14	6	6	7	7	4	4	–	–	1	1
Peter Tomsett[4]	11	11	4	4	–	–	–	–	–	–	–	–
Rick Lee AM[5]	6	6	2	2	3	3	–	–	–	–	–	–

Column A – Indicates the number of meetings attended whilst a Director/Committee member.

Column B – Indicates the number of meetings held whilst a Director/Committee member.

(1) These are out of session Committee meetings and include meetings of the Board Executive Committee and other Committees established from time to time to deal with ad-hoc matters delegated to the relevant Committee by the Board. The membership of such special Committees may vary.
(2) Meeting missed was a meeting which the Director was unable to attend due to a potential conflict of interest.
(3) Meetings missed were out of session meetings held on short notice which the Director was unable to attend due to prior commitments.
(4) Peter Tomsett was appointed as a Director on 1 September 2018.
(5) Rick Lee resigned from his position as Director on 14 November 2018.

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

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

Peter Hay
Chairman

Sandeep Biswas
Managing Director and Chief Executive Officer

16 August 2019
Melbourne

Directors' Report continued

OPERATING AND FINANCIAL REVIEW

To assist readers to better understand the financial performance of the underlying operating assets of Newcrest, the financial information in this Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS information to the financial statements are set out in Section 6.

Unless otherwise stated, all financial data presented in this Operating and Financial Review is quoted in US$ and the prior period represents the 12 months ended 30 June 2018.

Section 1 footnotes are located at the end of the section.

1. Summary of Results for the Full Year Ended 30 June 2019[1]

Key points

- Statutory profit[2] of $561 million, 178% higher than the prior period
- Underlying profit[3] of $561 million, 22% higher than the prior period
- All-In Sustaining Cost[3] ("AISC") of $738 per ounce, 12% lower than the prior period
- All-In Sustaining Cost margin[3] of $531 per ounce, $58 higher than the prior period
- Cash flow from operating activities of $1,487 million, 4% higher than the prior period
- Free cash flow[3] of $804 million, $203 million (or 34%) higher than the prior period
- Gold production of 2.5 million ounces, 6% higher than the prior period
- Copper production of 106 thousand tonnes, 36% higher than the prior period
- Net debt of $395 million, 62% lower than the prior period, and a gearing ratio of 4.9% as at 30 June 2019
- Full year dividends declared of US22 cents per share (fully franked), including a final dividend determined of US14.5 cents per share

				For the 12 months ended 30 June			
Highlights				2019	2018	Change	Change %
Group production	– gold		oz	2,487,739	2,346,354	141,385	6%
	– copper		t	105,867	77,975	27,892	36%
Net revenue		4	$m	3,742	3,562	180	5%
EBITDA		3	$m	1,670	1,565	105	7%
EBIT		3	$m	924	774	150	19%
Statutory profit		2	$m	561	202	359	178%
Underlying profit		3	$m	561	459	102	22%
Cash flow from operating activities			$m	1,487	1,434	53	4%
Free cash flow		3	$m	804	601	203	34%
EBITDA margin		3	%	44.6	43.9	0.7	2%
EBIT margin		3	%	24.7	21.7	3.0	14%
All-In Sustaining Cost		3	$/oz	738	835	(97)	(12%)
All-In Sustaining margin		3	$/oz	531	473	58	12%
Realised gold price			$/oz	1,269	1,308	(39)	(3%)
Realised copper price			$/lb	2.78	3.09	(0.31)	(10%)
Average exchange rate			AUD:USD	0.7156	0.7754	(0.0598)	(8%)
Average exchange rate			PGK:USD	0.2983	0.3105	(0.0122)	(4%)
Closing exchange rate			AUD:USD	0.7013	0.7391	(0.0378)	(5%)
Total equity			$m	7,631	7,462	169	2%
Net debt			$m	395	1,040	(645)	(62%)
Net debt to EBITDA		3	times	0.2	0.7	(0.5)	(71%)
Gearing			%	4.9	12.2	(7.3)	(60%)
ROCE		3	%	11.2	8.8	2.4	27%
Interest coverage ratio		3	times	24.2	17.9	6.3	35%
Cash and cash equivalents			$m	1,600	953	647	68%

Full year results

Newcrest's gold production was 6% higher in the current period and copper production was 36% higher. The Company's focus on safely maximising free cash flow from its operating assets resulted in Newcrest delivering higher gold production at the Company's lowest reported annual AISC of $738/oz. Newcrest's strategy of being a safe and low cost major gold producer was underpinned by another fatality-free year, a further reduction in injury rates to industry-leading levels, record production volumes and AISC per ounce from Cadia.

Newcrest's AISC margin increased by 12% from the prior period, despite lower realised gold and copper prices.

Newcrest continued to pursue profitable growth opportunities, one of which culminated in Newcrest entering into an agreement with Imperial Metals Corporation to acquire a 70% joint-venture interest in and operatorship of the Red Chris mine and surrounding tenements in British Columbia, Canada. The transaction was completed on 15 August 2019. During the current period, Newcrest invested in equity positions in other companies, including an additional $18 million to increase its interest in SolGold to 15.2% and a further $10 million to maintain its 27.1% interest in Lundin Gold.

Statutory profit and Underlying profit was $561 million in the current period.

Underlying profit was $102 million higher than the prior period primarily driven by higher gold and copper sales volumes at Cadia, the weaker Australian dollar favourably impacting costs and a lower depreciation expense at Telfer. The increase in profit was achieved notwithstanding lower realised gold and copper prices, the Company's improved profitability increasing its income tax expense, and the pursuit of growth resulting in an increase in corporate costs and exploration expenditure in the current period.

The average realised gold price in the current period of $1,269 per ounce was 3% lower than the prior period and the average realised copper price of $2.78 per pound was 10% lower than the prior period.

Gold production of 2.5 million ounces in the current period was 6% higher than the prior period, primarily as a result of the benefit of higher mill throughput and grade at Cadia and higher recovery rates achieved at Telfer which more than offset the lower production from Gosowong (due to lower grade) and Lihir (due to lower mill throughput and recovery rates). On a continuing basis, (that is excluding production from Bonikro, which was divested in March 2018), gold production in the current period was 11% higher than the prior period.

Copper production of 106 thousand tonnes was 36% higher than the prior period, primarily driven by higher mill throughput and grade at Cadia.

Newcrest's AISC of $738 per ounce in the current period was the Company's lowest reported annual result, being $97 per ounce lower than the prior period. This lower AISC per ounce reflects the higher production volume contribution from Cadia, the favourable impact on operating costs from the weaker Australian dollar and lower sustaining capital expenditure and production stripping activity at Lihir. Other than Gosowong, all operations reduced their AISC per ounce in the current period.

Free cash flow of $804 million was $203 million (or 34%) higher than the prior period. This increase reflects higher gold and copper sales volumes (primarily from Cadia), the favourable impact on operating costs from the weaker Australian dollar, favourable working capital movements, lower interest payments as a result of lower debt levels, lower investing activity in the current period (as the prior period included investments totalling $275 million for interests in associates) and proceeds of $20 million from the sale of Sèguèla. The increase in free cash flow was achieved notwithstanding lower realised gold and copper prices, higher income tax payments and lower sales volumes from Gosowong.

All operations were free cash flow positive, with Cadia being the primary driver of the improvement in free cash flow in the current period. Newcrest has generated $4.2 billion of free cash flow since January 2014.

After deducting dividend payments to shareholders ($131 million) and the purchase of Treasury shares to satisfy employee share obligations ($26 million), Newcrest's cash holdings increased by $647 million to $1.6 billion by the end of the current period. This increase in cash holdings resulted in a 62% reduction in net debt by the end of the period to $395 million and a reduction in Newcrest's gearing ratio to 4.9% as at 30 June 2019. Newcrest's leverage ratio further improved with net debt to EBITDA ratio being a low 0.2 times at the end of the current period.

Capital structure

Newcrest's net debt at 30 June 2019 was $395 million, comprising $1,995 million of corporate bonds less $1,600 million of cash.

At 30 June 2019, Newcrest had $3,600 million of liquidity coverage, comprising $1,600 million of cash, and $2,000 million in committed undrawn bilateral bank facilities. Newcrest signed agreements in early August 2018 that extended the average maturity of these bank facilities by approximately two years to a period ranging from 2021 to 2023.

Newcrest's credit ratings were upgraded by both S&P and Moody's during the current period.

Newcrest's financial objectives are to meet all financial obligations, maintain a strong balance sheet to withstand cash flow volatility, be able to invest capital in value-creating opportunities, and be able to return excess cash generated to shareholders. Newcrest looks to maintain a conservative level of balance sheet leverage.

Directors' Report continued

1. Summary of Results for the Full Year Ended 30 June 2019[1] continued

Capital structure continued

Newcrest's financial policy metrics, and its performance against them, are as follows:

Metric	Policy 'looks to'	2019	2018
Credit rating (S&P/Moody's)	Investment grade	BBB/Baa2	BBB–/Baa3
Leverage ratio (Net debt to EBITDA)	Less than 2.0 times	0.2	0.7
Gearing ratio	Below 25%	4.9%	12.2%
Cash and committed undrawn bank facilities	At least $1.5bn, of which ~1/3 is in the form of cash	$3.60bn ($1.6bn cash)	$2.97bn ($953m cash)

Dividend

Newcrest's dividend policy seeks to balance financial performance and capital commitments with a prudent leverage and gearing level for the Company. Newcrest looks to pay ordinary dividends that are sustainable over time having regard to its financial policy metrics, profitability, balance sheet strength and reinvestment options in the business. Newcrest targets a total dividend payout of at least 10–30% of free cash flow generated for that financial year, with the dividend being no less than US15 cents per share on a full year basis.

Having regard to the above mentioned considerations, the Newcrest Board has determined that a final fully franked dividend of US14.5 cents per share will be paid on Thursday, 26 September 2019. The record date for entitlement is Friday, 23 August 2019. The financial impact of the dividend amounting to $111 million has not been recognised in the Consolidated Financial Statements for the year. The Dividend Reinvestment Plan remains in place.

Including the interim dividend of US7.5 cents per share, total dividends in respect of the 2019 financial year amount to US22 cents per share.

Guidance[6,7]

Subject to market and operating conditions, Newcrest provides the following guidance for FY20 excluding Red Chris:

Production guidance for the 12 months ending 30 June 2020[6]

Cadia	– gold	koz	760 – 840
	– copper	kt	~100
Lihir	– gold	koz	930 – 1,030
Telfer	– gold	koz	400 – 460
	– copper	kt	~15
Gosowong	– gold	koz	145 – 175
Group production	**– gold**	**moz**	**2,350 – 2,500**
	– copper	**kt**	**110 – 120**

Cost, capital, exploration and depreciation guidance for the 12 months ending 30 June 2020[6,7]

$m	Cadia	Lihir	Telfer	Gosowong	Wafi-Golpu	Other	Group
All-In Sustaining Cost[(a)]	40 – 130	890 – 970	485 – 545	190 – 215		105 – 120	1,780 – 1,880
Capital expenditure							
– Production stripping [(a)]		100 – 120	30 – 40				140 – 150
– Sustaining capital[(a)]	95 – 105	70 – 90	30 – 40	20 – 25		20 – 25	240 – 280
– Major projects (non-sustaining)[(b)]	180 – 240	80 – 100	~5		~15		300 – 350
Total Capital expenditure	**275 – 345**	**250 – 310**	**65 – 85**	**20 – 25**	**~15**	**20 – 25**	**680 – 780**
Exploration expenditure[(c)]							**90 – 100**
Depreciation and amortisation (including depreciation of production stripping)							**655 – 705**

(a) Production stripping and sustaining capital shown above are included in AISC.
(b) Major projects (non-sustaining) includes costs for the Cadia Expansion which is yet to be approved by the Board.
(c) Exploration is not included in Total Capital expenditure and includes $14m (70% Newcrest share) related to Red Chris exploration activity.

The above guidance numbers do not include Red Chris due to the transaction completing on the 15 August 2019. An update of guidance, inclusive of Red Chris, will be provided in the September Quarterly.

Group gold production for the 2020 financial year ("FY20") is expected to be largely in line with that achieved in the 2019 financial year ("FY19").

Consistent with prior years, gold production is expected to be lower in the September 2019 Quarter than the June 2019 Quarter as a result of a higher level of planned shutdown activity being undertaken in the September 2019 Quarter. Free cash flow is expected to be higher in the second half of the financial year as the first half will be characterised by the payment associated with the acquisition of Red Chris and the FY19 Australian tax balancing payment occurs in December 2019.

The mid-point of Cadia's gold production guidance is below FY19 production, primarily reflecting lower grade and the impact of maintenance on the SAG mill, whilst copper production is higher as a result of a higher grade. Cadia's AISC ($m) is expected to be lower than FY19 primarily as a result of higher by-product credits associated with higher copper production and a lower expected Australian dollar exchange rate.

The mid-point of Lihir's gold production guidance is marginally above FY19 production, primarily reflecting an expected increase in annual throughput and recovery rates. Lihir's AISC ($m) is expected to increase from FY19 due to an increase in production stripping activity.

Telfer's gold production guidance is broadly in line with FY19 results and AISC ($m) guidance marginally below FY19 due to lower production stripping and a lower expected Australian dollar exchange rate.

Gosowong's gold production guidance is below FY19 production, due to an expected decrease in average head grade. Gosowong's AISC ($m) is expected to be broadly in line with FY19.

Total capital expenditure in FY20 is expected to be higher than FY19, primarily due to an increase in non-sustaining capital at Cadia (related to the development of the next panel cave (PC2–3) and the Molybdenum Plant project and at Lihir (associated with the near shore cutoff wall, the CCD bypass project and various front end recovery improvement projects).

AISC guidance assumes an average realised copper price of $2.70 per pound and an AUD:USD exchange rate of 0.72 for FY20.

Telfer gold hedging

No new hedging in relation to Telfer was undertaken in the current period. The total outstanding volume and prices hedged for future years at Telfer and in total for Newcrest is:

Financial Year Ending	Gold Ounces Hedged	Average Price A$/oz
30 June 2020	204,794	1,729
30 June 2021	216,639	1,864
30 June 2022	204,615	1,902
30 June 2023	137,919	1,942
Total	**763,967**	**1,852**

The current period included 231,224 ounces of Telfer gold sales hedged at an average price of A$1,739 per ounce, representing a net revenue loss of $3 million for the current period.

At 30 June 2019, the unrealised mark-to-market loss on these hedges was $106 million.

Directors' Report continued

1. Summary of Results for the Full Year Ended 30 June 2019[1] continued

Review of Operations[5]

		For the 12 months ended 30 June 2019						
		Cadia	Lihir	Telfer	Gosowong[5]	Bonikro[5]	Other	Group
Operating								
Production								
Gold	koz	913	933	452	190	–	–	**2,488**
Copper	kt	91	–	15	–	–	–	**106**
Silver	koz	554	32	212	207	–	–	**1,005**
Sales								
Gold	koz	914	965	451	199	–	–	**2,529**
Copper	kt	91	–	15	–	–	–	**106**
Silver	koz	554	32	212	211	–	–	**1,008**
Financial								
Revenue[4]	$m	1,630	1,229	627	256	–	–	**3,742**
EBITDA	$m	1,134	516	108	63	–	(151)	**1,670**
EBIT	$m	946	180	(28)	(4)	–	(170)	**924**
Net assets	$m	2,503	4,308	(9)	246	–	583	**7,631**
Operating cash flow	$m	1,141	483	126	56	–	(319)	**1,487**
Investing cash flow	$m	(176)	(182)	(118)	(27)	–	(180)	**(683)**
Free cash flow*	$m	965	301	8	29	–	(499)	**804**
AISC	$m	121	855	565	219	–	105	**1,865**
	$/oz	132	887	1,253	1,099	–	–	**738**
AISC Margin	$/oz	1,137	382	16	170	–	–	**531**

* Free cash flow for 'Other' comprises net interest paid of $86 million, income tax paid of $165 million, other investing activities of $74 million (including further investments in Lundin Gold and Sol Gold and net proceeds of $20 million following the divestment of Sèguèla), corporate costs of $88 million, capital expenditure of $44 million, exploration expenditure of $58 million and net of favourable working capital movements of $16 million.

		For the 12 months ended 30 June 2018						
		Cadia[8,9]	Lihir	Telfer[10]	Gosowong[5]	Bonikro[5]	Other	Group[8,9,10]
Operating								
Production								
Gold	koz	600	955	426	251	115	–	**2,346**
Copper	kt	62	–	16	–	–	–	**78**
Silver	koz	359	57	207	298	14	–	**936**
Sales								
Gold	koz	586	930	422	265	104	–	**2,308**
Copper	kt	61	–	16	–	–	–	**77**
Silver	koz	357	57	207	370	13	–	**1,004**
Financial								
Revenue[4]	$m	1,182	1,207	686	351	136	–	**3,562**
EBITDA	$m	816	538	140	148	69	(146)	**1,565**
EBIT	$m	655	261	(60)	58	20	(160)	**774**
Net assets	$m	2,630	4,554	37	256	–	(15)	**7,462**
Operating cash flow	$m	801	557	135	146	52	(257)	**1,434**
Investing cash flow	$m	(110)	(246)	(108)	(35)	(15)	(319)	**(833)**
Free cash flow*	$m	691	311	27	111	37	(576)	**601**
AISC	$m	100	869	533	234	83	107	**1,926**
	$/oz	171	934	1,262	882	801	–	**835**
AISC Margin	$/oz	1,137	374	46	426	507	–	**473**

* Free cash flow for 'Other' comprises net interest paid of $103 million, income tax paid of $69 million, other investing activities of $227 million (including payments of $251 million to acquire a 27.1% interest in Lundin Gold, $15 million to acquire a 19.9% interest in Azucar Minerals (formerly known as Almadex Minerals), further investment in SolGold Plc totalling $9 million and net proceeds of $48 million following the divestment of Bonikro), corporate costs of $77 million, capital expenditure of $40 million, exploration expenditure of $49 million and working capital movements of $11 million.

1. All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Group') for the 12 months ended 30 June 2019 ('current period') compared with the 12 months ended 30 June 2018 ('prior period'), except where otherwise stated. All references to 'the Company' are to Newcrest Mining Limited.
2. 'Statutory profit' is profit after tax attributable to owners of the Company.
3. Newcrest's results are reported under International Financial Reporting Standards ('IFRS'). This report also includes certain non-IFRS financial information, including the following:
   - 'Underlying profit' is profit or loss after tax before significant items attributable to owners of the Company.
   - 'EBITDA' is earnings before interest, tax, depreciation and amortisation, and significant items. 'EBIT' is earnings before interest, tax and significant items.
   - 'EBITDA Margin' is EBITDA expressed as a percentage of revenue. 'EBIT Margin' is EBIT expressed as a percentage of revenue.
   - 'ROCE' is 'Return on capital employed' and is calculated as EBIT expressed as a percentage of average total capital employed (net debt and total equity).
   - 'Interest coverage ratio' is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).
   - 'AISC' is All-In Sustaining Cost and 'AIC' is All-In Cost as per updated World Gold Council Guidance Note on Non-GAAP Metrics released November 2018. Newcrest has elected to partially apply the updated guidance from 1 January 2019, with the partial nature reflecting Newcrest only being able to apply the leasing changes after 30 June 2019. AISC will vary from period to period as a result of various factors including production performance, timing of sales and the level of sustaining capital and the relative contribution of each asset. AISC Margin reflects the average realised gold price less the AISC per ounce sold.
   - 'Net debt to EBITDA' is calculated as net debt divided by EBITDA for the preceding 12 months.
   - 'Free cash flow' is calculated as cash flow from operating activities less cash flow related to investing activities. Free cash flow for each operating site is calculated as Free cash flow before interest and tax.
   - Underlying profit, EBIT, EBITDA, EBITDA Margin, EBIT Margin, Free cash flow, All-In Sustaining Cost, All-In Sustaining Cost Margin, All-In Cost, Sustaining capital and Major projects (non-sustaining) capital, ROCE and Interest coverage ratio are non-IFRS financial measures which Newcrest employs in managing the business. They are used by Management to assess the performance of the business and make decisions on the allocation of resources and have been included in this report to provide greater understanding of the underlying financial performance of Newcrest's operations. When reviewing business performance this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS.

   These measures have not been subject to audit or review by Newcrest's external auditor. These measures do not have any standard definition under IFRS and may be calculated differently by other companies. Refer to section 6 for a reconciliation of non-IFRS measures to the most appropriate IFRS measure.
4. During the current period Newcrest adopted AASB 15 *Revenue from Contracts with Customers* and elected to apply the modified retrospective method of adoption. Under this method, comparative figures are not required to be restated and continue to be presented under the previous standard AASB 118 *Revenue*. Accordingly, prior period treatment and refining costs of $132 million ($92 million related to Cadia and $40 million related to Telfer) associated with the sale of concentrate are presented in cost of sales and not as a reduction in revenue.
5. All data relating to operations is shown at 100%. Newcrest owns 75% of Gosowong through its holding in PT Nusa Halmahera Minerals, an incorporated joint venture. For Bonikro the figures shown represent 100% up to the divestment date of 28 March 2018. Bonikro included mining and near-mine exploration interests in Côte d'Ivoire held by LGL Mines CI SA and Newcrest Hire CI SA (of which Newcrest owned 89.89% respectively up to the divestment date).
6. Disclaimer: These materials include forward looking statements. Forward looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook" and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. The Company continues to distinguish between outlook and guidance. Guidance statements relate to the current financial year. Outlook statements relate to years subsequent to the current financial year.

   Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from statements in these materials. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

   Forward looking statements are based on the Company's good faith assumptions as to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, and many events are beyond the reasonable control of the Company. Readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Except as required by applicable laws or regulations, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in assumptions on which any such statement is based.
7. The guidance stated assumes weighted average copper price of $2.70 per pound and AUD:USD exchange rate of 0.72 for FY20.
8. In the prior period, the AISC for Cadia and the Group includes a $42 and $11 per ounce normalisation (i.e. reduction) respectively, in relation to the Cadia seismic event.
9. In the prior period, Cadia's EBITDA, EBIT and free cash flow include $155 million (before tax) of insurance proceeds related to the seismic event.
10. In the prior period, the net assets for Telfer have been restated to exclude a deferred tax asset of $84 million to align with the current year presentation. This asset was presented in Other as it will be primarily realised by other members of the Australian tax consolidated group.

Directors' Report continued

2. Discussion and Analysis of Operations and the Income Statement

2.1. Profit overview

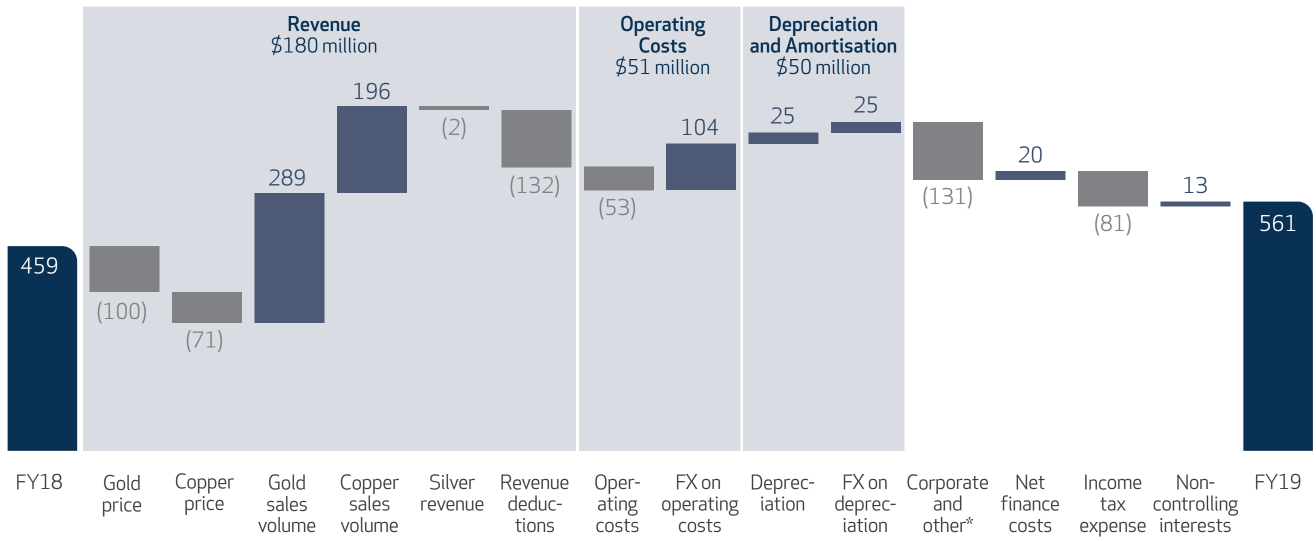
Statutory profit was $561 million in the current period, $359 million higher than the prior period.

Underlying profit of $561 million in the current period was $102 million higher than the prior period primarily driven by higher gold and copper sales volumes from Cadia, the favourable impact on operating costs from the weaker Australian dollar, a lower depreciation expense and lower net finance costs. The increase in underlying profit was achieved notwithstanding lower realised gold and copper prices, the Company's improved profitability increasing its income tax expense and the pursuit of growth resulting in an increase in corporate costs and exploration expenditure in the current period.

The prior period included the receipt of insurance proceeds of $155 million, before tax, relating to the Cadia seismic event.

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Gold revenue[4]	3,208	3,019	189	6%
Copper revenue[4]	651	526	125	24%
Silver revenue	15	17	(2)	(12%)
Less: treatment and refining deductions[4]	(132)	–	(132)	
Total revenue	**3,742**	**3,562**	**180**	**5%**
Operating costs	(1,921)	(1,972)	51	3%
Depreciation and amortisation	(727)	(777)	50	6%
Total cost of sales[4]	**(2,648)**	**(2,749)**	**101**	**4%**
Corporate administration expenses	(120)	(104)	(16)	(15%)
Exploration	(70)	(60)	(10)	(17%)
Other income/(expense)	38	130	(92)	(71%)
Share of associates losses	(18)	(5)	(13)	(260%)
Net finance costs	(94)	(114)	20	18%
Income tax expense	(272)	(191)	(81)	(42%)
Non-controlling interests	3	(10)	13	130%
Underlying profit	**561**	**459**	**102**	**22%**

Movement in Underlying Profit ($m)



* Corporate and other includes Corporate administration expenses, Exploration expenses, Other income and Share of profit of associates (refer to Section 2.4 for detail).

2.2. Revenue[4]

Total net sales revenue for the current period of $3,742 million includes deductions for treatment and refining costs of $132 million, consistent with Newcrest's adoption of AASB 15 *Revenue from Contracts with Customers*. These deductions were reported as cost of sales in prior periods. Excluding the deductions for treatment and refining costs, in the current period, total sales revenue increased by $312 million (or 9%) compared to the prior period. Newcrest's sales revenue continues to be predominantly attributable to gold, being 83% of total sales revenue in the current period (85% in the prior period).

$m		
Total sales revenue for 12 months ended 30 June 2018		**3,562**
Changes in revenues from volume:		
Gold	289	
Copper	196	
Silver	–	
Total volume impact		**485**
Change in revenue from price:		
Gold	(100)	
Copper	(71)	
Silver	(2)	
Total price impact		**(173)**
Total gross revenue for 12 months ended 30 June 2019		**3,874**
Less: treatment and refining deductions[4]		(132)
Total net revenue for 12 months ended 30 June 2019[4]		**3,742**

Gold revenue in the current period of $3,173 million included deductions for gold treatment and refining costs of $35 million. Excluding these deductions, total gold revenue increased by 6% compared to the prior period, driven by higher levels of production from Cadia and Telfer and higher sales at Lihir relating to production in the prior period. The benefit of higher sales volumes was partially offset by a 3% reduction in the realised gold price ($1,269 per ounce in the current period compared to $1,308 per ounce in the prior period).

Copper revenue in the current period of $555 million included deductions for copper treatment and refining costs of $96 million. Excluding these deductions, total copper revenue increased by 24% compared to the prior period, driven by higher levels of copper production at Cadia. This was partially offset by a 10% reduction in the realised copper price ($2.78 per pound in the current period compared to $3.09 per pound in the prior period) and an 8% reduction in copper sales at Telfer.

2.3. Cost of sales[4]

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Site production costs	1,739	1,719	20	1%
Royalties	113	104	9	9%
Treatment and realisation[4]	37	134	(97)	(72%)
Inventory movements	32	15	17	113%
Operating costs	**1,921**	**1,972**	**(51)**	**(3%)**
Depreciation and amortisation	727	777	(50)	(6%)
Cost of sales[4]	**2,648**	**2,749**	**(101)**	**(4%)**

Cost of sales of $2,648 million in the current period was $101 million lower than the prior period. Cost of sales in the current period exclude treatment and refining costs of $132 million relating to concentrate sales which are now reported as deductions against revenue. Including the treatment and refining costs, cost of sales were $31 million higher than the prior period. The higher site production costs primarily relate to increased mining and milling activity at Cadia with record annual mined ore production and mill throughput, and increased ore mined at Lihir with access to the higher-grade zones of Phase 14. This increase in costs was largely offset by the favourable impact on operating costs from the weaker Australian dollar.

Treatment and realisation costs on a gross basis (i.e. inclusive of the $132 million which has been deducted from revenue) has increased by 26% compared to the prior period primarily representing the increase in gold and copper sales volumes at Cadia.

Depreciation expense was lower in the current period compared to the prior period with higher depreciation costs at Cadia and Lihir being more than offset by lower depreciation at Telfer (reflecting its lower asset base following an impairment in the prior period), the benefit of a weaker Australian dollar and lower depreciation associated with lower production at Gosowong.

As the Company is a US dollar reporting entity, cost of sales will vary in accordance with the movements in the operating currencies where those costs are not denominated in US dollars.

Directors' Report continued

2. Discussion and Analysis of Operations and the Income Statement continued

2.3. Cost of sales[4] continued

The table below shows indicative currency exposures on operating costs by site for the current period:

	USD	AUD	PGK	IDR
Cadia	15%	85%	–	–
Telfer	15%	85%	–	–
Lihir	35%	30%	35%	–
Gosowong	15%	5%	–	80%
Group*	**20%**	**55%**	**15%**	**10%**

* The Group number also includes the impact of currency exposures on corporate administration expenses and exploration expenditure.

2.4. Exploration, Corporate and Other items

Exploration expenditure of $70 million was expensed in the current period, $10 million higher than the prior period. The increase in exploration expenditure is in line with Newcrest's focus on growing the portfolio of strategic partnerships, option and farm-in arrangements and investments across the Asia Pacific region and the Americas.

Corporate administration expenses of $120 million comprised corporate costs of $88 million, depreciation of $19 million and equity-settled share-based payments of $13 million. Corporate administration expenses are $16 million, or 15% higher than the prior period primarily due to an increase in innovation and growth activities.

Other income of $38 million comprised:

	For the 12 months ended 30 June	
$m	2019	2018
Net foreign exchange gain	29	15
Insurance recoveries	–	121
Other items	9	(6)
Other income	**38**	**130**

The net foreign exchange gain in the current period primarily relates to the restatement of US dollar denominated cash and foreign denominated financial assets and liabilities held by the Group's Australian subsidiaries. "Other items" include net fair value gains and losses on gold and copper quotational period derivatives, fair value movements on concentrate receivables and gains and losses on asset sales.

During the prior period, Newcrest settled and received its insurance claim in relation to the April 2017 seismic event at Cadia for $155 million. Proceeds attributed to material damage of $34 million have been included in site production costs, in the prior period, as an offset to the costs incurred to rectify damage to the Cadia Panel Cave. The remaining proceeds of $121 million attributed to business interruption loss are presented in other income in the prior period.

2.5. Net finance costs

Net finance costs of $94 million were $20 million (or 18%) lower than the prior period driven by the $647 million increase in cash holdings in the current period.

2.6. Income tax

Income tax on Statutory and Underlying profit was $272 million. The resulting effective tax rate of 33% is higher than the Australian company tax rate of 30% primarily as a result of non-deductible overseas exploration and business development expenditure and net unrecognised deferred tax assets.

2.7. Significant items

There were no significant items reported in the current period.

In the prior period, significant items totalling a net expense of $257 million (after tax and non-controlling interest) were recognised, comprising:

- asset impairments of $188 million at Telfer and $6 million with respect to the investment in Azucar Minerals;
- write-downs of property, plant and equipment at Namosi and Bonikro of $72 million and $14 million respectively;
- a net investment hedge gain of $29 million arising from the divestment of Bonikro; and
- a $6m write-down of a tax asset at Gosowong following an adverse verdict in the Indonesian Tax Court with respect to a FY13 tax rate dispute.

3. Discussion and Analysis of Cash Flow

Free cash flow for the current period of $804 million was $203 million (or 34%) higher than the prior period.

Cash inflow from operating activities of $1,487 million was $53 million (or 4%) higher than the prior period.

Cash outflow relating to investing activities of $683 million was $150 million (or 18%) lower than the prior period driven by a reduction in investments to acquire interests in associates, other investing activities and production stripping at Lihir, partially offset by an increase in investing activities at Cadia. The current period also includes $20 million of cash proceeds in relation to the sale of the Sèguèla project.

All operations were free cash flow positive in the current period.

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Cash flow from operating activities	1,487	1,434	53	4%
Cash flow related to investing activities	(683)	(833)	150	18%
Free cash flow	**804**	**601**	**203**	**34%**
Cash flow related to financing activities	(157)	(140)	(17)	(12%)
Net movement in cash	**647**	**461**	**186**	**40%**
Cash at the beginning of the period	953	492	461	94%
Cash at the end of the period	**1,600**	**953**	**647**	**68%**

3.1. Cash flow from operating activities

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
EBITDA	1,670	1,565	105	7%
Add: Exploration expenditure written-off	70	60	10	17%
Add: Other non-cash items or non-operating items	1	8	(7)	(88%)
Sub-total	**1,741**	**1,633**	**108**	**7%**
Working capital movements[11]				
Receivables	(51)	(17)	(34)	(200%)
Inventories	(5)	4	(9)	(225%)
Payables and provisions	36	(11)	47	427%
Other assets and liabilities	17	(3)	20	667%
Net working capital movements	**(3)**	**(27)**	**24**	**89%**
Net interest paid	(86)	(103)	17	17%
Income taxes paid	(165)	(69)	(96)	(139%)
Net cash inflow from operating activities	**1,487**	**1,434**	**53**	**4%**

11. Includes adjustments for non-cash items.

Cash inflow from operating activities of $1,487 million was $53 million (or 4%) higher than the prior period. Higher gold sales volumes in the current period at Cadia, Lihir and Telfer and copper sales volumes at Cadia, timing of working capital movements, lower net interest payments and the benefit of a weaker Australian dollar all combined to more than offset the effect of lower realised gold and copper prices, higher income tax payments and lower sales volumes from Gosowong.

Directors' Report continued

3. Discussion and Analysis of Cash Flow continued

3.2. Cash flow from investing activities

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Production stripping				
Telfer	67	43	24	56%
Lihir	63	95	(32)	(34%)
Bonikro	–	12	(12)	(100%)
Total production stripping	**130**	**150**	**(20)**	**(13%)**
Sustaining capital expenditure				
Cadia	95	58	37	64%
Telfer	39	46	(7)	(15%)
Lihir	76	102	(26)	(25%)
Gosowong	22	25	(3)	(12%)
Bonikro	–	4	(4)	(100%)
Corporate	16	15	1	7%
Total sustaining capital	**248**	**250**	**(2)**	**(1%)**
Major projects (non-sustaining)				
Cadia	81	59	22	37%
Telfer	2	9	(7)	(78%)
Lihir	42	48	(6)	(13%)
Wafi-Golpu	28	23	5	22%
Corporate	–	2	(2)	(100%)
Total major projects (non-sustaining) capital	**153**	**141**	**12**	**9%**
Total capital expenditure	**531**	**541**	**(10)**	**(2%)**
Exploration and evaluation expenditure	78	72	6	8%
Proceeds from sale of property, plant and equipment	–	(7)	7	100%
Proceeds from sale of Bonikro, net of cash divested	–	(48)	48	100%
Proceeds from sale of Sèguèla	(20)	–	(20)	
Payments for investment in Lundin Gold	10	251	(241)	(96%)
Payments for investment in Azucar Minerals	–	15	(15)	(100%)
Payments for investment in SolGold	18	9	9	100%
Payments for other investments	66	–	66	
Net cash outflow from investing activities	**683**	**833**	**(150)**	**(18%)**

Cash outflow from investing activities of $683 million was $150 million (or 18%) lower than the prior period representing a reduction in investment activities (the prior period included payments totalling $275 million for the acquisition of interests in associates), lower production stripping and proceeds of $20 million in relation to the sale of Newcrest's Sèguèla project in Côte d'Ivoire, partially offset by an increase in capital expenditure for major projects.

Capital expenditure of $531 million in the current period comprised:

- Production stripping of $130 million which was 13% lower than the prior period as a result of a lower level of pre-stripping activity at Lihir (Phase 14 moved into ore and lower waste stripping of Phase 15 due to challenging ground conditions) and the divestment of Bonikro in the prior period, largely offset by an increase in production stripping activities at Telfer.
- Sustaining capital expenditure of $248 million was in line with the prior period. There was higher spend at Cadia (including a new access road, underground extraction drive remediation and infrastructure associated with utilising the Cadia Hill open pit for tailings storage) and lower spend at Lihir and Telfer.
- Major project, or non-sustaining, capital expenditure of $153 million was $12 million higher than the prior period. The expenditure in the current period primarily related to:
  - Cadia: increased spend on expansion projects, including the PC2–3 feasibility study and early works and mill expansion studies
  - Lihir: activity primarily focused on key projects to facilitate mining of the Kapit ore-body and throughput and recovery related projects
  - Wafi-Golpu: capital expenditure to progress activity associated with the forward work plan and engagement activities, including progressing approval processes and studies to commence the establishment of underground access for further drilling of the Wafi-Golpu deposit and the proposed bridge over the Markham River, which is an integral feature of the proposed Northern Access road from the Highlands Highway to the mine site.

In the current period, Exploration and evaluation expenditure of $78 million comprised:

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Expenditure by nature				
Greenfield	50	44	6	14%
Brownfield	6	14	(8)	(57%)
Resource definition	22	14	8	57%
	78	**72**	**6**	**8%**
Expenditure by region				
Australia	27	15	12	80%
Indonesia	7	15	(8)	(53%)
Papua New Guinea	5	6	(1)	(17%)
West Africa	6	18	(12)	(67%)
North America	13	4	9	225%
Latin America	20	14	6	43%
	78	**72**	**6**	**8%**

The greenfield growth pipeline was enhanced with new exploration projects entered into in Australia, Ecuador, Chile and the USA, and a number of wholly-owned exploration tenements granted in Australia and Ecuador. This has delivered substantial additional exploration ground in fertile gold/copper districts including the Paterson Province (Western Australia), Tanami (Northern Territory/Western Australia), Mt Isa region (Queensland), Jarbridge (Nevada), Northern Andes (Ecuador) and the Central Andes (Chile).

The lower level of Brownfield expenditure in the current period was offset by higher Resource definition expenditure which was a result of focused near mine infill drilling and systematic target testing programs to upgrade Mineral Resources at Telfer.

3.3. Cash flow from financing activities

	For the 12 months ended 30 June			
$m	2019	2018	Change	Change %
Payment for treasury shares	(26)	(11)	(15)	(136%)
Dividends paid to members of the parent entity	(131)	(105)	(26)	(25%)
Dividend paid to non-controlling interests	–	(24)	24	100%
Net cash outflow from financing activities	**(157)**	**(140)**	**(17)**	**(12%)**

Cash outflow from financing activities of $157 million primarily relates to $131 million in dividend payments to shareholders of Newcrest.

Payment for treasury shares of $26 million represents shares purchased on market to satisfy obligations under employee share-based payment plans.

Directors' Report continued

4. Review of Operations

4.1. Cadia

Measure		For the 12 months ended 30 June 2019	2018	Change	Change %
Operating					
Total ore mined	tonnes '000	28,779	22,102	6,677	30%
Total material mined	tonnes '000	28,779	22,102	6,677	30%
Total material milled	tonnes '000	29,302	21,145	8,157	39%
Gold head grade	grams/tonne	1.24	1.12	0.12	11%
Gold recovery	%	78.4	78.7	(0.3)	0%
Gold produced	ounces	912,777	599,717	313,060	52%
Copper produced	tonnes	90,841	61,764	29,077	47%
Silver produced	ounces	553,764	359,378	194,386	54%
Gold sales	ounces	914,017	585,686	328,331	56%
Copper sales	tonnes	91,010	60,927	30,083	49%
Silver sales	ounces	553,707	357,263	196,444	55%
Financial					
Revenue[4]	$m	1,630	1,182	448	38%
Cost of Sales[4] (including depreciation)	$m	684	648	36	6%
Depreciation	$m	188	161	27	17%
Other income	$m	–	121	(121)	(100%)
EBITDA	$m	1,134	816	318	39%
EBIT	$m	946	655	291	44%
Operating cash flow	$m	1,141	801	340	42%
Sustaining capital	$m	95	58	37	64%
Non-sustaining capital	$m	81	59	22	37%
Total capital expenditure	$m	176	117	59	50%
Free cash flow	$m	965	691	274	40%
All-In Sustaining Cost	$m	121	100	21	21%
All-In Sustaining Cost	$/oz	132	171	(39)	(23%)

Cadia achieved record high annual gold and copper production and record low AISC per ounce in the current period.

Gold production of 913 koz was 52% higher in the current period driven by a 39% increase in the volume of material milled (achieving record mill throughput) and an 11% increase in gold grade milled.

As previously reported, lower production in the prior period was principally as a result of the large seismic event on 14 April 2017 and the NTSF embankment slump on 9 March 2018. The April 2017 seismic event resulted in the temporary suspension of mining operations, with mining of PC2 and PC1 recommencing in July 2017 and September 2017 respectively. The NTSF embankment slump on 9 March 2018 resulted in a cessation of mining and milling operations with a progressive restart of mining from 27 March 2018 and milling from 3 April 2018. Increased production in the current period reflects the operation being free of major interruption from June 2018 onwards and the success of debottlenecking projects.

The higher gold grade in the current period reflects an increased proportion of mill feed being sourced from higher grade ore drawn from PC2, and the fact that in the prior period lower grade ore from Ridgeway and the Cadia Hill stockpiles was processed while mining activity at Cadia East was constrained after the April 2017 seismic event.

EBIT of $946 million in the current period represented a 44% increase on the prior period. A key driver was the increased gold and copper production more than offsetting the effect of lower realised gold and copper prices, resulting in a 38% increase in revenue.

The increased mining and milling activity associated with the increased production contributed to a 6% increase in cost of sales, with depreciation, royalties and treatment and refining charges[4] increasing in line with higher production and associated revenue. Operating costs also benefited from the weaker Australian dollar.

During the prior period, Newcrest settled and received its insurance claim in relation to the April 2017 seismic event at Cadia for $155 million. Proceeds attributed to material damage of $34 million were included in the prior period in site production costs as an offset to the costs incurred to rectify damage to the Cadia Panel Cave. The remaining proceeds of $121 million attributed to business interruption loss were presented in other income, in the prior period.

AISC of $132 per ounce in the current period was a record low annual result and $39 per ounce lower than the prior period. This improvement reflects lower unit operating costs associated with the higher production volumes and gold grade and the benefits of the weaker Australian dollar, partially offset by lower copper revenue per ounce and higher sustaining capital expenditure.

Sustaining capital projects included the new warehouse, new access road, underground extraction drive remediation and infrastructure associated with Cadia Hill open pit tailings storage. Non-sustaining capital expenditure primarily related to spend on expansion projects, including the PC2–3 feasibility study and early works and mill expansion studies.

AISC in the prior period included a normalisation adjustment of $25 million or $42 per ounce, relating to the effects of the seismic event.

Free cash flow was $274 million (or 40%) higher than the prior period, reflecting the higher EBITDA outcome and effect of an increase in capital expenditure.

4.2. Lihir

		For the 12 months ended 30 June			
Measure		2019	2018	Change	Change %
Operating					
Total ore mined	tonnes '000	14,775	11,273	3,502	31%
Total material mined	tonnes '000	31,057	33,234	(2,177)	(7%)
Total material milled	tonnes '000	13,350	14,274	(924)	(6%)
Gold head grade	grams/tonne	2.86	2.67	0.19	7%
Gold recovery	%	76.0	78.1	(2.1)	(3%)
Gold produced	ounces	932,784	955,156	(22,372)	(2%)
Silver produced	ounces	32,017	56,770	(24,753)	(44%)
Gold sales	ounces	964,553	930,394	34,159	4%
Silver sales	ounces	32,017	56,770	(24,753)	(44%)
Financial					
Revenue	$m	1,229	1,207	22	2%
Cost of Sales (including depreciation)	$m	1,049	946	103	11%
Depreciation	$m	336	277	59	21%
EBITDA	$m	516	538	(22)	(4%)
EBIT	$m	180	261	(81)	(31%)
Operating cash flow	$m	483	557	(74)	(13%)
Production stripping	$m	63	95	(32)	(34%)
Sustaining capital	$m	76	102	(26)	(25%)
Non-sustaining capital	$m	42	48	(6)	(13%)
Total capital expenditure	$m	181	245	(64)	(26%)
Free cash flow	$m	301	311	(10)	(3%)
All-In Sustaining Cost	$m	855	869	(14)	(2%)
All-In Sustaining Cost	$/oz	887	934	(47)	(5%)

Gold production was marginally lower in the current period as a result of lower mill throughput and lower recovery rates being largely offset by higher gold head grade. Mill throughput was adversely impacted by the processing of higher grade argillic ore with a higher clay content which reduces throughput rates in the crusher and conveying system, and the effects of unplanned shutdowns. In the last three months of the current period, an annualised mill throughput rate of 15.9mtpa was achieved, including a record monthly mill throughput rate in May 2019 of an annualised 17.1mtpa.

The increase in grade in the current period was driven by a larger proportion of ex-pit ore being utilised, as scheduled mining activity accessed the higher-grade zones of Phase 14. Phase 9 mining was completed in the current period.

Gold recovery in the current period was 3% lower than the prior period primarily due to unplanned downtime which impacted autoclave utilisation (resulting in a higher proportion of material being floated) and recovery in the neutralisation and carbon adsorption circuit.

EBIT of $180 million was 31% lower than the prior period as a result of an increase in depreciation, a lower realised gold price and an increase in cost of sales. Depreciation in the current period was 21% higher than the prior period, primarily due to an increase in ore mined resulting in higher amortisation of production stripping assets. Higher cost of sales (excluding depreciation) in the current period was driven by a lower proportion of mining costs being capitalised to production stripping, higher gold sales volumes, higher fuel costs and costs associated with the unplanned downtime in the current period more than offsetting the benefit of a weaker PNG Kina and Australian dollar on operating costs.

AISC of $887 per ounce was $47 per ounce or 5% lower than the prior period, primarily reflecting the higher gold sales and lower sustaining capital expenditure in the current period, partially offset by higher operating costs.

Free cash flow for the current period was $301 million. This is the fourth consecutive financial year in which the Lihir operation has generated free cash flow in excess of $300 million, generating approximately $1.3 billion in free cash flow over the last four years. The current period free cash flow reflects the drivers of the EBITDA outcome and working capital outflows offsetting the benefit of lower production stripping and lower capital expenditure.

Directors' Report continued

4. Review of Operations continued

4.3. Telfer

Measure		2019	2018	Change	Change %
		For the 12 months ended 30 June			
Operating					
Total ore mined	tonnes '000	21,923	20,321	1,602	8%
Total material mined	tonnes '000	59,581	44,293	15,288	35%
Total material milled	tonnes '000	22,734	23,026	(292)	(1%)
Gold head grade	grams/tonne	0.72	0.71	0.01	1%
Gold recovery	%	83.4	78.9	4.5	6%
Gold produced	ounces	451,991	425,536	26,455	6%
Copper produced	tonnes	15,025	16,212	(1,187)	(7%)
Silver produced	ounces	211,869	207,099	4,770	2%
Gold sales	ounces	450,791	422,241	28,550	7%
Copper sales	tonnes	15,047	16,390	(1,343)	(8%)
Silver sales	ounces	211,869	207,099	4,770	2%
Financial					
Revenue[4]	$m	627	686	(59)	(9%)
Cost of Sales[4] (including depreciation)	$m	655	746	(91)	(12%)
Depreciation	$m	136	200	(64)	(32%)
EBITDA	$m	108	140	(32)	(23%)
EBIT	$m	(28)	(60)	32	53%
Operating cash flow	$m	126	135	(9)	(7%)
Production stripping	$m	67	43	24	56%
Sustaining capital	$m	39	46	(7)	(15%)
Non-sustaining capital	$m	2	9	(7)	(78%)
Total capital expenditure	$m	108	98	10	10%
Free cash flow	$m	8	27	(19)	(70%)
All-In Sustaining Cost	$m	565	533	32	6%
All-In Sustaining Cost	$/oz	1,253	1,262	(9)	(1%)

Gold production was 6% higher in the current period primarily driven by higher recovery rates combined with higher Underground grades.

Total material mined was 35% higher in the current period driven by increased Open Pit mining with a significant increase in waste stripping in West Dome Stage 2 Final and Stage 3 Final as a result of additional equipment, shorter haul distances relative to the prior period and Open Pit equipment productivity improvements.

Gold recovery was 6% higher in the current period primarily as a result of improvements in the flotation circuit and flotation reagents.

The improvement in EBIT was driven by the combination of a 7% increase in gold sales volumes and a 12% reduction in cost of sales more than offsetting the effect of lower realised gold and copper prices and lower copper sales volumes. The reduction in cost of sales in the current period was primarily due to lower depreciation (a result of a lower asset base following the impairment in the prior financial year), an increase in capitalised waste stripping activity and the benefit of a weaker Australian dollar favourably impacting costs.

AISC of $1,253 per ounce was marginally lower than the prior period driven by a reduction in sustaining capital expenditure, higher gold sales volumes and the weaker Australian dollar all combining to offset the impact of lower copper by-product revenue, higher production stripping and higher sustaining exploration in the current period.

Free cash flow of $8 million was lower than the prior period primarily due to the aforementioned drivers of a lower EBITDA (lower realised gold and copper prices, lower copper sales volumes and higher site costs driven by increased stripping activity) offsetting the benefit of increased gold sales volumes and favourable net working capital movements in the current period.

4.4. Gosowong[5]

Measure		2019	2018	Change	Change %
		For the 12 months ended 30 June			
Operating					
Total ore mined	tonnes '000	690	679	11	2%
Total material mined	tonnes '000	808	767	41	5%
Total material milled	tonnes '000	708	704	4	1%
Gold head grade	grams/tonne	8.77	11.49	(2.72)	(24%)
Gold recovery	%	95.0	95.7	(0.7)	(1%)
Gold produced	ounces	190,186	251,390	(61,204)	(24%)
Silver produced	ounces	206,857	298,459	(91,602)	(31%)
Gold sales	ounces	199,285	265,442	(66,157)	(25%)
Silver sales	ounces	210,587	369,733	(159,146)	(43%)
Financial					
Revenue	$m	256	351	(95)	(27%)
Cost of Sales (including depreciation)	$m	260	293	(33)	(11%)
Depreciation	$m	67	90	(23)	(26%)
EBITDA	$m	63	148	(85)	(57%)
EBIT	$m	(4)	58	(62)	(107%)
Operating cash flow	$m	56	146	(90)	(62%)
Sustaining capital	$m	22	25	(3)	(12%)
Free cash flow	$m	29	111	(82)	(74%)
All-In Sustaining Cost	$m	219	234	(15)	(6%)
All-In Sustaining Cost	$/oz	1,099	882	217	25%

Gold production was 24% lower than the prior period due to lower head grade at both Toguraci and Kencana mines. The lower gold sales volumes in the current period reflect the lower gold production.

EBIT of negative $4 million was $62 million (or 107%) lower than the prior period driven by a significant drop in sales volumes resulting from the lower head grade and lower realised gold prices. This was partially offset by a 26% reduction in depreciation in line with the lower production and the benefit of a weaker Indonesian Rupiah favourably impacting costs.

AISC of $1,099 per ounce was higher than the prior period notwithstanding that the absolute amount of AISC expenditure was lower in the current period as the lower gold grades translated into lower production and sales volumes and increased unit cost.

Free cash flow of $29 million was $82 million lower than the prior period, driven by lower gold sales volumes and a lower realised gold price, partially offset by the benefit of a weaker Indonesian Rupiah in the current period.

Directors' Report continued

5. Discussion and Analysis of the Balance Sheet

5.1. Net assets and total equity

Newcrest had net assets and total equity of $7,631 million as at 30 June 2019.

	As at 30 June			
$m	2019	2018	Change	Change %
Assets				
Cash and cash equivalents	1,600	953	647	68%
Trade and other receivables	135	77	58	75%
Inventories	1,573	1,586	(13)	(1%)
Other financial assets	103	68	35	51%
Current tax asset	32	1	31	3,100%
Property, plant and equipment	7,816	8,156	(340)	(4%)
Other intangible assets	33	42	(9)	(21%)
Deferred tax assets	60	69	(9)	(13%)
Investment in associates	333	324	9	3%
Other assets	152	204	(52)	(25%)
Total assets	**11,837**	**11,480**	**357**	**3%**
Liabilities				
Trade and other payables	(444)	(415)	(29)	(7%)
Current tax liability	(176)	(99)	(77)	(78%)
Borrowings	(1,995)	(1,993)	(2)	(0%)
Other financial liabilities	(123)	(5)	(118)	(2,360%)
Provisions	(524)	(499)	(25)	(5%)
Deferred tax liabilities	(944)	(1,007)	63	6%
Total liabilities	**(4,206)**	**(4,018)**	**(188)**	**(5%)**
Net assets	**7,631**	**7,462**	**169**	**2%**
Equity				
Equity attributable to owners of the parent	7,567	7,395	172	2%
Non-controlling interests	64	67	(3)	(4%)
Total equity	**7,631**	**7,462**	**169**	**2%**

5.2. Financial metrics

5.2.1. Net debt and gearing

Net debt (comprising total borrowings less cash and cash equivalents) of $395 million at 30 June 2019 was $645 million (or 62%) lower than the prior period. All of Newcrest's debt is US dollar denominated.

The gearing ratio (net debt as a proportion of net debt and total equity) as at 30 June 2019 was 4.9%. This is a reduction from 12.2% as at 30 June 2018, reflecting the increase in cash and cash equivalents in the current period.

Components of the movement in net debt and gearing for the period ended 30 June 2019 are outlined in the table below.

$m	2019	2018	Change	Change %
Corporate bonds – unsecured	2,000	2,000	–	–
Capitalised transaction costs on facilities	(5)	(7)	2	29%
Total borrowings	**1,995**	**1,993**	**2**	**0%**
Less cash and cash equivalents	(1,600)	(953)	(647)	(68%)
Net debt	**395**	**1,040**	**(645)**	**(62%)**
Total equity	7,631	7,462	169	2%
Net debt and total equity	**8,026**	**8,502**	**(476)**	**(6%)**
Gearing (net debt/net debt and total equity)	**4.9%**	**12.2%**	**(7.3)**	**(60%)**

5.2.2. Leverage and Interest Coverage Ratio

Newcrest's net debt to EBITDA (leverage ratio) as at 30 June 2019 decreased to 0.2 times (compared to 0.7 times at 30 June 2018) as a result of higher EBITDA and the increase in cash and cash equivalents in the current period.

	As at 30 June			
$m	2019	2018	Change	Change %
Net debt	395	1,040	(645)	(62%)
EBITDA (trailing 12 months)	1,670	1,565	105	7%
Net debt to EBITDA (times)	**0.2**	**0.7**	**(0.5)**	**(71%)**

Newcrest's interest coverage ratio increased to 24.2 times as at 30 June 2019 as a result of higher EBITDA and the increase in cash and cash equivalents in the current period.

	For the 12 months ended 30 June	
$m	2019	2018
EBITDA	**1,670**	**1,565**
Less facility fees and other costs	(17)	(20)
Less discount unwind on provisions	(9)	(8)
Adjusted EBITDA	**1,644**	**1,537**
Net interest expense	94	114
Less facility fees and other costs	(17)	(20)
Less discount unwind on provisions	(9)	(8)
Net interest payable	**68**	**86**
Interest Coverage Ratio	**24.2**	**17.9**

Interest Coverage Ratio is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (i.e. interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).

5.2.3. Liquidity coverage

Newcrest had $3,600 million of cash and committed undrawn bank facilities as at 30 June 2019.

$m	Facility utilised	Available liquidity	Facility limit
As at 30 June 2019			
Cash and cash equivalents	n/a	1,600	n/a
Corporate bonds	2,000	–	2,000
Bilateral bank debt facilities	–	2,000	2,000
Coverage	**2,000**	**3,600**	**4,000**
As at 30 June 2018			
Cash and cash equivalents	n/a	953	n/a
Corporate bonds	2,000	–	2,000
Bilateral bank debt facilities	–	2,000	2,000
Subsidiary bank loan	–	20	20
Coverage	**2,000**	**2,973**	**4,020**

Directors' Report continued

6. Non-IFRS Financial Information

Newcrest results are reported under Australian Accounting Standards ('AAS'). Compliance with AAS also results in compliance with International Financial Reporting Standards ('IFRS'). This report also includes certain non-IFRS financial information, including EBIT (earnings before interest, tax and significant items), EBITDA (earnings before interest, tax, depreciation and amortisation and significant items), Underlying profit (profit after tax before significant items attributable to owners of the Company), All-In Sustaining Cost and All-In Cost (both determined in accordance with the updated World Gold Council Guidance Note on Non-GAAP Metrics which was released in November 2018 and partially adopted by Newcrest (due to the inability to adopt the leasing changes until after 30 June 2019)), free cash flow (cash flow from operating activities less cash flow related to investing activities), Sustaining capital and Major projects (non-sustaining) capital, ROCE and Interest Coverage Ratio.

These measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources and are included in this report to provide greater understanding of the underlying financial performance of the Group's operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. The non-IFRS information has not been subject to audit or review by Newcrest's external auditor.

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

- Sustaining and Major project (non-sustaining) capital are reconciled to investing cash flow in section 3.2;
- Free cash flow is reconciled to the cash flow statement in section 3.

6.1. Reconciliation of Statutory profit to Underlying profit

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

In the current period, Statutory profit was equal to Underlying profit.

	For the 12 months ended 30 June 2019			
Profit after tax attributable to Newcrest shareholders $m	Before Tax and Non-controlling interest	Tax	Non-controlling interest	After tax and Non-controlling interest
Statutory profit	**830**	**(272)**	**3**	**561**
Total significant items	–	–	–	–
Underlying profit	**830**	**(272)**	**3**	**561**

	For the 12 months ended 30 June 2018			
Profit after tax attributable to Newcrest shareholders $m	Before Tax and Non-controlling interest	Tax	Non-controlling interest	After tax and Non-controlling interest
Statutory profit	**327**	**(118)**	**(7)**	**202**
Asset impairment loss (Telfer)	269	(81)	–	188
Asset impairment loss (Azucar)	6	–	–	6
Write-down of property, plant and equipment (Namosi)	72	–	–	72
Write-down of property, plant and equipment (Bonikro)	15	–	(1)	14
Net investment hedge gain (Bonikro)	(29)	–	–	(29)
Write-down of tax asset (Gosowong)	–	8	(2)	6
Total significant items	**333**	**(73)**	**(3)**	**257**
Underlying profit	**660**	**(191)**	**(10)**	**459**

6.2. Reconciliation of Underlying profit to EBIT and EBITDA

$m	For the 12 months ended 30 June 2019	2018
Underlying profit	**561**	**459**
Non-controlling interests	(3)	10
Income tax expense	272	191
Net finance costs	94	114
EBIT	**924**	**774**
Depreciation and amortisation	746	791
EBITDA	**1,670**	**1,565**

6.3. Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales

"All-In Sustaining Cost" and "All-In Cost" ("AIC") are non-IFRS measures which Newcrest has adopted since the guidance was released by the World Gold Council in June 2013.

The World Gold Council released an update to the guidance note in November 2018. In accordance with the World Gold Council recommendation, Newcrest has elected to partially apply the updated guidance from 1 January 2019, with the partial nature reflecting Newcrest's inability to apply the leasing changes until after 30 June 2019.

Newcrest will apply the leasing changes to AISC and AIC from 1 July 2019, when Newcrest adopts the updated leasing standard in the financial statements, after which Newcrest will be able to fully apply the updated guidance note.

		For the 12 months ended 30 June			
	Reference	2019 $m	US$/oz	2018 $m	US$/oz
Gold sales (koz)		**2,529**		**2,308**	
Cost of sales[4]	6.3.1	**2,648**	**1,047**	**2,724**	**1,180**
Depreciation and amortisation	6.3.2	(727)	(288)	(777)	(336)
By-product revenue[4]	6.3.3	(569)	(225)	(543)	(235)
Gold concentrate treatment and refining deductions[4]		35	14	–	–
Corporate costs	6.3.4	90	36	90	39
Sustaining exploration	6.3.7	14	5	10	5
Production stripping and underground mine development	6.3.5	115	46	150	65
Sustaining capital expenditure	6.3.6	248	98	250	108
Rehabilitation accretion and amortisation		11	5	22	9
All-In Sustaining Costs		**1,865**	**738**	**1,926**	**835**
Non-sustaining capital expenditure[12]	6.3.6	153	60	141	61
Growth and development expenditure	6.3.4	11	4	–	–
Non-sustaining exploration	6.3.7	64	26	62	27
All-In Cost		**2,093**	**828**	**2,129**	**923**

12. Represents spend on major projects that are designed to increase the net present value of the mine are not related to current production. Significant projects in the current period include key expansion projects at Cadia (including PC2-3 feasibility study, mill expansion and recovery studies), projects to facilitate mining of the Kapit ore-body, step-change throughput and recovery related projects at Lihir and Wafi-Golpu project capital.

Directors' Report continued

6. Non-IFRS Financial Information continued

6.3. Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales continued

6.3.1. Cost of sales[4]

$m	For the 12 months ended 30 June 2019	2018
Cost of sales as per the consolidated income statement	2,648	2,749
Less: Earnings normalisation adjustments[13]		
Normalisation of earnings related to seismic event	–	(50)
Reversal of insurance proceeds related to prior adjusted periods	–	25
Total Cost of Sales	**2,648**	**2,724**

13. The prior period includes an earnings normalisation adjustment relating to the seismic event at Cadia of $11/oz.

6.3.2. Depreciation and amortisation

$m	For the 12 months ended 30 June 2019	2018
Depreciation and amortisation per Note 5(b) of the consolidated financial statements[14]	727	777

14. This relates to the depreciation and amortisation element of cost of sales. Corporate asset depreciation is shown separately below in 6.3.4 Corporate costs.

6.3.3. By-product revenue[4]

$m	For the 12 months ended 30 June 2019	2018
Copper concentrate sales revenue	651	526
Copper concentrate treatment and refining deductions	(96)	–
Total copper sales revenue per Note 5(a) of the consolidated financial statements	**555**	**526**
Silver sales revenue	15	17
Silver concentrate treatment and refining deductions	(1)	–
Total silver sales revenue per Note 5(a) of the consolidated financial statements	**14**	**17**
Total By-product revenue	**569**	**543**

6.3.4. Corporate costs

$m	For the 12 months ended 30 June 2019	2018
Corporate administration expenses per Note 5(c) of the consolidated financial statements	120	104
Less: Corporate depreciation	(19)	(14)
Less: Growth and development expenditure	(11)	–
Total Corporate costs	**90**	**90**

6.3.5. Production stripping and underground mine development

$m	For the 12 months ended 30 June 2019	2018
Advanced operating development	(15)	–
Production stripping per the consolidated financial statements	130	150
Total production stripping and underground mine development	**115**	**150**

6.3.6. Capital expenditure

$m	For the 12 months ended 30 June 2019	2018
Payments for property, plant and equipment per consolidated financial statements	230	217
Assets under construction, development and feasibility expenditure per consolidated financial statements	153	160
Information systems development per consolidated financial statements	18	14
Total capital expenditure	**401**	**391**
Sustaining capital expenditure per 3.2 of the Operating and Financial Review	248	250
Non-sustaining capital expenditure per 3.2 of the Operating and Financial Review	153	141
Total capital expenditure	**401**	**391**

6.3.7. Exploration expenditure

	For the 12 months ended 30 June	
$m	2019	2018
Exploration and evaluation expenditure per consolidated financial statements	**78**	**72**
Sustaining exploration (per 6.3 of the Operating and Financial Review)	14	10
Non-sustaining exploration (per 6.3 of the Operating and Financial Review)	64	62
Total exploration expenditure	**78**	**72**

6.4. Reconciliation of Return on Capital Employed (ROCE)

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

	For the 12 months ended 30 June	
$m	2019	2018
EBIT	**924**	**774**
Total capital (net debt and total equity) – as at 30 June 2017	–	9,033
Total capital (net debt and total equity) – as at 30 June 2018	8,502	8,502
Total capital (net debt and total equity) – as at 30 June 2019	8,026	–
Average total capital employed	**8,264**	**8,768**
Return on Capital Employed	**11.2%**	**8.8%**

7. Risks

Newcrest's mission is to safely deliver superior returns to our stakeholders from finding, developing and operating gold/copper mines. In pursuit of this, Newcrest is focused on the following five pillars and fulfilling the associated aspirations by the end of calendar year 2020:

- Safety and Sustainability: Zero fatalities and industry leading Total Recordable Injury Frequency Rate
- People: First quartile Organisation Health
- Operating Performance: First quartile Group AISC per ounce
- Technology and Innovation: Five breakthrough successes
- Profitable Growth: Exposure to five Tier One orebodies

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

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

Newcrest has a Risk Management Framework and process in place to identify those risks that may have a material impact on the Group. Material Risks are documented and monitored with the implementation of preventative and mitigating processes and controls. Mitigating processes and controls are designed to minimise the adverse impact on Newcrest should a risk or uncertainty materialise. Implemented processes and controls may not eliminate the risk or the potential impact entirely. Further, Newcrest's business, operating and/or financial results and performance may be materially impacted should any such actions and controls fail or be disrupted.

Further information on Newcrest's approach to risk management is set out in Newcrest's Corporate Governance Statement.

Directors' Report continued

7. Risks continued

External Risks

Fluctuations in external economic drivers

External economic drivers (including macroeconomic, metal prices, exchange rates and costs)

Market price of gold and copper

Newcrest's revenue is principally derived from the sale of gold and copper based on prevailing market prices. Fluctuations in metal prices can occur due to numerous factors beyond Newcrest's control, including macroeconomic and geopolitical factors (such as financial and banking stability, global and regional political events and policies, changes in inflationary expectations, interest rates, global economic growth expectations, and actual or expected gold purchases and/or sales by central banks), speculative positions taken by investors or traders, changes in demand for gold and copper including due to product substitution, changes in supply for gold and copper, as well as gold hedging and de-hedging by gold producers.

Newcrest is predominantly an unhedged producer. Newcrest has hedges over a portion of Telfer's future planned gold production for FY20 to FY23 to secure margins on a portion of planned future sales and support investment in future planned cutbacks and mine development. Newcrest's Telfer operation is a large scale, low grade mine and its profitability and cash flow are both very sensitive to the realised Australian Dollar gold price.

Foreign exchange rates

Given the geographic spread of Newcrest's operations, earnings and cash flows are exposed to multiple currencies, including a portion of spend at each operation being denominated in the local currency. The relative movement of these currencies (particularly the Australian dollar) against the US dollar may have a significant impact on Newcrest's financial results and cash flows, which are reported in US dollars.

Increased costs, capital and commodity inputs

Operating costs are subject to variations due to a number of factors, some of which are specific to a particular mine site, including changing ore grade characteristics and metallurgy, changes in the ratio of ore to waste as the mine plan follows the sequence of extracting the ore body, surface and underground haulage distances, underground geotechnical conditions and level of sustaining capital invested to maintain operations.

In addition, operating costs and capital expenditure are, to a significant extent, driven by external economic conditions impacting the cost of commodity inputs consumed in extracting and processing ore (including electricity, fuel, chemical reagents, explosives, tyres and steel), and labour costs associated with those activities. Newcrest currently hedges a portion of its expected fuel requirements. Other input costs are generally not hedged. However, where it considers appropriate, Newcrest enters into short term, medium term or evergreen contracts at fixed prices or fixed prices subject to price rise and fall mechanisms.

Examples of impacts

Actual or forecasted lower metal prices, and/or adverse movements in exchange rates and/or adverse movements in operating costs may:

- change the economic viability of mining operations, particularly higher cost mining operations, which may result in decisions to alter production plans or the suspension or closure of mining operations;
- reduce the market value of Newcrest's gold or copper inventory and Newcrest's estimates of Mineral Resources and Ore Reserves;
- result in Newcrest curtailing or suspending its exploration activities, with the result that depleted Ore Reserves may not be replaced and/or unmined Ore Reserves or Mineral Resources may not be mined;
- affect Newcrest's future operating activities and financial results through changes to proposed project developments; and
- result in changes in the estimation of the recoverable amount of Newcrest's assets when assessing potential accounting impairment of those assets.

Newcrest looks to manage the impact of adverse movements in these factors by seeking to be a relatively low-cost gold producer, maintaining a strong balance sheet, and having sufficient liquid funds and committed undrawn bank facilities available to meet the Group's financial commitments.

Examples of estimated potential financial impacts in the 2020 Financial Year of metal prices and exchange rates are approximately as follows:

Element	Change	Impact on	Estimated Impact
Realised gold price	+/–$10/oz	Revenue	+/–$22m
Realised copper price	+/–$0.05/lb	Revenue	+/–$11m
AUD:USD exchange rate	+/–A$0.01	EBIT	–/+$15m

Political events, Government actions, changes in law and regulation and inability to maintain title	**Political events, actions by Governments and tax authorities** Newcrest has exploration, development and production activities that are subject to political, economic, social, regulatory and other risks and uncertainties. These risks and uncertainties are unpredictable, vary from country to country and include but are not limited to law and order issues (including varying government capacity to respond), political instability, expropriation and/or nationalisation, changes in government ownership levels in projects, fraud, bribery and corruption, restrictions on repatriation of cash, earnings or capital, land ownership disputes and tenement access issues. These risks have become more prevalent in recent years, and in particular there has been an increasing social and political focus on: – the revenue derived by governments and other stakeholders from mining activities, which has resulted in announced reviews of the policy regimes applicable to mining in a number of the jurisdictions in which Newcrest has interests (including Papua New Guinea); and – national control of and benefit from natural resources, with proposed reforms regarding government or landowner participation in mining activities, limits on foreign ownership of mining or exploration interests and/or forced divestiture (with or without adequate compensation), and broad reform agenda in relation to mining legislation, environmental stewardship and local business opportunities and employment. In Papua New Guinea, a recent change of Prime Minister has been accompanied with an increase in discussion around future policy directions, including in relation to the extractives sector. Potential policy changes could include changes to the level and manner of local equity participation in projects, taxation regimes, changes to foreign exchange controls, and/or changes in controls pertaining to the holding of cash and remittance of profits and capital to the parent company. In Indonesia, restrictions on foreign ownership of mineral assets have been steadily increasing, impacting Newcrest's current and planned operations in the country. Tighter controls on repatriation of earnings by foreign companies have been introduced in an effort to assist current account and foreign exchange volatility. In Ecuador, a relatively new large-scale mining jurisdiction, policies and regulations are evolving amid a broader debate on the benefits and impacts of mining. Current and potential future legal challenges seeking to restrict mining activities in Ecuador present a risk to the mining industry. There can be no certainty as to what changes might be made to relevant law or policy in the jurisdictions where the Group has current or potential future interests, or the impact that any such changes may have on Newcrest's ability to own and operate its mining and related interests and to otherwise conduct its business in those jurisdictions. **Changes in law and regulation and inability to maintain title** Newcrest's current and future mining operations, development projects and exploration activities are subject to various laws, policies and regulations and to obtaining and maintaining the necessary titles, authorisations, permits and licences, and associated land access arrangements with the local community and various layers of Government, which authorise those activities under the relevant law (Authorisations). Changes in law, policies or regulations, or to the manner in which they are applied to Newcrest may have the potential to materially impact the value of a particular operation or the Group as a whole. Failure to comply with legal requirements may result in Newcrest being subject to enforcement actions with potentially material consequences, such as financial penalties, suspension of operations and forfeiture of assets. In several jurisdictions where Newcrest has existing interests, the legal framework is increasingly complex, onerous and subject to change. Changes in laws may result in material additional expenditure, taxes or costs, restrictions on the movement of funds, or interruption to, or operation of, Newcrest's activities. Disputes arising from the application or interpretation of applicable laws, policies or regulations in the countries where Newcrest operates could also adversely impact Newcrest's operations, financial performance and/or value. There can be no guarantee that Newcrest will be able to successfully obtain and maintain the necessary Authorisations or obtain and maintain the necessary Authorisations on terms acceptable to Newcrest, or that renewal of existing Authorisations will be granted in a timely manner or on terms acceptable to Newcrest. Authorisations held by or granted to Newcrest may also be subject to challenge by third parties which, if successful, could impact on Newcrest's exploration, development and/or mining and/or processing activities.

Directors' Report continued

7. Risks continued

Climate Change	Newcrest has exposure to a range of climate change risks related to the transition to a lower-carbon economy and have used the Taskforce on Climate-Related Financial Disclosure (TCFD) framework to frame its climate change risk assessment. Newcrest has identified the following risks: policy and legal developments; technology; reputation; and increased cost of inputs and raw materials. Newcrest also identified risks related to the physical impacts of climate change. Gold and copper mining operations are energy intensive and in the short term, Newcrest expects to continue to rely heavily on fossil fuels. However, Newcrest is seeking opportunities to improve its energy efficiency to reduce direct mining and processing costs and is assessing options to use renewable power generation and low emission technologies to reduce its greenhouse gas emissions intensity. In 2019, the Board approved Newcrest's climate change policy and from 2020 Newcrest plans to progressively adopt the TCFD framework for reporting on climate related aspects in our Sustainability Report. Newcrest continues to take steps to manage its risks and build resilience to climate change, as well as to position itself for new opportunities. In order to manage risks associated with policy and legal developments and to inform our investments, Newcrest has adopted a protocol for applying shadow carbon prices of US$25/tonne and US$50/tonne CO_2–e in the period to 2030 for jurisdictions where there are no regulated carbon prices. Using the two carbon prices will enable a range of sensitivities to carbon price be considered for specific projects. Newcrest's operating sites are vulnerable to physical climate impacts. As part of its risk management framework, Newcrest has identified risks that potentially relate to physical climate impacts, mainly at an operating site level. Extreme weather events have the potential to damage infrastructure, disrupt operations and delay delivery of products to market. Newcrest is working with experts to better understand physical threats from climate change at its current and planned operating sites and to put in place adaptation plans to ensure that we have considered these risk factors in our design criteria for site operations and infrastructure.
Financial Risks	
Capital and Liquidity	Newcrest has a range of debt facilities with external financiers including unsecured committed bilateral bank debt facilities and corporate unsecured senior notes (or 'bonds'). Newcrest has structured these debt facilities to have varying maturities so that its refinancing obligations are staggered. Although Newcrest currently forecasts to generate sufficient funds and/or have access to sufficient liquidity to service its debt requirements, no assurance can be given that Newcrest will be able to do so in the future or meet its financial covenants, its debt repayment obligations, or be able to refinance its debt prior to its expiry, any or all of which may adversely affect its ability to continue to operate. Newcrest may in the future draw on its committed bilateral bank debt facilities or seek additional funds through means such as asset divestitures, equity raisings, or additional debt (or some combination of these). Newcrest's ability to draw on or raise additional funding, and its ability to service that funding, may be influenced by factors including (without limitation) macroeconomic conditions such as gold and copper prices, sector appetite of investors, Newcrest's forecast and actual performance, regulatory change, strength of the banking sector, and the status of the financial or capital markets.
Counterparty credit risk	Newcrest is exposed to counterparties defaulting on their payment obligations which may adversely affect Newcrest's financial condition and performance. Newcrest limits its counterparty credit risk in a variety of ways. Bank credit risk on funds held for investment is reduced through maximum investment limits being applied to banks for financial institutions based on their credit ratings. Where possible, Newcrest holds funds for investment with banks or financial institutions with credit ratings of at least A– (S&P) equivalent and in countries rated at least A– (S&P) equivalent. Due to banking and foreign exchange regulations in some of the countries in which we operate, funds may be held in countries or with banks or financial institutions with lower credit ratings. Newcrest only enters into derivative financial instruments with banks or financial institutions with credit ratings of at least BBB (S&P) equivalent. All customers who wish to trade on credit terms are subject to credit risk analysis. Newcrest is also exposed to counterparty risk arising from a potential failure of an insurer on Newcrest's panel in the event of a valid claim. Newcrest limits its insurer counterparty risk by diversification of insurers across the Newcrest portfolio and insures with insurance companies with a credit rating of at least A– (S&P) equivalent where possible.
Uninsured Risk	Newcrest maintains a range of insurance policies to assist in mitigating the impact of events which could have a significant adverse effect on its operations and profitability. Newcrest's insurance policies carry deductibles and limits which will lead to Newcrest not recovering the full monetary impact of an insured event. Newcrest's insurances do not cover all potential risks associated with its business. Newcrest may elect not to insure or to self-insure against certain risks, such as where insurance is not available, where the premium associated with insuring against the risk is considered excessive, or if the risk is considered to have a low likelihood of eventuating.

Strategic Risks

Failure to discover new ore reserves or to enhance and realise new ore reserves

Exploration, project evaluation and project development

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

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

In the absence of exploration success – or additions to Newcrest's mineral inventory to support future operations through development activities, expansions or acquisitions – Newcrest will be unable to replace Ore Reserves and Mineral Resources depleted by operations.

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

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

Newcrest evaluates potential acquisition and development opportunities for mineral deposits, exploration or development properties and operating mines. Newcrest's decision to acquire or develop these properties is based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent and quality of mineralisation, resources and reserves, assessment of the potential for further discoveries or growth in resources and reserves, development and capital costs, cash and other operating costs, expected future commodity prices, projected economic returns, fiscal and regulatory frameworks, evaluations of existing or potential liabilities associated with the relevant assets and how these factors may change in future. Other than historical operating results (if applicable), these factors are uncertain and could have an impact on revenue, cash and other operating results, as well as the process used to estimate Mineral Resources and Ore Reserves.

Resources and reserves

Mineral Resources and Ore Reserves estimates are necessarily imprecise and involve subjective judgements regarding a number of factors including (but not limited to) grade distribution and/or mineralisation, the ability to economically extract and process mineralisation, and future commodity prices, exchange rates and operating costs. Such estimates relate to matters outside Newcrest's reasonable control and involve statistical analysis which may subsequently prove to be unreliable or flawed.

Newcrest's annual Mineral Resources and Ore Reserves statement is based upon a number of factors, including (without limitation) exploration drilling and production results, geological interpretations, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. These factors may result in reductions in Newcrest's Mineral Resources and Ore Reserves estimates, which could adversely affect the life-of-mine plans and may impact upon the value attributable to Newcrest's mineral inventory and/or the assessment of realisable value of one or more of Newcrest's assets and/or depreciation expense.

The estimates of Mineral Resources for the Red Chris deposit are qualifying foreign estimates under the ASX Listing Rules reported in accordance with the National Instrument 43-101 by Imperial. The estimates are not reported in accordance with the JORC Code. Competent persons have not done sufficient work to classify the qualifying foreign estimates as Mineral Resources in accordance with the JORC Code. It is uncertain, that following evaluation and further exploration, the foreign estimates will be able to be reported as Mineral Resources in accordance with the JORC code or that the quantity of Mineral Resources estimated in accordance with the JORC Code will be equal or greater than the foreign estimates.

Directors' Report continued

7. Risks continued

Joint venture risk	**Joint venture arrangements** Newcrest has joint venture interests, including its interests in the Wafi-Golpu Project in Papua New Guinea, the Red Chris mine in Canada, the Gosowong mine in Indonesia and the Namosi project in Fiji. These operations are subject to the risks normally associated with the conduct of joint ventures which include (but are not limited to) disagreement with joint venture partners on how to develop and operate the mines or projects efficiently, inability of joint venture partners to meet their financial and other joint venture commitments and particular risks associated with entities where a sovereign state holds an interest, including the extent to which the state intends to engage in project decision making and the ability of the state to fund its share of project costs. The existence or occurrence of one or more of these circumstances or events may have a negative impact on Newcrest's future business, operating and financial performance and results, and/or value of the underlying asset.
Inability to make or to integrate new acquisitions	**New acquisitions** Newcrest's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any such acquisitions could have an adverse effect on its business, operating results and financial condition. Business combinations and acquisitions entail a number of risks including the integration of acquisitions to realise synergies, unanticipated costs and liabilities, inability to realise targeted upsides and unanticipated issues that impact operations. Newcrest may also be liable for the acts or omissions of previous owners of the acquired business or otherwise exposed to liabilities that were unforeseen or greater than anticipated. These and other factors may result in reductions in the Mineral Resources and Ore Reserves estimates for the acquired business, and/or impact upon the value attributable to or derived from the acquired business.
Operational Risks	
Operational failures or catastrophes and natural hazards	Newcrest's mining operations are subject to operating risks and hazards including (without limitation) unanticipated ground conditions, failure of tailings facilities, industrial incidents, infrastructure and equipment under-performance or failure, shortage of material supplies, transportation and logistics issues in relation to the Group's workforce and equipment, underperformance of key suppliers or contractors, natural events and environmental incidents, health and safety related incidents, and interruptions and delays due to community and/or security issues. A key operational risk for Newcrest is the availability and price of fuel, power and water to support mining and mineral processing activities, particularly at Newcrest's remotely located assets. Even a temporary interruption of power or water supply could materially affect an operation. Some of Newcrest's operations are in areas known to be seismically active and are subject to the risks of earthquakes and related risks of tidal surges and tsunamis, which are difficult to predict. Some of Newcrest's operations may also experience other specific operating challenges relating to ground conditions, seismic activity and rock temperature. Newcrest faces particular geotechnical, geothermal and hydrological challenges, in particular due to the trend toward more complex deposits, deeper and larger pits, and the use of deep, bulk underground mining techniques. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical and hydrological impacts. There are a number of risks and uncertainties associated with the block cave mining methods being applied by Newcrest at its Cadia operations and elsewhere. Risks include that a cave may not propagate as anticipated, excessive air pockets may form during the cave propagation, unplanned ground movement may occur due to changes in stresses released in the surrounding rock. Excessive water ingress, disturbance and the presence of fine materials may also give rise to unplanned release of material of varying properties and/or water through drawbells. In addition, the success of Newcrest at some of its operations, including the Lihir operation, depends, in part, upon the implementation of Newcrest's engineering solutions to particular hydrological and geothermal conditions. At Lihir, for example, significant removal of both groundwater and sea water inflow and geothermal control is required before and during mining. A failure to safely resolve any unexpected problems relating to these conditions at a commercially reasonable cost may adversely impact upon continuing operations, project development decisions, exploration investment decisions, Mineral Resource and Ore Reserves estimates and the assessment of the recoverable amount of Newcrest's assets.
Information technology and cyber risk	Newcrest's operations are supported by information technology (IT) systems, consisting of infrastructure, networks, applications, and service providers. Newcrest could be subject to network and systems interference or disruptions from a number of sources, including (without limitation) security breaches, cyber-attacks and system defects. The impact of IT systems interference or disruption could include production downtime, operational delays, destruction or corruption of data, disclosure of commercially sensitive information and data breaches any of which could have a material impact on Newcrest's business, operations or financial condition and performance. Disaster recovery plans are in place for all of Newcrest's major sites and critical IT systems.

Failure to attract and retain key employees and effectively manage industrial relations issues	Newcrest seeks to attract and retain employees and third-party contractors with the appropriate skills and experience necessary to continue to operate its business. A loss of key personnel or a failure to attract appropriately skilled and experienced personnel could affect its operations and financial condition. While there can be no assurance that Newcrest will be able to attract and retain skilled and experienced personnel, Newcrest values its people and has policies, procedures and frameworks in place to mitigate this risk. Newcrest focuses on diversity and inclusion in the workplace, and developing its people at all levels. Newcrest may be impacted by industrial relations issues in connection with its employees and the employees of Newcrest's contractors and suppliers. Any such activity could cause production delays, increased labour costs and adversely impact Newcrest's ability to meet its production forecasts. In a number of jurisdictions where Newcrest has mining and related interests, there are also local requirements or expectations regarding the extent to which local and national persons are directly engaged in the mining and related activities which may result in disruptions to Newcrest's activities where relevant requirements and/or expectations are not met. There can be no assurance that disruptions will not occur in the future which may have an adverse effect on Newcrest's business. Similarly, there can be no assurance that Newcrest will be able to attract and retain suitably qualified and experienced local or national personnel, or that persons trained by Newcrest will be retained in the future.
Reliance on contractors	Some aspects of Newcrest's production, development and exploration activities are conducted by contractors. As a result, Newcrest's business, operating and financial performance and results may be negatively impacted by the availability and performance of these contractors and their financial strength. The material risks associated with contractors at Newcrest's sites includes the risk of the contractor or its sub-contractors being involved in a safety or environmental incident and the potential for interruption to Newcrest's operations due to a contractor becoming insolvent.
Marketing	Newcrest produces gold dore which is currently delivered to gold refineries in Australia and Indonesia with associated risks including penalties from producing dore outside of the contractual specifications, theft and fluctuating transportation charges. Transportation of the dore is also subject to numerous risks including delays in delivery of shipments, terrorism and weather conditions. Sales of gold dore may also be adversely impacted by delays and disruption at Newcrest's operations or the operations of one or more of the receiving refineries and consequent declarations of force majeure at Newcrest's or buyer's operations. In addition to gold dore, Newcrest produces mineral concentrates which are exported by ocean vessels to smelters, located predominantly in Asia, with associated risks including fluctuating smelter charges, marine transportation charges and inland freight charges. Transportation of the concentrate is also subject to numerous risks including delays in delivery of shipments, terrorism, loss of or reduced access to export ports, weather conditions and environmental liabilities in the event of an accident or spill. Sales of concentrate may also be adversely impacted by disruption at Newcrest's operations or the operations of one or more of the receiving smelters and consequent declarations of force majeure at Newcrest's or buyer's operations. Additionally, the quality of mineral concentrates, including the presence of impurities and deleterious substances, is subject to restrictions on import which vary across jurisdictions and may impact upon the saleability or price realised for the mineral concentrate.
Governance and Compliance Risk	
Corporate culture and business conduct	Newcrest's reputation and licence to operate is dependent upon on-going responsible, lawful and ethical business conduct. Failure to do so can result in serious consequences, ranging from public allegations of misbehaviour and reputational damage through to fines, regulatory intervention or investigation, temporary or permanent loss of licences, litigation and/or loss of business. Newcrest's management, standards, policies, controls and training instil and reinforce a culture across the organisation whereby employees are encouraged to act lawfully and ethically, in a socially-responsible manner. Training in relation to key policies including, but not limited to, the Code of Conduct, Anti-Bribery and Corruption Policy, continuous disclosure and insider trading prohibitions promote an understanding of Newcrest's legal obligations and acceptable business conduct. The Legal Governance Compliance team has been established to implement a group wide framework and program to ensure that employees in high risk roles understand key legal compliance obligations and mitigate against the risk of a breach of a key compliance obligation. However, there is a risk that Newcrest employees or contractors will fail to adhere to Group policies, standards, and procedures that provide guidance on ethical and responsible business conduct and drive legal compliance.
Litigation	Litigation has the potential to negatively impact upon Newcrest's business, operating and financial performance and results. Regardless of the ultimate outcome of litigation (which may be subject to appeal), and whether involving regulatory action or civil claims, litigation may have a material impact on Newcrest as a result of the costs associated with litigation (some of which may not be recoverable) and the management time associated with defending litigation. The notes to Newcrest's Financial Statements provide details regarding certain current and potential litigation involving Newcrest.

Directors' Report continued

7. Risks continued

Health, Safety and Sustainability	
Health and Safety	There are numerous occupational health and safety risks associated with mining and metallurgical processes. Newcrest has in place a full Health, Safety and Environment management system with associated standards, tools and governance processes to ensure hazards are identified, effectively managed and that controls are effective. Newcrest's Safety Transformation has been designed to manage the fatality risks in the business by improving safety culture, increasing the effectiveness of critical controls and improving process safety by designing, building and maintaining our operations to a higher standard. Health and hygiene reviews are conducted with a view to identifying the risks to people. These include musculoskeletal disorders, fatigue, mental health illnesses and exposure to noise, diesel particulate matter, silica and acid mist. Unforeseen or past workplace exposures may lead to long-term health issues and potential compensation liabilities. The global nature of Newcrest's operations also means that employees may be affected by mosquito borne diseases such as malaria, dengue fever or zika virus. Other potential health impacts include tuberculosis, and pandemic influenza outbreaks such as swine or avian flu.
Environment and Closure	Mining and processing operations and development activities have inherent risks and liabilities associated with potential harm to the environment. Newcrest's activities are therefore subject to extensive environmental law and regulation in the various jurisdictions in which it operates. Compliance with these laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement actions from the regulator or could result in reputational harm. Newcrest monitors its regulatory obligations on an ongoing basis and has systems in place to track and report against these requirements and commitments. This extends to voluntary commitments such as the Cyanide Code and the International Council for Mining and Metals. Newcrest's operations may create a risk of exposure to hazardous materials. Newcrest uses hazardous material (for example, cyanide at some operations) and generates waste products that must be disposed of either through offsite facilities or onsite permitted landfills and waste management areas. Mining and ore refining processes at Newcrest sites also generate waste by-products such as tailings to be managed (by the use of tailings storage facilities or, in the case of Lihir, deep sea tailing placement) and waste rock (to be managed in waste rock dumps or in the case of Lihir, permitted barge dumping locations). Geochemical reactions within long-term waste rock dumps or low grade ore storage stockpiles may also lead to the generation of acid and metalliferous drainage that needs to be managed. Appropriate management of waste is a key consideration in Newcrest's operations. Mining operations can also impact flows and water quality in surface and ground water bodies and remedial measures may be required to prevent or minimise such impacts. Impacts to biodiversity and air quality can also occur from these activities and requires active management and planning to minimise. Newcrest is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable mining and environmental laws and regulations. A closure plan and an estimate of closure and rehabilitation liabilities is prepared for each of Newcrest's operations. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions, however actual costs at the time of closure and rehabilitation may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward mine closure and associated closure and rehabilitation costs.

Failure to maintain community relations	Newcrest's relationship with the communities in which it operates is an essential part of ensuring success of its existing operations and the development of its projects. A failure to manage relationships with the communities in which Newcrest operates may lead to local dissatisfaction, which, in turn, may lead to interruptions to Newcrest's operations, development projects and exploration activities. Particular challenges in community relations include increasing expectations regarding the level of benefits that communities receive and the level of transparency regarding the payment of compensation and the provision of other benefits to affected landholders and the wider community. Typically, where Newcrest has exploration activities, development projects or operations, it enters into agreements with local landholders and the wider local community. These agreements include compensation and other benefits and may be subject to periodic review. The negotiation and/or review of community agreements, including compensation and other benefits, involves complicated and sensitive issues, associated expectations and often competing interests, which Newcrest seeks to manage respectfully. The nature and subject matter of these negotiations may result in community unrest which, in some instances, results in interruptions to Newcrest's operational activities or delays to project implementation. For example, the community agreements in place with customary landowners in relation to Newcrest's Lihir operation in Papua New Guinea are the subject of a regular review process. The duration of the review process is a result of the important and complex issues covered by the agreements and the competing interests of different landowner groups. During the current and ongoing review process, and in the context of the previous review (FY00–FY07), the Lihir operations have experienced periodic disruptions as a result of community unrest regarding the progress of the review negotiations and intra-community issues. Although community issues are generally resolved within a short period, there can be no assurance that further disputes with the customary landowners will not arise from time to time which, if prolonged, could lead to disruptions to Newcrest's operations and development projects. In addition, there is a level of community concern relating to the perceived effect of mining activities on the environment and on the communities located near such activities. Certain non-government-organisations are vocal critics of the mining industry and its practices, including in relation to the use of hazardous substances in processing activities and the use of deep sea tailings placement. Adverse publicity generated by non-government-organisations or others relating to extractive industries generally, or Newcrest specifically, could have an adverse impact on Newcrest's reputation or financial condition and may impact on Newcrest's relationships with the communities in which it operates. No assurance can be given that incidents will not arise that generate community concerns associated with Newcrest's activities and potentially cause operational disruptions or delays to project development until resolved.

Directors' Report continued

REMUNERATION REPORT

16 August 2019

Dear Shareholder,

On behalf of the Board of Newcrest, we are pleased to provide our Remuneration Report for the year ended 30 June 2019, for which we seek your support at our Annual General Meeting (**AGM**) in November 2019.

This report explains the links between Newcrest's Executive remuneration framework and Newcrest's strategy and performance.

Year in review

Newcrest achieved very strong results in the current period, with our lowest reported annual All-In Sustaining Cost (**AISC**) per ounce and over $800 million in free cash flow. Gold and copper production were 6% and 36% higher respectively than the prior year. Cadia achieved a record year for production and its lowest reported AISC per ounce and Lihir delivered another year of free cash flow in excess of $300m. All our operations were free cash flow positive in the current year. This strong operating performance was supported by a continued improvement in our safety performance, with a 3% reduction in our Total Recordable Injury Frequency Rate (**TRIFR**) compared to the prior year. Our strong operating and financial performance allowed us to further reduce our net debt and strengthen the balance sheet as well as increasing dividends to shareholders, with the dividends relating to the 2019 financial year being 19% higher than the dividends relating to the 2018 financial year.

During the 2019 financial year we agreed to acquire a 70% interest in the Red Chris mine in British Columbia, Canada, (which was subsequently completed on 15 August 2019), divested the Sèguèla project in Côte d'Ivoire and entered into several additional early stage exploration arrangements in Australia, Chile, Ecuador and the USA.

Newcrest paid dividends to shareholders during the 2019 financial year totalling US18.5 cents per share and delivered a total shareholder return for the year of 47.7% to shareholders.

As foreshadowed in the 2018 Notice of Annual General Meeting, Rick Lee AM retired from the Board, with effect from 14 November 2018 and Peter Tomsett joined the Board as an independent Non-Executive Director (**NED**) on 1 September 2018. Following the retirement of Rick Lee, Philip Aiken AM became Chairman of the Human Resources and Remuneration Committee.

Remuneration outcomes

Short term incentive (**STI**) outcomes for our Executives for the 2019 financial year ranged from 60.0% to 65.8% of the maximum possible award. 59.5% of the 2015 Long Term Incentives (**LTIs**) vested during the 2019 financial year.

Executives received increases in Total Fixed Remuneration (**TFR**) between 1.3% and 4.3% effective 1 October 2018 following benchmarking undertaken by the Board's independent remuneration adviser against the ASX 11 – 40 companies at that time (primary reference), and an ASX Custom Peer Group and major Global Gold comparators, as described at section 4.1.

Remuneration framework

We have made no material changes to the Executive Remuneration framework in the 2019 financial year. The Board remains committed to ensuring that Newcrest's remuneration framework is aligned to the Company's strategy and performance and that it is effective in attracting, rewarding and retaining high calibre people and driving strong individual and Group performance in the interests of both the Company and its shareholders and in accordance with the Company's values and risk profile. To this end, the structure of, and the performance conditions for, both the STI and LTI Plans have been reviewed.

Minor changes were made to the structure and performance conditions for the STI for the 2019 financial year. The performance conditions and weighting attributed to the personal measures for the STI for the 2019 financial year reflect the five pillars that underpin the Company's strategy to 2020.

We continue to welcome shareholder feedback and thank you for your continued support.

Philip Aiken AM
Chairman, Human Resources and Remuneration Committee

REMUNERATION REPORT

This Report details the remuneration arrangements in place for the key management personnel (**KMP**) being those people who have authority for planning, directing and controlling the activities of the Company.

During the year the Human Resources and Remuneration Committee re-examined the classification of KMP for the 2019 financial year. After due consideration, it was determined that the persons who had the authority for planning, directing and controlling the activities of the Company were those who were responsible for planning, directing and controlling the activities of the Company's major profit generating assets and growth and development portfolio. Accordingly, it was determined that the KMP for the 2019 financial year comprised the Managing Director and Chief Executive Officer, the Finance Director and Chief Financial Officer, the Executive General Manager (**EGM**) Cadia and Lihir, the EGM Gosowong, Telfer and Health, Safety, Environment and Security (**HSES**), the Chief Development Officer (together, the **Executives**) and the NEDs.

This Report has been audited under section 308(3C) of the *Corporations Act 2001*.

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1. Key Management Personnel (KMP)

The following table sets out the Company's KMP during the 2019 financial year. Each of the KMP held their position for all of the 2019 financial year, unless stated otherwise.

Name	Role
Executive Directors	
Sandeep Biswas	Managing Director and Chief Executive Officer (**CEO**)
Gerard Bond	Finance Director and Chief Financial Officer (**CFO**)
Other Executives	
Craig Jetson	EGM Cadia and Lihir
Michael Nossal	Chief Development Officer (**CDO**)
Philip Stephenson	EGM Gosowong, Telfer and HSES
Non-Executive Directors	
Peter Hay	Non-Executive Chairman
Philip Aiken AM	Non-Executive Director
Roger Higgins	Non-Executive Director
Rick Lee AM	Non-Executive Director (1 July 2018 – 14 November 2018)
Xiaoling Liu	Non-Executive Director
Vickki McFadden	Non-Executive Director
Peter Tomsett	Non-Executive Director (from 1 September 2018)

Subsequent to 30 June 2019, the following changes to KMP have been announced:

- Craig Jetson will cease employment with effect from the end of 2019; and
- Michael Nossal will cease employment in the first quarter of calendar year 2020.

Directors' Report continued

2. Remuneration Snapshot

2.1. Key remuneration outcomes for the 2019 financial year

Executive Remuneration	STI Outcomes	LTI Outcomes	NED Remuneration
All Executives received an increase in TFR, between 1.3% and 4.3% as part of the 2018 annual salary review, effective 1 October 2018.	The average STI outcome for the 2019 financial year for Executives was 62.6% of the maximum opportunity, based on the assessment of business and personal measures.	During the 2019 financial year, 59.5% of the Rights granted under the 2015 LTI Plan vested reflecting the Company's performance over the three year performance period to 30 June 2018. The 2016 LTI Plan (under which grants of LTI rights were made in the 2017 financial year) is expected to vest on or around 15 November 2019 and it is anticipated that the vesting levels will be in the range of 90% to 100%.	Base Board fees were not changed during the 2019 financial year. Following benchmarking, Committee fees were increased by 10%, with effect from 1 July 2018, to reflect the workload of the Committees and to position them more closely to the peer group.

2.2. Actual Remuneration

The table below details the cash and value of other benefits actually received by the Executives in the 2019 financial year in their capacity as KMP. This is a voluntary disclosure to provide shareholders with increased clarity and transparency in relation to Executive remuneration. It includes the value of LTI Rights that vested during the year. See section 9.1 for the statutory remuneration table that has been prepared in accordance with statutory obligations and Australian Accounting Standards.

Non-Statutory Executive Remuneration for the 2019 financial year

	TFR(1)	STI Paid as cash(2)	Other Cash Benefits(3)	Other Benefits(4)	LTI Rights Vested(5)	Restricted STI Shares Vested(6)	Total
Executive	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Sandeep Biswas	1,700	1,083	31	38	2,467	1,059	6,378
Gerard Bond	711	355	–	9	657	355	2,087
Craig Jetson	681	253	–	7	372	207	1,520
Michael Nossal	711	344	–	7	697	334	2,093
Philip Stephenson	560	207	75	81	372	168	1,463

Notes to Non-Statutory Executive Remuneration

(1) TFR (Total Fixed Remuneration) comprises base salary and superannuation contributions.
(2) Represents amounts paid under the STI Plan during the year, relating to performance for the 2018 financial year. The cash component was paid in October 2018.
(3) Comprises cash payments for travel costs.
(4) Represents non-monetary benefits such as parking, insurance and applicable fringe benefits tax paid on benefits.
(5) Represents Rights that have vested under the 2015 LTI Plan. The Shares issued on vesting remain subject to a one year holding lock (i.e. they are included in this column but are not available for trading until 5 November 2019). The value of the Rights has been determined based on the share price at the close of business on the vesting date of A$20.73 (US$15.01).
(6) On 29 October 2018, ordinary Newcrest shares were released by Pacific Custodians Pty Ltd as trustee for the Newcrest Employee Share Trust to:
- Sandeep Biswas (35,209), Gerard Bond (11,889), Craig Jetson (6,499), Michael Nossal (11,184) and Philip Stephenson (5,422) in accordance with the STI Plan for the 2016 financial year which required deferral of part of the STI award for these Executives. On release, 242 of Craig Jetson's shares were sold to meet the Company's tax withholding obligation for the time during the restriction period Craig spent working in PNG.
- Sandeep Biswas (36,533), Gerard Bond (12,137), Craig Jetson (7,518), Michael Nossal (11,418) and Philip Stephenson (5,958) in accordance with the STI Plan for the 2017 financial year which required deferral of part of the STI award for these Executives.

The value of the Shares has been determined based on the share price at the close of business on the vesting date of A$20.80 (US$14.76).

TFR, Other Cash Benefits and Other Benefits have been translated from Australian dollars to US dollars using an average exchange rate of 0.7156. STI Paid as cash, LTI Rights Vested and Restricted STI Shares Vested have been translated at the rate applicable on the date of the event. LTI Rights Vested and Restricted STI Shares Vested amounts reflect the share price on the date of vesting.

2.3. Changes planned for the 2020 financial year

Executive Fixed Remuneration	STI	LTI	NED Remuneration
A review of Executives' TFR against market data is currently underway.	From FY20 onwards, participants will be entitled to retain any STI deferred shares after resignation (i.e. the shares will remain on foot for the balance of the two year restriction period). This change recognises that the STI has been earned, whilst also providing ongoing shareholder alignment post-resignation (in that there remains the possibility of clawback if appropriate).	No further material changes are proposed at this stage.	No increase in NED fees is proposed at this stage.

2.4. Currency

Unless otherwise indicated, the currency used in this Report is US dollars which represents Newcrest's reporting (presentation) currency.

Executive remuneration, which is paid in Australian dollars, is translated into US dollars for reporting purposes at a rate of A$1.00:US$0.7156. The TFR for Executives in Australian dollars is shown in section 5.1 to enable comparisons to be made in future years without the impact of changes in exchange rates. The NED fees in Australian dollars are shown in section 7.3.

3. Remuneration Governance

Board	Takes an active role in the governance and oversight of Newcrest's remuneration policies and has overall responsibility for ensuring that the Company's remuneration strategy aligns with Newcrest's short and long term business objectives. The Board approves the remuneration arrangements for the CEO, upon recommendation from the Human Resources and Remuneration (**HRR**) Committee.
HRR Committee	Established by the Board to review, formulate and make recommendations to the Board in relation to matters within its Charter, including the remuneration arrangements of the CEO, Executives and the NEDs, and oversee the major components of the Board's approved remuneration strategy. The Charter for the HRR Committee is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance. Current members of the HRR Committee are Phillip Aiken AM (Chairman), Vickki McFadden, Xiaoling Liu and Roger Higgins, who are each independent NEDs. All Directors are invited to attend HRR Committee meetings. On the retirement of Rick Lee AM immediately following the AGM on 14 November 2018, Philip Aiken AM became Chairman of the HRR Committee and Roger Higgins became a member of the HRR Committee.
External Remuneration Consultants	Engaged by the HRR Committee to provide advice on remuneration related issues. During the 2019 financial year, KPMG provided advice, including: – benchmarking data for CEO, Executive and NED remuneration; and – information and insights with respect to market practices and trends in remuneration within ASX listed and global gold companies. KPMG did not provide a remuneration recommendation as defined by the *Corporations Act 2001*. The Company's External Remuneration Consultants Policy sets out protocols governing the engagement of external remuneration consultants.

4. Executive Remuneration Framework

4.1. Remuneration Strategy and Guiding Principles

Our remuneration strategy is to provide market-competitive remuneration, having regard to the size and complexity of the Company, the scope of each role, and the impact the Executive can have on Company performance.

The guiding principles of our remuneration strategy are as set out below.

Strategy and Purpose	Values and culture	Shareholders	Performance	Market
Drive execution of key objectives, which align with the Company's strategy and will deliver long term growth in shareholder value. This includes our commitment to safety and sustainability.	Incorporate framework and processes that reinforce our values and culture.	Align interests of Executives with those of shareholders.	Provide appropriate levels of "at risk" performance pay to encourage, recognise and reward high performance.	Attract and retain talented, high performing Executives by reference to comparable roles.

Executive remuneration packages are benchmarked against comparable roles in:

– ASX listed companies with market capitalisations ranked between 11 – 40;
– a customised peer group comprising largely industrial, materials, energy and utilities companies of comparable scale and international complexity; and
– the following global gold mining companies: Yamana Gold Inc, Freeport-McMoran Copper & Gold, Polyus Gold International Ltd, Agnico Eagle Mines Limited, AngloGold Ashanti Ltd, Barrick Gold Corporation, Gold Fields Ltd, Eldorado Gold Corp, Kinross Gold Corporation, IAMGOLD Corp and Newmont Goldcorp Corporation.

TFR is targeted at the 50th percentile for comparable roles and experience/skills, while the total remuneration package for each Executive (inclusive of both fixed and variable remuneration) is targeted at up to the 75th percentile for comparable roles and experience/skills.

Directors' Report continued

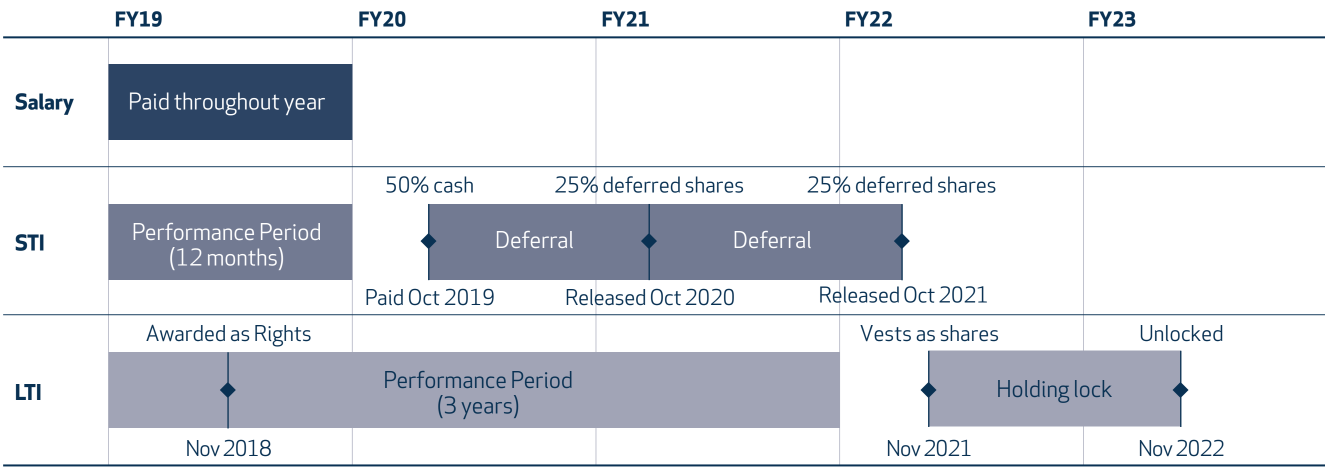
4. Executive Remuneration Framework continued

4.2. Components of the Executive Remuneration Framework

The diagram below outlines the remuneration components for the 2019 financial year for all Executives. Further details regarding each of the remuneration components are provided in sections 4.3 to 4.5.

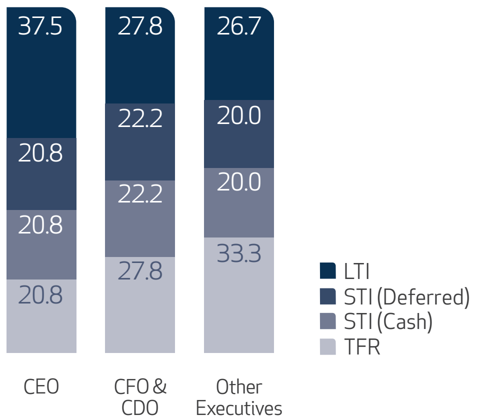
Remuneration Type	Fixed Remuneration	Variable / At-Risk Remuneration		
Component	Total Fixed Remuneration (**TFR**)	Short Term Incentive (**STI**)		Long Term Incentive (**LTI**)
Delivery	Delivered in cash		Delivered in equity	
Composition	Base salary plus superannuation.	50% of STI award paid in cash after the financial year.	50% of STI award deferred as shares, with one half restricted for one year and the other half for two years.	Rights with a three year vesting period and shares allocated on vesting subject to a one year holding lock.
		Outcomes based on a combination of business performance and personal measures. Subject to clawback and overarching Board discretion.		Outcomes based on ROCE, comparative cost position and relative TSR. Subject to clawback and overarching Board discretion.
Link with strategic objectives	Set to attract, retain, motivate and reward high quality executive talent to deliver on the Company's strategy.	Designed to: – align interests of shareholders and Executives through an appropriate level of "at risk" pay and by delivering 50% in deferred equity; – motivate and reward for increasing shareholder value by meeting or exceeding Company and individual objectives; and – support the financial and strategic direction of the business through performance measures.		Designed to: – align interests of shareholders and Executives through an appropriate level of "at risk" pay and by delivering 100% in equity; and – encourage Executives to focus on the key performance drivers which underpin the Company's strategy to deliver long term growth in shareholder value.

The diagram below illustrates how the different components of Executive remuneration provided in respect of the 2019 financial year are delivered over a four year period.



Newcrest's mix of remuneration components, expressed as a percentage of "maximum" earning opportunity, for current Executives for the 2019 financial year is illustrated in the following graphs. Although the components of TFR, STI and LTI are described separately, they should be viewed as part of an integrated package.

Remuneration Mix as a Percentage of Maximum FY2019 (%)



The "at risk" components are subject to deliberately challenging financial and non-financial performance conditions. The potential "maximum" earning opportunity shown above is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance. There is no STI awarded unless a threshold level of performance is achieved.

For the 2019 financial year, the total remuneration opportunities for the majority of the Executives were within the 50th – 75th percentile range of the benchmarked ASX comparator groups.

4.3. Total Fixed Remuneration (TFR)

Feature	Description
Composition	TFR comprises base salary, superannuation contributions in line with statutory obligations, and any salary packaged amounts (for example, novated lease vehicles). TFR is paid in Australian dollars.
Relevant Considerations	TFR is determined on an individual basis, considering the scope of the role, the individual's skills and expertise, individual and group performance, market movements and competitiveness.
Review	TFR is reviewed annually. All Executives received an increase in TFR between 1.3% and 4.3% as part of the 2018 annual review. A review of Executives' TFR against market data is currently underway.

4.4. Short Term Incentive

4.4.1. Key features of the STI Plan for the 2019 financial year

Feature	Description
Participation	All Executives are eligible to participate in the STI Plan.
Opportunity	For "at target" performance, the CEO has the opportunity to receive 100% of TFR; the CFO and CDO have the opportunity to receive 80% of TFR; and the other Executives have the opportunity to receive 60% of TFR. Each Executive has the opportunity to receive double the "at target" percentage for exceptional performance ('maximum' STI opportunity).
Performance Period	The performance period is the financial year preceding the payment date of the STI. For the 2019 financial year, the performance period was 1 July 2018 to 30 June 2019.

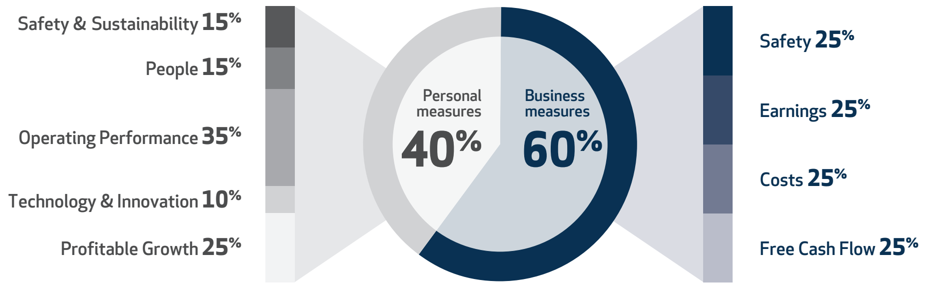
Directors' Report continued

4. Executive Remuneration Framework continued

4.4. Short Term Incentive continued

4.4.1. Key features of the STI Plan for the 2019 financial year continued

Feature	Description
Performance Conditions	Performance conditions are a mix of personal and business measures. Robust threshold, target and maximum targets are established for all measures to drive high levels of business and individual performance. The specific personal measures applicable to each KMP may change from year to year to reflect business priorities. The relative weightings of these categories may also change from year to year to best reflect each Executive's priorities. The annual budget generally forms the basis for the "target" performance set by the Board. Further details in relation to the personal STI measures and the outcomes are described in section 5.3.1 and the business measures, are described in section 4.4.2. The diagram below illustrates the indicative weighting of the performance conditions, using the CEO's FY19 personal conditions as an example.



Feature	Description
Calculation of STI Award to Executives	STI Amount ($) = ((40% x personal outcome) + (60% x business outcome)) x "At Target" STI% x TFR Business and personal outcomes are scored out of 200%, with 50% for threshold performance, 100% for target performance and 200% for maximum performance. Business or personal measures that fail to meet the threshold target score 0%. If the overall average of the four personal measures is below 50%, the CEO (in the case of an award to the other Executives) or the Board (in the case of an award to the CEO) has the discretion not to make an STI award to that participant. Accordingly, the minimum value of the STI Award is nil.
Payment, Delivery and Deferral	For Executives, the STI for the 2019 financial year is delivered 50% in cash and 50% in deferred shares in October 2019, following finalisation of the audited annual Company results and the approval of all personal outcomes. Of the deferred component, half of the deferred shares is to be released after 12 months after the allocation date (in October 2020) and the remainder after two years after the allocation date (in October 2021). Deferred shares are forfeited by the Executive if they resign or are dismissed for cause before the shares are released from the restriction, unless the Board determines otherwise. The Executives are entitled to dividends and voting rights attaching to their deferred shares. The value of each STI deferred share will be calculated using the five day volume weighted average price (**VWAP**) of Newcrest's share price immediately preceding the date of payment of the cash portion of the STI Award, unless such price is assessed as not being fairly representative of the market price, in which case an alternative and representative VWAP will be agreed by the HRRC.
Cessation of Employment	Except at the discretion of the Board: – if a participant resigns or is dismissed for cause during the Performance Period, the participant may not be eligible to receive an STI award for that financial year; and – if a participant ceases employment for any other reason during the Performance Period, the STI award will be reduced on a pro rata basis, but will remain payable in the ordinary course. Except at the discretion of the Board: – if a participant resigns or is dismissed for cause while the deferred shares are subject to restrictions, the deferred shares will be forfeited; and – if the participant ceases employment for any other reason while the deferred shares are subject to restrictions, the participant will be entitled to retain their deferred shares and the shares will remain on foot for the balance of the restriction period and then be released.
Clawback	In general, the Board has the discretion to reduce or forfeit an STI award, or to seek recovery from a participant, if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including in the case of fraud, dishonesty, gross misconduct by the Executive or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or award date.
Overriding Board Discretion	The Board retains overriding discretion to adjust the final STI outcome. This is an important measure to ensure any STI award is appropriate in the circumstances.

4.4.2. STI performance conditions for the 2019 financial year in detail

Business measures for the 2019 financial year

Business Measure	Weighting	Reason the Performance Measure Was Adopted
Safety TRIFR[(1)] (10%) Significant Potential Incident (**SPI**)[(2)] Action Close Out on Time (5%) Critical Control Management Verifications[(3)] (**CCM**) (5%) NewSafe Next Generation penetration (NewSafe)[(4)] (5%)	25%	The Company is committed to reinforcing a strong safety culture and improving safety leadership. The NewSafe Next Generation training was a new inclusion for 2019 and is designed to further underpin the development of the safety culture to meet the aspirations of the Safety Transformation Plan. The combined measures maintain a focus on safety performance, as measured by TRIFR, drive critical actions and ensure effective controls are in place to help prevent fatalities and/or serious injuries.
Earnings Adjusted Net Profit/(Loss) After Tax and Before Significant Items	25%	The earnings target is a direct financial measurement of the Company's performance, providing a strong alignment to the interests of shareholders. The results are based on the statutory profit of the Group adjusted for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management. It provides a strong reflection of production delivery, operational efficiency and cost management.
Costs AISC per ounce[(5)]	25%	This measure is a highly relevant short and long term measure which is consistent with the Company's strategy of focussing on sustainable cash generation and profitability. It is the primary unit cost measure in the gold industry, and is visible and readily understood. It is based on publicly disclosed and reconciled results and is therefore a reliable measure for use by the Company, adjusted for the effect of commodity prices and foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.
Free Cash Flow (FCF)	25%	FCF is a highly relevant short and long term measure. It reflects cost and capital management and production efficiencies. FCF is necessary to fund growth opportunities, repay debt and ultimately pay dividends to shareholders. It is based on publicly disclosed and reconciled results and is adjusted for the effect of commodity prices and foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.

(1) TRIFR is the total number of recordable injuries per million hours worked. It is a lagging indicator of safety performance.

(2) SPI Action Close Out, ensures a stronger focus on addressing hazards which may lead to serious potential incidents in the future, including the potential for a fatality. Actions are measured by reference to completion against their due date.

(3) Critical Control Management Verification completion ensures that all planned System Verifications (**SVs**) and Field Control Critical Checks (**FCCCs**) have been completed. Critical Control Management is the second pillar of Newcrest's Safety Transformation Plan and is focussed on verifying that effective controls are in place and working for every high risk task.

(4) The NewSafe Next Generation program underpins the development of the culture necessary to support the Safety Transformation Plan. This measure aims to ensure that a high proportion frontline leaders, employees and contractors completed the program during the financial year.

(5) All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP metrics. Refer to section 6 of the Operating and Financial Review.

Directors' Report continued

4. Executive Remuneration Framework continued

4.4. Short Term Incentive continued

4.4.2. STI performance conditions for the 2019 financial year in detail continued

Personal measures for the 2019 financial year

For the 2019 financial year, the key elements of the personal performance measures for Sandeep Biswas were set by the Board to align with the Company's strategic goals and taking into account the Company's key material risks. The personal performance measures were selected to recognise the important role that the CEO plays in personally advancing the Company's strategic objectives of improving the safety, people and sustainability performance of the Company, its operating performance, value and cash generation, and profitable growth.

The personal performance measures for other Executives for the 2019 financial year focussed on their areas of responsibility which, in the case of the operational Executives, included safety, people, production, operational efficiency, material risk management, technology and innovation and sustainability. Non-financial targets are generally aligned to core values, including safety and key strategic and growth objectives. If there is a fatality within the area of accountability of an Executive, the Board may exercise discretion to adjust the assessment of the personal safety measure, including a zero award, where appropriate.

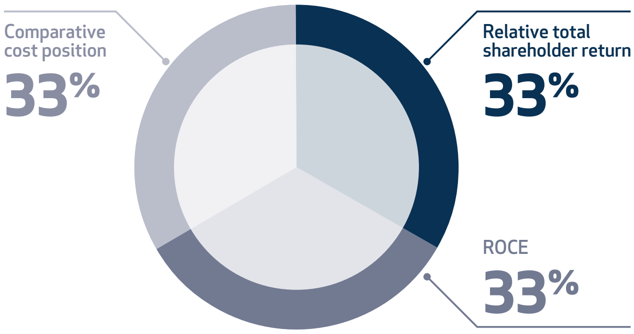
Further detail as to the personal measures for the CEO and CFO and outcomes with respect to such measures is set out in section 5.3.1.

4.4.3. STI Plan for the 2018 financial year

The terms that apply to the 2018 financial year STI award, which was delivered in October 2018 in respect of the performance period from 1 July 2017 to 30 June 2018, are described in detail in the 2018 Remuneration Report.

4.5. Long Term Incentive

4.5.1. Key features of the 2018 LTI Plan (under which Rights were issued during the 2019 financial year)

Feature	Description
Equity type	Allocations are in the form of rights to shares in the Company (**Rights**). Upon vesting, each Right is automatically exercised at a nil exercise price and the Executive receives one fully paid ordinary share for each Right. As the Rights represent a participant's 'at risk' long term incentive component of their remuneration package, the Rights are granted at no cost to the participant. Rights are automatically exercised and do not have an expiry date.
Maximum LTI Opportunity	The CEO opportunity is 180% of TFR, the opportunity for the CFO and CDO is 100% of TFR, and the opportunity for the other Executives is 80% of TFR. Section 4.2 indicates the value of the grants expressed as a percentage of the total remuneration package.
Grant Date	The grant date was 21 November 2018 and Rights under the plan will vest, subject to the satisfaction of the performance conditions, on 21 November 2021. The total number of Rights held by each Executive is summarised in section 9.4.
LTI Grant Value	For allocation purposes, the value of each Right was calculated based on the face value of the underlying security, using the five day VWAP of Newcrest's share price immediately preceding the grant date (A$20.4940).
Performance period	The performance period is the three financial years commencing on 1 July 2018.
Performance Conditions	Rights issued under the 2018 LTI Plan are subject to the Performance Conditions shown below:  The Performance Conditions have been set to align with the long-term goals and performance of Newcrest and the generation of shareholder returns. Further details in relation to the Performance Conditions are detailed in section 4.5.2.
Vesting	Rights vest three years from the grant date subject to the Performance Conditions being met. Rights are automatically exercised on vesting. On vesting of the Rights, the Board has the discretion, subject to the LTI Plan Rules, to satisfy the vesting obligations by the issue of new shares, transfer of existing shares purchased on-market or by paying a cash equivalent amount. The practice in recent years has generally been to satisfy by shares purchased on-market.

Feature	Description
Holding lock	For Executives, shares received on the vesting and automatic exercise of Rights are subject to a 12 month holding lock.
Dividends	No dividends are paid on unvested Rights. Dividends, when applicable, will be paid in respect of shares held under the holding lock.
Clawback	In general, the Board has the discretion to reduce or forfeit an LTI award for a participant if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including in the case of fraud, dishonesty, gross misconduct by the Executive or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or grant date.
Cessation of employment	Except at the discretion of the Board: – if a participant gives a notice of resignation or is dismissed for cause, unvested Rights will lapse on cessation of employment; and – if a participant ceases employment for any other reason, a pro rata number of unvested Rights will remain on foot and vest subject to the application of the performance conditions and any holding lock in the terms of grant. For all leavers, any restricted shares will be released after expiration of the holding lock period (subject to the Board exercising a discretion under the clawback policy).
Change of control	The Board may exercise its discretion to allow all or some unvested Rights to vest if a change of control event occurs.
Retesting	There is no retesting. Rights that do not vest based on performance over the three year performance period will lapse.
Overriding Board discretion	The Board retains overriding discretion to adjust the final LTI outcome. This is an important measure to ensure any LTI award is appropriate in the circumstances.

4.5.2. 2018 LTI performance conditions in detail

2018 LTI Performance Conditions

Component	Assessment	Reason the Performance Measure Was Adopted
Comparative Cost Position The Company's measure for the Comparative Cost Position performance condition is the AISC per ounce, adopted by the Company in relation to costs reporting. The AISC per ounce incorporates costs related to sustaining production. Performance over the three year performance period, is compared against other entities based on data sourced from an independent provider selected by the Board. The entities that are included in the independent provider's database can change from year to year (such as where additional companies begin to report AISC, or where there are mergers and demergers). Cost performance for each of the three years of the performance period is averaged to determine the number of Rights that may be exercised in relation to this performance measure.	The vesting scale for this measure is as follows: – 0% vests if Comparative Costs are at or above the 50th percentile; – 40% vests if Comparative Costs are less than the 50th percentile, but at or above the 25th percentile; – 100% vests if Comparative Costs are below the 25th percentile. Straight line vesting occurs between these thresholds. The Comparative Costs measure will be assessed using peer data for the period from 1 July 2018 until 30 June 2021.	This measure is closely aligned to Newcrest's strategic objective to be a low cost producer and aligned to our relative value proposition for gold equity investors. The AISC per ounce result is a sound basis for the Company to use in assessing comparative cost as it is based on publicly disclosed results.

Directors' Report continued

4. Executive Remuneration Framework continued

4.5. Long Term Incentive continued

4.5.2. 2018 LTI performance conditions in detail continued

Component	Assessment	Reason the Performance Measure Was Adopted
Return on Capital Employed (ROCE) ROCE is an absolute measure, defined as underlying earnings before interest and tax (**EBIT**), divided by average capital employed, being shareholders' equity plus net debt. For each of the three years of the performance period ROCE is averaged to determine the number of Rights that may be exercised in relation to this performance measure. Average capital employed is calculated as a simple average of opening and closing balances. If material equity transactions (for example, significant equity issuances or asset impairments) occur such that the simple average is not representative of actual performance, the average capital employed for the year is adjusted for the effect of these transactions. Average capital employed for the purpose of this calculation excludes approved capital invested in long-dated projects until commercial production is achieved, so as not to discourage Management's pursuit of long-dated growth options.	The vesting scale for this measure is as follows: – 0% vests if ROCE is less than 6%; – 30% vests if ROCE is 6%; – 100% vests if ROCE is 13% or more; Straight line vesting occurs between these thresholds.	ROCE aligns Management action and company outcomes closely with long term shareholder value. ROCE provides a balance to the other LTI metrics as it serves as a counter to "buying" success. ROCE is also based on publicly disclosed and reconciled results and is therefore a sound basis for the Company to use in assessing value. Impairments are excluded from the capital base in the year in which they occur, such that the return is on a pre-impairment basis and LTI participants do not benefit from the impairment. However, the post impairment capital base is used in the calculation of returns in subsequent years so as to not de-incentivise current or new management.
Relative TSR Total Shareholder Return (**TSR**) is a measure of performance over time that combines share price appreciation and dividends paid to show the total return to the shareholder, expressed as an annualized percentage. Relative TSR is a measure of the Company's TSR performance against that of other gold companies.	Relative TSR will be measured by comparing Newcrest's AUD share price performance against the S&P TSX Global Gold Index over three years. Relative TSR will be assessed by averaging performance over the six month period immediately prior to the start (1 January 2018 – 30 June 2018) and the end (1 January 2021 – 30 June 2021) of the performance period. The treatment of dividend and capital adjustments will be in accordance with the adjustments made by the data provider. The vesting schedule for this measure is detailed below. – 0% vests if Relative TSR is below the Index; – 50% vests if Relative TSR is equal to the Index; – 100% vests if Relative TSR exceeds the Index by 18 percentage points or more. Straight line vesting occurs between these thresholds.	The Relative TSR measure provides alignment between the outcomes of the Plan and the returns experienced by shareholders, in order to specifically encourage outperformance against other gold mining companies. The S&P TSX Global Gold Index is the most appropriate comparison point for Newcrest to use for the Relative TSR measure because: – As a gold mining company, Newcrest's share price performance is significantly impacted by fluctuations in the gold price. Accordingly, it is appropriate to compare Newcrest's performance to that of other gold mining companies. – There are few ASX-listed gold mining companies which act as a directly relevant comparison to Newcrest given the differences in scale, and it is therefore considered that a comparison with international peers is more appropriate. – Rather than hand-pick a selection of peer gold mining companies from various stock exchanges globally, the Board considers that Newcrest's performance should be compared to the S&P TSX Global Gold Index as each of Newcrest's major peers are constituents in the S&P TSX Global Gold Index.

4.5.3. Outlook for 2019 LTI Plan Performance Conditions (2020 financial year)

The LTI Performance Conditions for the 2019 LTI Plan will be structurally identical to those which apply to the 2018 LTI Plan.

4.5.4 LTI Plans for past financial years

The terms that apply to the 2015, 2016, and 2017 LTI Plans, which vested or will vest in the 2019, 2020 and 2021 financial years respectively, are described in detail in the 2016, 2017 and 2018 Remuneration Reports.

4.6. Sign-on grants

No sign-on rights were issued during the 2019 financial year and none of the Executives held sign-on rights during the 2019 financial year. Sign-on rights granted to Michael Nossal in prior financial years vested in the 2018 financial year.

5. Remuneration Outcomes

5.1. Total Fixed Remuneration (TFR) for the 2019 financial year

Set out below is the TFR for the current Executives as at 30 June 2019, shown in Australian dollars. TFR comprises base salary and superannuation contributions. This information is provided to enable comparisons to be made in future years, without the impact of changes in exchange rates.

Name	TFR A$ 30 June 2019	TFR A$ 30 June 2018	% Increase
Sandeep Biswas	2,400,000	2,300,000	4.3%
Gerard Bond	1,000,000	975,000	2.6%
Craig Jetson	960,000	925,000	3.8%
Michael Nossal	1,000,000	975,000	2.6%
Philip Stephenson	785,000	775,000	1.3%

5.2. Newcrest's Financial Performance for the past five financial years

The following table provides a summary of the key financial results for Newcrest over the past five financial years.

Five Year Summary of Newcrest's Financial Performance

Year Ended 30 June	Measure	2019	2018	2017	2016	2015
Statutory profit	US$ million	561	202	308	332	376
Underlying profit(1)	US$ million	561	459	394	323	424
Cash flows from operating activities	US$ million	1,487	1,434	1,467	1,241	1,280
Free cash flow(2)	US$ million	804	601	739	814	854
EBITDA Margin	%	44.6	43.9	40.5	39.2	38.5
EBIT Margin	%	24.7	21.7	20.7	18.0	22.6
Net Debt to EBITDA(5)	Times	0.2	0.7	1.1	1.6	2.1
ROCE	%	11.2	8.8	7.9	6.2	7.8
Gearing(4)	%	4.9	12.2	16.6	22.8	29.3
Share price at 30 June(6)	A$	31.95	21.80	20.16	23.00	13.02
Earnings per share(7)						
Basic	US cents/share	73.0	26.3	40.2	43.3	49.1
Underlying	US cents/share	72.8	59.8	51.4	42.1	55.3
Dividends(8)	US cents/share	22.0	18.5	15.0	7.5	–
Gold produced	000's ounces	2,488	2,346	2,381	2,439	2,423
All-in sustaining cost(3)	US$/oz sold	738	835	787	762	780
Average realised gold price	US$/oz	1,269	1,308	1,263	1,166	1,236

This table includes non-IFRS financial information. Refer to section 6 of the Operating and Financial Review for an explanation and reconciliation of non-IFRS terms.

(1) Underlying profit is profit after tax before significant items attributable to owners of the parent.

(2) Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities.

(3) AISC metrics as per World Gold Council Guidance Note on Non-GAAP Metrics. See section 4.4.2 for further detail. Newcrest's AISC will vary from period to period as a result of various factors including production performance, timing of sales, the level of sustaining capital and the relative contribution of each asset.

(4) Gearing ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.

(5) Net debt to EBITDA is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA.

(6) Opening share price on 1 July 2014 was A$10.52.

(7) Basic EPS is calculated as net profit after tax and non-controlling interests (statutory profit) divided by the weighted average number of ordinary shares. Underlying earnings per share is calculated as net profit after tax and non-controlling interests and before significant items (underlying profit) divided by the weighted average number of ordinary shares.

(8) Represents dividends determined in respect of the financial year.

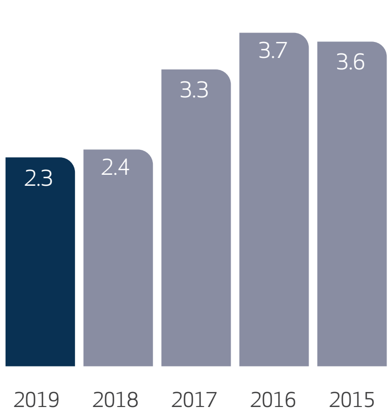
Directors' Report continued

5. Remuneration Outcomes continued

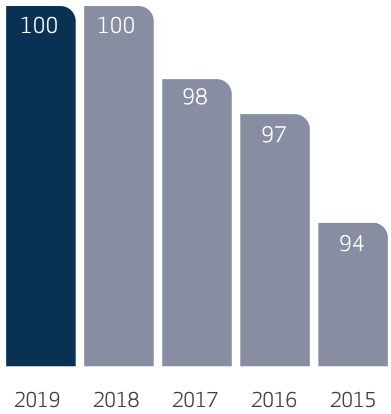
5.2. Newcrest's Financial Performance for the past five financial years continued

The graphs below show Newcrest's performance over the last five years for metrics used to determine the business component of STI awards, before any adjustments as a result of the exercise of Board discretion. Completion of NextGen training was introduced as a metric for 2019 only. The metric has no historical data prior to 2019 and therefore no chart is included.

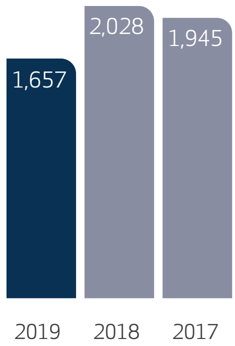
TRIFR



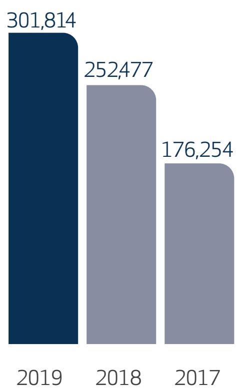
SPI Action Close Out on Time (%)



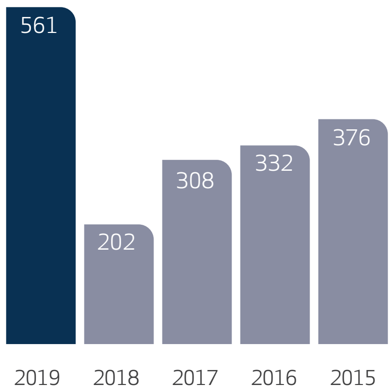
Systems Verifications



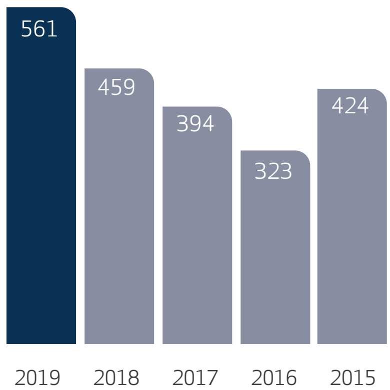
Field Critical Control Checks



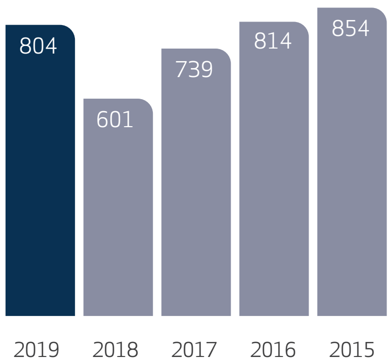
Statutory Profit (US$m)



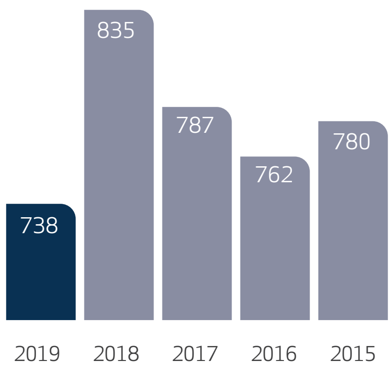
Underlying Profit (US$m)



Free Cashflow (US$m)



AISC (US$ per oz sold)



5.3. STI Outcomes for 2019 financial year

5.3.1. Performance against STI objectives

STI outcomes are determined based on business and personal performance. When assessing personal performance, as well as considering the outcomes, consideration is given to whether the outcomes have been achieved in a manner that is consistent with the Company's values and standards and risk management processes.

Element	Weight	Performance[1] THRESHOLD TARGET MAXIMUM	Description
Business Measures Safety (1) – TRIFR	**60%** 6%		– TRIFR of 2.3 was below target for FY19
Safety (2) – SPI action close out on time	3%		– 100% were completed on time
Safety (3) – Critical Controls Management Verifications	3%		– 1,657 System Verifications, being above target, and 301,814 Field Critical Control Checks completed, being above maximum
Safety (4) – Completion of NewSafe Next Generation training	3%		– Target exceeded with 1198 employees and contractors having completed the program
Earnings – NPAT before significant items (US$m)	15%		– Outcome of $454m, inclusive of adjustments[1] (which reduced the outcome as per the reconciliation on the next page)
Cost – AISC/oz (US$)	15%		– Outcome of $764/oz, inclusive of adjustments[1] (which reduced the outcome)
Cash flow: FCF (US$m)	15%		– Outcome of $782m, inclusive of adjustments[1] (which reduced the outcome)
Total Business outcome			The total business outcome was 120%
Personal Measures **(Sandeep Biswas – CEO)** Safety and Sustainability	**40%** 6%		– System Verifications exceeded target and Field Critical Control Checks exceeded maximum – 100% of Significant Potential Incident actions closed on time – Excellent progress on implementing sustainability frameworks
People	6%		– Proportion of females in leadership roles in Australia and PNG nationals in leadership roles increased significantly, exceeding FY19 objective – Organisational Health in top quartile
Operating Performance	14%		– Target achieved for tonnes milled at key sites – Exceeded maximum for Free Cash Flow and Edge L4 value
Technology & Innovation	4%		– Exceptional growth in expected value from innovation projects – Three technology breakthroughs – high-draw caving, selective oxidation, coarse flotation
Profitable Growth	10%		– Good progress on projects and studies – Exploration projects, JVs and M&A exceeded target, e.g. Red Chris JV
Personal Measures **(Gerard Bond – CFO)** People, Safety and Sustainability	**40%** 4%		– Numerous digital products launched to support safety and sustainability – Excellent progress on female leadership representation within Finance, Commercial and IT functions
Operating Performance	18%		– Significant advances in Material Risk Management framework – Exceeded maximum for Group Free Cash Flow and Edge L4 value
Technology & Innovation	14%		– Good progress in digital efficiency and productivity initiatives – Missed targets for general and administrative process automation
Profitable Growth	4%		– Significant improvement across a range of Investor Relations initiatives
Personal Measures **(other Executives)** Individual measures based on initiatives and key project deliverables linked to company strategy and performance	**40%**		– Outcomes against individual measures for the remaining Executives ranged from 0% to 200%

(1) Adjustments made to business measures are in accordance with the detail provided in section 4.4.2. The adjustments are for the effect of commodity prices, foreign exchange rates and other items determined by the Board which are considered to be outside the control of Management. Minor adjustments to the financial metrics, both favourable and unfavourable, were made to address the impact of the Cadia NTSF slump, the bushfire at Telfer, and the adoption of updated WGC Guidance.

Directors' Report continued

5. Remuneration Outcomes continued

5.3. STI Outcomes for 2019 financial year continued

5.3.1. Performance against STI objectives continued

A reconciliation of the Earnings measure outcome to statutory profit is detailed below:

	2019 US$m	2018 US$m
Statutory profit	561	202
Add back: Significant items after tax[(1)]	–	257
Underlying profit	561	459
Adjust: Board agreed adjustments[(2)]	(107)	(177)
Earnings measure	**454**	**282**

(1) Refer to section 2.7 of the Operating and Financial Review for details of significant items for 2018 (there were none in 2019).

(2) Represents adjustments for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management. In relation to the 2018 financial year, the adjustment for non-controllable items included events such as the reversal of insurance proceeds that relate to costs and business interruption in the 2017 financial year.

5.3.2. STI outcomes for all Executives for the 2019 financial year

The table below summarises achievement against the performance conditions and final STI outcomes for all Executives for the 2019 financial year.

Executive	% of STI Target Awarded[(1)]	Total STI Awarded[(2)] US$'000	Proportion of Total STI Deferred (%)[(3)]	% of Max STI Opportunity Forgone
Sandeep Biswas	131.6	2,260	50	34.2
Gerard Bond	128.0	733	50	36.0
Craig Jetson	120.0	495	50	40.0
Michael Nossal	126.4	724	50	36.8
Philip Stephenson	120.0	404	50	40.0

(1) The assessment against personal measures for the Executives (which represent 40% of the award) ranged from 120% to 149%.

(2) Amounts have been translated from Australian dollars to US dollars using an average exchange rate of 0.7156.

(3) Proportion of the Total STI awarded which will be deferred into shares.

5.4. Vesting Outcomes for 2015 LTI Plan

Following the completion of the performance period from 1 July 2015 to 30 June 2018, Rights granted under the 2015 LTI Plan vested on 5 November 2018 at 59.5% of maximum based on the assessment of performance against the applicable measures.

Element	Weighting	Performance Achieved	Percentage of Total LTI Award Vesting
Comparative Cost	**33.3%**	25th percentile (3-year avg)	**26.7%**
ROCE	**33.3%**	8.15%[(1)] (3 year average)	**12.0%**
Strategic Performance	**33.3%**		**20.8%**
Reserves and Resources Depletion Replacement		5.9% Depletion Replacement	0.8%
Diversity		Women in Level 2 to 4 roles – 20.7% Women completed or participating in a leadership development program – 60.9%	6.7%
Organisational Health		71st percentile in 2018 survey	6.7%
Growth		100% of maximum	6.7%
TOTAL VESTING			**59.5%** (40.5% lapsed)

(1) The three-year ROCE average includes adjustments to FY2017 and FY2018 consistent with adjustments that applied for the purposes of the STI for the 2017 and 2018 financial years. This reflected adjustments for non-controllable items such as the 2017 Cadia seismic event.

5.5. Estimated Vesting of LTI Rights in the 2020 financial year (2016 LTI Plan)

Rights granted under the 2016 LTI Plan are expected to vest on or about 5 November 2019. The vesting outcome is not yet known, but it is anticipated that it will be in the range of 90 to 100%. The performance conditions which apply to the 2016 LTIs are: Comparative Cost (33.3%), ROCE (33.3%) and Relative TSR (33.3%). Additional details on the performance standards attached to each performance condition were disclosed in the 2017 Remuneration Report.

6. Executive Service Agreements and Termination Arrangements for KMP

Remuneration and other terms of employment for the Executives are formalised in Executive Service Agreements (**ESAs**). Each of the ESAs provides for the payment of fixed and performance based at risk remuneration, employer superannuation contributions, other benefits such as, death and disablement insurance cover via the Newcrest Superannuation Plan, and salary continuance cover. The ESAs do not have a fixed end date. The remuneration for each Executive during the 2019 financial year is detailed in sections 2.2 and 9.1, and positions held are detailed in section 1.

Each ESA provides that the Executive may terminate their employment by giving the Company:

(a) in the case of Sandeep Biswas, Gerard Bond and Michael Nossal, three months' notice; and

(b) in the case of Craig Jetson and Philip Stephenson, six months' notice.

The difference in notice period for the Executives arose due to a general change in policy. Those Executives mentioned in paragraph (b) above entered into ESAs following the change in policy.

The Company may terminate the Executive's employment by giving 12 months' notice and the Company may, at its discretion, elect to pay the Executive an amount in lieu of notice for any portion of the 12 months not worked.

The Company may terminate an Executive's employment without notice at any time for cause. No payment in lieu of notice is payable under the ESA in this circumstance.

On cessation of employment, STI or LTI awards vest, lapse or are forfeited in accordance with the relevant Plan Rules. Refer to sections 4.4 and 4.5 for further details.

7. Non-Executive Directors' Remuneration

7.1. Remuneration Policy

The Non-Executive Director (**NED**) fees and other terms are set by the Board. NEDs are paid by way of a fixed Director's fee and Committee fees commensurate with their respective time commitments and responsibilities. The level and structure of the fees is based upon the need for the Company to attract and retain NEDs of suitable calibre, the demands of the role and prevailing market conditions.

In order to maintain impartiality and independence, NEDs do not receive any performance-related remuneration and are not entitled to participate in the Company's short and long term incentive schemes. NEDs are not provided with any retirement benefits, other than statutory superannuation contributions.

7.2. Fee Pool

The maximum amount of fees (including superannuation contributions) that can be paid to NEDs is capped by a pool approved by shareholders. At the Annual General Meeting held on 28 October 2010, shareholders approved the current fee pool of A$2,700,000 per annum (US$1,932,120 using the average exchange rate of 0.7156 for the 2019 financial year).

7.3. Fee Structure

In reviewing the level of fees, the Board obtained independent market data in the 2018 and 2019 financial year from its remuneration adviser, KPMG, in relation to ASX listed companies with market capitalisations ranked between 11–40. No change was made to base Board fees during the 2019 financial year. However, a 10% increase in Committee fees was approved to reflect the workload of the Committees and to position them more closely to the peer group. It took effect from 1 July 2018 and equated to an increase in total fees for each NED, other than the Chairman who does not receive Committee fees, in the range of 0.9% to 2.6%, based on the aggregate of Board and Committee fees received by the NED. The aggregate fees are 29.3% below the aggregate fee pool approved by shareholders.

The table below outlines the main Board and Committee fees as at 30 June 2019.

	Chairman		**Member**	
Fees (per annum)(1)	A$'000	US$'000	A$'000	US$'000
Board(2)	600	429	200	143
Audit & Risk Committee	55	39	28	20
Safety & Sustainability Committee	44	31	22	16
HRR Committee	44	31	22	16

(1) Board and Committee fees have been translated from Australian dollars to US dollars using an average exchange rate of 0.7156 for the 2019 financial year.
(2) The Chairperson of the Board does not receive any additional payments for his role as Chairman or Member of any Committee.

Under the Company's Constitution, NEDs may be reimbursed for reasonable travel, accommodation and other expenses incurred while engaged on the business of the Company. NEDs may also be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties. No fees for additional services were paid to NEDs for the current or prior financial year.

Directors' Report continued

8. Shareholdings

8.1. Minimum Shareholding Policy

The Company has a Minimum Shareholding Requirement Policy which requires that KMP hold at least the following value of Newcrest shares. The intent of the policy is to align the interests of KMP with those of our shareholders. Progress is monitored on a regular basis.

	Minimum requirement	Deadline for achieving shareholding (from the later of appointment or 1 July 2015)
CEO	100% of TFR in shares	5 years
Executives	50% of TFR in shares	5 years
NEDs	One year's total annual fees in shares	3 years

8.2. Executive Shareholdings

A summary of current shareholdings of Executives, including their closely related parties, as at 30 June 2019 are set out below.

Executive	Opening balance(1)	Granted as remuneration: STI Plan(2)	Granted as remuneration: LTI Plan(3)	Net other movements(4)	Closing balance	Value based on VWAP(5) A$'000	Percentage of TFR %
Sandeep Biswas	554,660	78,188	164,389	(153,985)	643,252	14,825	618
Gerard Bond	168,959	25,632	43,765	(43,310)	195,046	4,495	450
Craig Jetson	36,912	18,238	24,777	(242)	79,685	1,836	191
Michael Nossal	105,204	24,830	46,458	(11,301)	165,191	3,807	381
Philip Stephenson	34,997	14,946	24,777	–	74,720	1,722	219

(1) Opening balance is as at 1 July 2018.
(2) Remuneration granted in FY2019 includes shares allocated on 28 November 2018 in respect of the deferral of 50% of an Executive's STI award for the STI Plan for the 2018 financial year. The number of shares granted was determined using the five day VWAP of A$19.4440, calculated over the period 5 to 11 October 2018, being the five trading days prior to the date the cash STI payment was made (12 October 2018). Vesting of deferred shares remains subject to service.
(3) Represents the shares acquired on vesting and automatic exercise of Rights under the 2015 LTI Plan.
(4) Net other movements represents the sale or purchase of shares by Executives.
(5) Based on VWAP for the period 1 July 2018 to 30 June 2019 of A$23.05.

8.3. Non-Executive Directors' Shareholdings

A summary of current shareholdings of NEDs, including their closely related parties, as at 30 June 2019 is set out below.

Non-Executive Directors	Opening balance(1)	Net other Movements(2)	Closing balance(3)	Value based on VWAP(4) A$'000	Percentage of ongoing annual fees %
Peter Hay	53,947	654	54,601	1,258	210
Philip Aiken AM	18,087	142	18,229	420	158
Roger Higgins	12,353	150	12,503	288	108
Xiaoling Liu	13,000	–	13,000	300	120
Vickki McFadden	10,000	–	10,000	230	83
Peter Tomsett	–	20,000	20,000	461	185
Former Non-Executive Directors					
Rick Lee AM	28,447	–	28,447	N/A	N/A

(1) Opening balance is as at 1 July 2018.
(2) Net other movements represents the sale or purchase of shares by Non-Executive Directors.
(3) For current Non-Executive Directors, the closing balance is as at 30 June 2019. For former Non-Executive Directors, the closing balance is as at the date of their departure.
(4) Based on VWAP for the period 1 July 2018 to 30 June 2019 of A$23.05.

8.4. Securities Dealing Policy

The Company has a Securities Dealing Policy which prohibits the use by Directors, Executives and employees of hedging and derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Company's equity incentive schemes, whether or not they are vested. The Policy also prohibits entry into transactions in associated products that operate to limit the economic risk of their security or interest holdings in the Company. Employees are not permitted to enter into margin loans in relation to Newcrest securities at any time without prior approval from the Chairman or Company Secretary. It is available on the Company's website at: www.newcrest.com.au/about-us/corporate-governance.

9. Statutory Tables

9.1. Executive Remuneration

	Short Term				Long Term	Post-Employment	Share-Based Payments			
Executives	Salary (A) US$'000	Short Term Incentive (B) US$'000	Other Cash Benefits (C) US$'000	Other Benefits (D) US$'000	Leave (E) US$'000	Super-annuation (F) US$'000	LTI Rights (G) US$'000	STI Deferred Shares (H) US$'000	Total US$'000	Perform-ance related (I) %
2019										
Sandeep Biswas	1,685	1,130	31	38	(9)	15	2,303	1,112	6,305	72.1
Gerard Bond	696	366	–	9	12	15	567	364	2,029	63.9
Craig Jetson	666	247	–	7	–	15	396	224	1,555	55.8
Michael Nossal	696	362	–	7	20	15	567	353	2,020	63.5
Philip Stephenson	545	202	75	81	22	15	342	199	1,481	50.2
Total	**4,288**	**2,307**	**106**	**142**	**45**	**75**	**4,175**	**2,252**	**13,390**	
2018										
Sandeep Biswas	1,768	1,179	45	49	20	16	2,146	1,191	6,414	70.4
Gerard Bond	740	386	–	11	6	16	555	379	2,093	63.1
Craig Jetson	702	275	4	1	(6)	16	252	202	1,446	50.4
Michael Nossal	740	374	–	8	25	16	571	360	2,094	62.3
Philip Stephenson	585	225	60	67	7	16	325	196	1,481	50.4
Total	**4,535**	**2,439**	**109**	**136**	**52**	**80**	**3,849**	**2,328**	**13,528**	

(1) Total Executive remuneration for the 2018 financial year excludes Executives who ceased being an Executive in the 2018 financial year. Total remuneration for these Executives in 2018 was US$5,150,000.

The table above details the statutory remuneration disclosures as calculated with reference to the *Corporations Act 2001* and relevant accounting standards. All Executives are compensated in Australian dollars. Remuneration has been presented in US dollars, consistent with Newcrest's presentation currency. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.7156 (2018: 0.7754).

An explanation of the relevant remuneration items included in the tables is provided in the associated footnotes. The figures provided in relation to share based payments (columns G to I) are calculated in accordance with accounting standards and represent the amortised fair value of equity instruments that have been granted to Executives.

Notes to Executive Remuneration

(A) Salaries comprise cash salary and available salary package options grossed up by related fringe benefits tax, where applicable, net of superannuation commitments, paid during the financial year. For former and new Executives, this balance is pro-rated for time served as KMP.

(B) Short Term Incentive refers to cash amounts earned under the STI Plan which are paid in the following financial year.

(C) Other cash benefits comprise travel costs paid.

(D) Other benefits represents non-monetary benefits such as parking, insurance and applicable fringe benefits tax payable on benefits.

(E) Represents leave entitlements, measured on an accruals basis, and reflects the movement in the entitlements over the year.

(F) Represents company contributions to superannuation under the Superannuation Guarantee legislation (**SGC**).

(G) Represents the fair value of Rights over unissued shares, granted under the LTI Plan. This is calculated in accordance with Australian Accounting Standard *AASB 2 Share-based Payments*. The Rights have been valued using a combination of the Monte Carlo simulation and Black-Scholes models. Valuations are as at the Grant Date and, for the portion of the awards that are not subject to market based hurdles such as TSR, are adjusted for the probability of hurdles being achieved. The amounts disclosed have been determined by allocating the value of the Rights evenly over the period from grant date to vesting date and, as a result, the table includes Rights that were granted in prior years.

(H) Represents the deferral of 50% of the STI award granted to the Executives which is deferred in the form of shares (refer to section 4.4). The deferred amount is being expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Executive fully becomes entitled to the award. As a result, the table includes the accounting expense of deferrals from STI awarded in prior years.

(I) Represents performance related remuneration as a percentage of total remuneration. Performance related remuneration comprises cash Short Term Incentive, LTI Rights and STI Deferred Shares.

Directors' Report continued

9. **Statutory Tables** continued

9.2. Executives – Changes in Rights Held during the 2019 financial year

Executives	Opening balance(1)	Granted under 2018 LTI Plan	Rights Lapsed/ Forfeited(2)	Vested and/ or Exercised(3)	Closing balance(4)(5)
Sandeep Biswas	600,959	210,793	(111,896)	(164,389)	535,467
Gerard Bond	157,008	48,795	(29,790)	(43,765)	132,248
Craig Jetson	95,519	37,474	(16,866)	(24,777)	91,350
Michael Nossal	161,534	48,795	(31,623)	(46,458)	132,248
Philip Stephenson	90,409	30,643	(16,866)	(24,777)	79,409

(1) The opening balance is assessed on 1 July 2018.
(2) Represent Rights which lapsed or were forfeited under the 2015 LTI Plan (which were granted in the 2016 financial year).
(3) Represent Rights that vested under the 2015 LTI Plan (which were granted in the 2016 financial year).
(4) The closing balance is assessed on 30 June 2019.
(5) These Rights are 'at risk' and will lapse or be forfeited in the event that the minimum prescribed conditions are not met by the Company or individual Executives, as applicable.

9.3. Executives – Total Value of Rights Granted and Exercised during the 2019 financial year

Executives	Accounting Fair Value of Rights Granted (A) US$'000	Value of Rights Exercised (B) US$'000
Sandeep Biswas	2,725	2,467
Gerard Bond	631	657
Craig Jetson	484	372
Michael Nossal	631	697
Philip Stephenson	396	372

The following assumptions have been applied to this table:
(A) The accounting value of the Rights granted under the 2018 LTI Plan reflects the fair value of a Right on the Grant Date, being US$12.93 multiplied by the number of Rights granted during the year. This amount represents the maximum value which will be expensed over the performance period. The minimum value is nil if the performance and/or service conditions are not met.
(B) The Rights which were exercised were granted in relation to the 2015 LTI Plan. The value at the exercise date has been determined by the Company's share price at the close of business on the exercise date multiplied by the number of Rights exercised during the year ended 30 June 2019 (nil exercise price).

9.4. Executives – Source of Rights Held as at 30 June 2019

Financial Year	FY2017	FY2018	FY2019	Balance at 30 June 2019
Plan	**2016 LTI**	**2017 LTI**	**2018 LTI**	
Allocation Date	**15 Nov 16**	**21 Nov 17**	**21 Nov 18**	
VWAP for grant(1)	**A$23.25**	**A$23.48**	**A$20.49**	
Future financial years in which rights may vest	**FY2020**	**FY2021**	**FY2022**	
Sandeep Biswas	148,391	176,283	210,793	535,467
Gerard Bond	41,937	41,516	48,795	132,248
Craig Jetson(2)	22,366	31,510	37,474	91,350
Michael Nossal	41,937	41,516	48,795	132,248
Philip Stephenson	22,366	26,400	30,643	79,409

(1) Five day VWAP of Newcrest's share price is used to determine the number of Rights offered.
(2) Craig Jetson's Rights under the 2016 LTI Plan were issued whilst he was in his previous role as GM – Lihir Operations.

9.5. Non-Executive Directors Remuneration

	FY	Short Term Board Fees US$'000	Short Term Committee Fees US$'000	Short Term Other Benefits(2) US$'000	Post-Employment Super-annuation(3) US$'000	Total(4) US$'000
Non-Executive Directors						
Peter Hay	2019	415	–	7	15	437
	2018	450	–	–	16	466
Philip Aiken AM	2019	137	47	–	6	190
	2018	150	47	–	6	203
Roger Higgins	2019	128	37	–	15	180
	2018	140	16	–	15	171
Xiaoling Liu	2019	128	35	–	15	178
	2018	140	35	–	16	191
Vickki McFadden	2019	128	55	–	15	198
	2018	140	41	–	16	197
Peter Tomsett	2019	107	30	–	12	149
	2018	–	–	–	–	–
Former Non-Executive Directors						
Rick Lee AM	2019	48	19	–	5	72
	2018	140	50	–	16	206
Total	2019	**1,091**	**223**	**7**	**83**	**1,404**
Total(1)	2018	**1,160**	**189**	**–**	**85**	**1,434**

(1) Total Non-Executive Director (NED) remuneration for the 2018 financial year excludes NEDs who ceased being a NED in the 2018 financial year. Total remuneration for these NEDs in 2018 was US$143,000.
(2) Comprise travels costs and applicable fringe benefits tax paid on such costs.
(3) Represents Company contributions to superannuation under the SGC and insurance payments.
(4) Non-Executive Directors are compensated in Australian dollars. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.7156 (2018: 0.7754).

9.6. Other Transactions with KMP

There were no loans made, guaranteed or secured, directly or indirectly, by the Company and any of its subsidiaries to KMP or their related parties during the year. There were no other transactions between the Company or any of its subsidiaries and any KMP or their related parties during the year.

Auditor's Independence Declaration

Building a better working world

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

As lead auditor for the audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Newcrest Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Trent van Veen
Partner

16 August 2019

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Consolidated Income Statement

For the Year Ended 30 June 2019

	Note	2019 US$m	2018 US$m
Revenue	5(a)	3,742	3,562
Cost of sales	5(b)	(2,648)	(2,749)
Gross profit		**1,094**	**813**
Exploration expenses	11	(70)	(60)
Corporate administration expenses	5(c)	(120)	(104)
Other income/(expenses)	5(d)	38	130
Share of profit/(loss) of associates	29	(18)	(5)
Impairment loss on property, plant and equipment	6	–	(269)
Impairment loss on investment in associate	6	–	(6)
Write-down of property, plant and equipment	6	–	(87)
Net investment hedge gain/(loss)	6	–	29
Profit before interest and income tax		**924**	**441**
Finance income		26	8
Finance costs	5(e)	(120)	(122)
Profit before income tax		**830**	**327**
Income tax expense	7(a)	(272)	(118)
Profit after income tax		**558**	**209**
Profit after tax attributable to:			
Non-controlling interests		(3)	7
Owners of the parent		561	202
		558	**209**
Earnings per share (cents per share)			
Basic earnings per share	8	73.0	26.3
Diluted earnings per share	8	72.8	26.2

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 US$m	2018 US$m
Profit after income tax		**558**	**209**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to the Income Statement			
Cash flow hedges			
Cash flow hedge (gains)/losses transferred to the Income Statement	22(a)	(12)	(35)
Cash flow hedge gains/(losses) deferred in equity		(143)	44
Income tax (expense)/benefit		47	(3)
		(108)	**6**
Investments			
Share of other comprehensive income/(loss) of associates	29	3	(1)
		3	**(1)**
Foreign currency translation			
Exchange gains/(losses) on translation of foreign operations, net of hedges of foreign investments		(162)	(130)
Net investment hedge (gain)/loss transferred to the Income Statement on business divestment, net of tax	6	–	(29)
		(162)	**(159)**
Items that will not be reclassified to the Income Statement			
Investments			
Changes in the fair value of equity instruments held at fair value through other comprehensive income ('FVOCI')		24	–
		24	**–**
Other comprehensive income/(loss) for the year, net of tax		**(243)**	**(154)**
Total comprehensive income for the year		**315**	**55**
Total comprehensive income attributable to:			
Non-controlling interests		(3)	7
Owners of the parent		318	48
		315	**55**

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 US$m	2018 US$m
Current assets			
Cash and cash equivalents		1,600	953
Trade and other receivables	14	135	77
Inventories	13	576	554
Other financial assets	21	4	33
Current tax asset		32	1
Other assets	15	35	54
Total current assets		**2,382**	**1,672**
Non-current assets			
Inventories	13	997	1,032
Other financial assets	21	99	35
Property, plant and equipment	11	7,816	8,156
Other intangible assets	16	33	42
Deferred tax assets	17	60	69
Investment in associates	29	333	324
Other assets	15	117	150
Total non-current assets		**9,455**	**9,808**
Total assets		**11,837**	**11,480**
Current liabilities			
Trade and other payables		444	415
Provisions	18	133	137
Current tax liability		176	99
Other financial liabilities	21	59	–
Total current liabilities		**812**	**651**
Non-current liabilities			
Borrowings	20	1,995	1,993
Provisions	18	391	362
Deferred tax liabilities	17	944	1,007
Other financial liabilities	21	64	5
Total non-current liabilities		**3,394**	**3,367**
Total liabilities		**4,206**	**4,018**
Net assets		**7,631**	**7,462**
Equity			
Issued capital	23	11,641	11,656
Accumulated losses		(3,648)	(4,067)
Reserves	24	(426)	(194)
Equity attributable to owners of the parent		**7,567**	**7,395**
Non-controlling interests		64	67
Total equity		**7,631**	**7,462**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 US$m	2018 US$m
Cash flows from operating activities			
Profit before income tax		830	327
Adjustments for:			
Depreciation and amortisation	5(f)	746	791
Significant items	6	–	333
Net finance costs	4(b)	94	114
Exploration expenditure written off	11	70	60
Other non-cash items or non-operating items		1	8
Change in working capital	10	(3)	(27)
Operating cash flows before interest and taxes		**1,738**	**1,606**
Interest received		24	7
Interest paid		(110)	(110)
Income tax paid		(165)	(69)
Net cash provided by operating activities		**1,487**	**1,434**
Cash flows from investing activities			
Payments for plant and equipment		(230)	(217)
Assets under construction, development and feasibility expenditure		(153)	(160)
Production stripping expenditure		(130)	(150)
Exploration and evaluation expenditure		(78)	(72)
Information systems development		(18)	(14)
Proceeds from sale of property, plant and equipment		20	7
Payments for investments in associates	29	(28)	(275)
Cash inflow on sale of subsidiary, net of cash held by the subsidiary	30(d)	–	48
Other investing activities		(66)	-
Net cash used in investing activities		**(683)**	**(833)**
Cash flows from financing activities			
Payment for treasury shares	23	(26)	(11)
Dividends paid:			
– Members of the parent entity		(131)	(105)
– Non-controlling interests		–	(24)
Net cash used in financing activities		**(157)**	**(140)**
Net increase in cash and cash equivalents		**647**	**461**
Cash and cash equivalents at the beginning of the year		953	492
Cash and cash equivalents at the end of the year		**1,600**	**953**

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

2019	Issued Capital US$m	FX Translation Reserve US$m	Hedge Reserve US$m	Equity Settle-ments Reserve US$m	Other Reserves US$m	Accu-mulated Losses US$m	Total US$m	Non-controlling Interests US$m	Total US$m
	Attributable to Owners of the Parent								
Balance at 1 July 2018	**11,656**	**(327)**	**33**	**101**	**(1)**	**(4,067)**	**7,395**	**67**	**7,462**
Profit for the year	–	–	–	–	–	561	561	(3)	558
Other comprehensive income/(loss) for the year	–	(162)	(108)	–	27	–	(243)	–	(243)
Total comprehensive income for the year	**–**	**(162)**	**(108)**	**–**	**27**	**561**	**318**	**(3)**	**315**
Transactions with owners in their capacity as owners									
Share-based payments	–	–	–	11	–	–	11	–	11
Shares purchased	(26)	–	–	–	–	–	(26)	–	(26)
Dividends	–	–	–	–	–	(142)	(142)	–	(142)
Shares issued – dividend reinvestment plan	11	–	–	–	–	–	11	–	11
Balance at 30 June 2019	**11,641**	**(489)**	**(75)**	**112**	**26**	**(3,648)**	**7,567**	**64**	**7,631**

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

2018	Issued Capital US$m	FX Translation Reserve US$m	Hedge Reserve US$m	Equity Settle-ments Reserve US$m	Other Reserves US$m	Accu-mulated Losses US$m	Total US$m	Non-controlling Interests US$m	Total US$m
	Attributable to Owners of the Parent								
Balance at 1 July 2017	**11,657**	**(168)**	**27**	**88**	**–**	**(4,154)**	**7,450**	**84**	**7,534**
Profit for the year	–	–	–	–	–	202	202	7	209
Other comprehensive income/(loss) for the year	–	(159)	6	–	(1)	–	(154)	–	(154)
Total comprehensive income for the year	**–**	**(159)**	**6**	**–**	**(1)**	**202**	**48**	**7**	**55**
Transactions with owners in their capacity as owners									
Share-based payments	–	–	–	13	–	–	13	–	13
Shares purchased	(11)	–	–	–	–	–	(11)	–	(11)
Dividends	–	–	–	–	–	(115)	(115)	(24)	(139)
Shares issued – dividend reinvestment plan	10	–	–	–	–	–	10	–	10
Balance at 30 June 2018	**11,656**	**(327)**	**33**	**101**	**(1)**	**(4,067)**	**7,395**	**67**	**7,462**

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

INTRODUCTION

This section provides information about the overall basis of preparation that is considered to be useful in understanding these financial statements.

1. Corporate Information

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX') and the Port Moresby Stock Exchange ('POMSoX'). The registered office of Newcrest Mining Limited is Level 8, 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 2019 was authorised for issue in accordance with a resolution of the Directors on 16 August 2019.

2. Basis of Preparation

(a) Overview

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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

The financial report has been prepared on a historical cost basis, except for metal concentrate receivables, other financial assets and other financial liabilities which have been measured at fair value.

The financial report has been presented in United States (US) dollars and all values are rounded to the nearest US$1,000,000 (US$m) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year, except as noted in Note 2(b).

Discussion of the Group's significant accounting policies are located within the applicable notes to the financial statements.

(b) Adoption of AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* ('AASB 15') supersedes AASB 118 *Revenue* ('AASB 118') and related Interpretations. AASB 15 applies to all revenue arising from contracts with customers unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15 the revenue recognition model changed from one based on the transfer of risk and reward of ownership to the transfer of control of ownership. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted AASB 15 from 1 July 2018 and elected to apply the modified retrospective method of adoption. This transition method requires the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings from the date of initial application. In accordance with the modified retrospective method, comparative figures are not restated and continue to be presented under the previous standard, AASB 118 Revenue.

The Group's revenue from contracts with customers is derived from the sale of bullion and concentrate. The effect of adopting AASB 15 is as follows:

Sale of bullion

- The timing and measurement of sale of bullion was not affected.

Sale of concentrate

- For the sale of concentrate, the point of revenue recognition is dependent on the contract sales terms, which are generally undertaken on Cost, Insurance and Freight ('CIF') Incoterms. In accordance with the Incoterms in relation to the Group's concentrate sales arrangements, the point in time where the transfer of risks and rewards occurs under AASB 118 generally coincides with the point in time where the transfer of control under AASB 15 occurs. As a result, the timing of revenue recognised for the sale of concentrate was not affected.
- AASB 15 introduced the concept of performance obligations that are defined as a 'distinct' promised goods or services. For sales subject to CIF Incoterms, the seller, being Newcrest, must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. Consequently, the freight service on export concentrate contracts with CIF Incoterms represents a separate performance obligation as defined under the new standard. This means that a portion of the revenue earned under these contracts, representing the obligation to perform the freight service, will be deferred and recognised over time as this obligation is fulfilled, along with the associated costs. The Group has determined that the transaction price associated with performance obligations relating to the freight service is not material to the Group's financial statements and has not disclosed such amounts separately from concentrate revenues.
- Certain sales contracts require the physical delivery of unrefined concentrate. Revenue was previously recognised at the gross value of the refined metal content with the contractually agreed treatment and refining charges recognised as an expense within costs of sales. Under the new standard, the treatment and refining costs associated with the sale of concentrate are presented as a reduction in revenue as this better reflects the amount the Group expects to be entitled to receive from the customer for the sale of unrefined concentrate.
- As noted above, as the Group applied the modified retrospective method, comparatives have not been restated. The impact of applying the new standard to the comparative year would result in a reduction in both revenue and cost of sales of US$103 million, with no change to gross profit and profit after income tax. The impact of adopting AASB 15 in the current period has resulted in a reduction in both revenue and cost of sales of US$132 million in comparison to what would have been recognised had AASB 118 still applied.

The application of the new standard using the modified retrospective method of adoption, did not result in a material cumulative effect on the opening balance of retained earnings as at 1 July 2018.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

2. Basis of Preparation continued

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities (subsidiaries) is presented in Note 25.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

(d) Foreign Currency

Presentation and Functional Currency

The presentation currency of the Group is US 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. All non-Australian operating entities have a functional currency of US dollars, while the parent entity and the Group's Australian entities have a functional currency of Australian dollars.

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 statements are taken to the Income Statement with the exception of differences on certain US dollar borrowings (net of cash) held by entities with a functional currency of Australian dollars where the foreign currency components are designated as either cash flow hedges of future US dollar denominated sales or hedges of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated in a reserve until the forecast sales used to repay the debt occur (for cash flow hedges) or the foreign operation is disposed (for net investment hedges), at which time they are recognised in the Income Statement.

Translation

The assets and liabilities of subsidiaries with a functional currency other than US dollars (being the presentation currency of the group) are translated into US dollars at the exchange rate at the reporting date and the income statement is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries, translation of net investments in foreign operations and of the US dollar borrowings (net of cash) designated as hedges of the net investment are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

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. 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 potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are found within the following notes:

- Note 11 – Exploration, evaluation and deferred feasibility expenditure
- Note 11 – Production stripping
- Note 11 – Units of production method of depreciation/ amortisation
- Note 11 – Ore reserves and mineral resources
- Note 12 – Fair value of CGU's
- Note 13 – Net realisable value of ore stockpiles
- Note 17 – Recovery of deferred tax assets
- Note 18 – Mine rehabilitation provision
- Note 32 – Contingencies
- Note 33 – Share-based payments

PERFORMANCE

This section highlights the key indicators on how the Group performed in the current year.

4. 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 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, Australia
- Telfer, Australia
- Lihir, Papua New Guinea
- Gosowong, Indonesia (1)
- Bonikro, Côte d'Ivoire (prior year only) (2)
- Exploration and Projects (3)

(1) Newcrest owns 75% of Gosowong through its holding in PT Nusa Halmahera Minerals.
(2) Bonikro includes mining and near-mine exploration interests in Côte d'Ivoire, which were held by LGL Mines CI SA and Newcrest Hire CI SA (of which Newcrest owned 89.89% respectively up to the divestment date). Newcrest divested its 89.89% interest in Bonikro on 28 March 2018. Refer Note 30.
(3) Exploration and Projects mainly comprises projects in the exploration, evaluation and feasibility phase and includes Wafi-Golpu JV (50% interest) in PNG, Namosi JV (71.82% interest) in Fiji, O'Callaghans in Australia and Newcrest's global greenfields exploration portfolio.

(a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to the Group's Executive Committee 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 revenue. All segment revenue is from third parties. Following the adoption of AASB 15 (from 1 July 2018) as disclosed in Note 2(b), segment revenue is presented net of concentrate treatment and refining deductions. Consistent with the transition method, comparative figures have not been restated.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to profit before tax is shown in Note 4(b).

Capital Expenditure comprises payments for property, plant and equipment, production stripping expenditure, assets under construction, development and feasibility expenditure and information systems development.

Segment assets exclude intercompany receivables. Segment liabilities exclude intercompany payables.

2019	Cadia US$m	Telfer US$m	Lihir US$m	Gosowong(2) US$m	Total Operations US$m	Exploration & Projects(3) US$m	Corporate & Other(4) US$m	Total Group US$m
Gold	1,156	571	1,228	253	3,208	–	–	3,208
Copper	558	93	–	–	651	–	–	651
Silver	8	3	1	3	15	–	–	15
Treatment and refining deductions	(92)	(40)	–	–	(132)	–	–	(132)
Total revenue	1,630	627	1,229	256	3,742	–	–	3,742
EBITDA	1,134	108	516	63	1,821	(70)	(81)	1,670
Depreciation and amortisation	(188)	(136)	(336)	(67)	(727)	–	(19)	(746)
EBIT (Segment result)(1)	**946**	**(28)**	**180**	**(4)**	**1,094**	**(70)**	**(100)**	**924**
Capital expenditure	**176**	**108**	**181**	**22**	**487**	**28**	**16**	**531**
Segment assets	3,206	245	5,464	356	9,271	538	2,028	11,837
Segment liabilities	703	254	1,156	110	2,223	14	1,969	4,206
Net assets/(liabilities)	**2,503**	**(9)**	**4,308**	**246**	**7,048**	**524**	**59**	**7,631**

Notes:
(1) Refer to Note 4(b) for the reconciliation of segment result to profit before tax.
(2) Net assets for Gosowong includes cash of US$110 million.
(3) Includes net assets attributable to Wafi-Golpu JV of US$467 million and Namosi JV of US$25 million.
(4) Includes investment in associates and eliminations.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

4. **Segment Information** continued

(a) Segment Results, Segment Assets and Segment Liabilities continued

2018	Cadia[3] US$m	Telfer US$m	Lihir US$m	Gosowong[4] US$m	Bonikro[5] US$m	Total Operations US$m	Exploration & Projects[6] US$m	Corporate & Other[7] US$m	Total Group US$m
Gold	761	571	1,206	345	136	3,019	–	–	3,019
Copper	415	111	–	–	–	526	–	–	526
Silver	6	4	1	6	–	17	–	–	17
Total revenue	1,182	686	1,207	351	136	3,562	–	–	3,562
EBITDA	816	140	538	148	69	1,711	(60)	(86)	1,565
Depreciation and amortisation	(161)	(200)	(277)	(90)	(49)	(777)	–	(14)	(791)
EBIT (Segment result) [1]	**655**	**(60)**	**261**	**58**	**20**	**934**	**(60)**	**(100)**	**774**
Capital expenditure	**117**	**98**	**245**	**25**	**16**	**501**	**25**	**15**	**541**
Segment assets[2]	3,315	307	5,655	370	–	9,647	524	1,309	11,480
Segment liabilities	685	270	1,101	114	–	2,170	9	1,839	4,018
Net assets/(liabilities)	**2,630**	**37**	**4,554**	**256**	**–**	**7,477**	**515**	**(530)**	**7,462**

Notes:

(1) Refer to Note 4(b) for the reconciliation of segment result to profit before tax.

(2) Segment assets are net of impairments and write-downs as disclosed in Note 6.

(3) Cadia's EBITDA and EBIT includes US$34 million of insurance proceeds attributed to material damage and US$121 million of insurance proceeds attributed to business interruption loss (total of US$155 million) in relation to the 14 April 2017 seismic event. Refer Note 5(b) and 5(d).

(4) Net assets for Gosowong includes cash of US$78 million.

(5) The segment result for Bonikro is for the period to the date of divestment. Refer Note 30.

(6) Includes net assets attributable to Wafi-Golpu JV of US$441 million and Namosi JV of US$25 million.

(7) Includes investment in associates and eliminations.

	Note	2019 US$m	2018 US$m
(b) Reconciliation of EBIT (Segment Result) to Profit Before Tax			
Segment Result	4(a)	**924**	**774**
Finance income		26	8
Finance costs		(120)	(122)
Net finance costs		(94)	(114)
Significant items:			
Impairment loss on property, plant and equipment	6	–	(269)
Impairment loss on investment in associate	6	–	(6)
Write-down of property, plant and equipment	6	–	(87)
Net investment hedge gain/(loss)	6	–	29
		–	(333)
Profit before tax		**830**	**327**
(c) Geographical Information			
Total Revenue[1]			
Bullion[2]			
Australia		1,421	1,615
China (including Hong Kong)		388	314
Canada		–	38
Concentrate[3]			
Japan		976	926
Philippines		298	49
Korea		274	61
Singapore		162	211
Switzerland		137	192
United Kingdom		86	77
India		–	79
Total revenue		**3,742**	**3,562**
Non-Current Assets[4]			
Australia		3,492	3,605
Papua New Guinea		5,537	5,688
Indonesia		154	224
Canada		255	257
Côte d'Ivoire		–	9
Other		17	25
Total non-current assets		**9,455**	**9,808**

(1) Revenue is attributable to geographic location, based on the location of customers.
(2) Bullion sales to one customer amounted to US$457 million (2018: US$576 million) arising from sales by all operating segments.
(3) Concentrate sales to one customer amounted to US$561 million (2018: US$454 million) arising from concentrate sales by Cadia and Telfer.
(4) Non-Current Assets includes deferred tax assets of US$60 million (2018: US$69 million).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

5. Income and Expenses

	2019 US$m	2018 US$m
(a) Revenue		
Gold – Bullion	1,805	1,937
Gold – Concentrate	1,403	1,082
Gold – Concentrate treatment and refining deductions (1)	(35)	–
Total gold revenue	3,173	3,019
Copper – Concentrate	651	526
Copper – Concentrate treatment and refining deductions (1)	(96)	–
Total copper revenue	555	526
Silver – Bullion	4	7
Silver – Concentrate	11	10
Silver – Concentrate treatment and refining deductions (1)	(1)	–
Total silver revenue	14	17
Total revenue (2)	**3,742**	**3,562**
(b) Cost of Sales		
Site production costs (3)	1,739	1,719
Royalties	113	104
Realisation (1)	37	134
Inventory movements	32	15
	1,921	1,972
Depreciation and amortisation	727	777
Total cost of sales	**2,648**	**2,749**
(c) Corporate Administration Expenses		
Corporate costs	88	77
Corporate depreciation	19	14
Share-based payments	13	13
Total corporate administration expenses	**120**	**104**
(d) Other Income/(Expenses)		
Insurance recoveries (3)	–	121
Net foreign exchange gain	29	15
Net fair value gain/(loss) on gold and copper derivatives and fair value movements on concentrate receivables	14	(5)
Other	(5)	(1)
Total other income/(expenses)	**38**	**130**
(e) Finance Costs		
Interest on loans	94	94
Facility fees and other costs	17	20
	111	114
Discount unwind on provisions (Note 18b)	9	8
Total finance costs	**120**	**122**

	2019 US$m	2018 US$m
(f) Depreciation and Amortisation		
Property, plant and equipment	717	776
Intangible assets	26	19
	743	795
Adjustments to inventory on hand or assets under construction	3	(4)
Total depreciation and amortisation expense	**746**	**791**
Included in:		
Cost of sales depreciation	727	777
Corporate depreciation	19	14
Total depreciation and amortisation expense	**746**	**791**
(g) Employee Benefits Expense		
Defined contribution plan expense	27	28
Share-based payments	13	13
Redundancy expense	–	3
Salaries, wages and other employment benefits	364	379
Total employee benefits expense	**404**	**423**

(1) Total revenue for the year ended 30 June 2019 includes concentrate treatment and refining deductions of US$132 million. As noted in Note 2(b) the Group has utilised the modified retrospective method of adoption of AASB 15. The comparative period (30 June 2018) has not been restated to reflect concentrate treatment and refining deductions of US$103 million previously included in realisation costs.

(2) Total revenue for the year ended 30 June 2019 comprises of revenue from contracts with customers of US$3,745 million and gold hedge losses of US$3 million.

(3) During the prior year, Newcrest settled and received its insurance claim in relation to the 14 April 2017 seismic event at Cadia for US$155 million. Proceeds attributed to material damage of US$34 million has been included in site production costs as an offset to the costs incurred to rectify damage to the Cadia Panel Cave. The remaining proceeds of US$121 million attributed to business interruption loss is presented in Other Income.

Revenue Recognition

As a result of adopting AASB 15 Revenue, the Group's revenue recognition policy has changed effective 1 July 2018 and is described below. Refer to Note 2(b) for information regarding the impact of adopting the new standard.

Revenue from the sale of goods is recognised when the Group satisfies its performance obligations under its contract with the customer, by transferring such goods to the customers control. Control is generally determined to be when risk and title to the goods passes to the customer.

Bullion revenue is recognised at a point in time upon transfer of control to the customer and is measured at the amount to which it expects to be entitled which is based on the deal agreement.

Concentrate revenue is generally recognised upon receipt of the bill of lading when the goods are delivered for shipment under CIF Incoterms. The freight service on export concentrate contracts with CIF Incoterms represents a separate performance obligation to the transfer of the concentrate product itself and is separately disclosed where material.

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 four months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable and is net of deductions related to treatment and refining charges. Subsequent changes in fair value are recognised in the Income Statement each period until final settlement and presented as part of 'Other Income/Expenses'.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

6. Significant Items

Significant items represent items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature.

Year Ended 30 June 2019

There are no significant items for the year ended 30 June 2019.

Year Ended 30 June 2018

Items by Segment	Telfer(1)	Gosowong(2)	Bonikro(3)(4)	Other(5)(6)	Total
2018	US$m	US$m	US$m	US$m	US$m
Impairment loss on property, plant and equipment	(269)	–	–	–	(269)
Impairment loss on investment in associate	–	–	–	(6)	(6)
Write-down of property, plant and equipment	–	–	(15)	(72)	(87)
Net investment hedge gain/(loss)	–	–	29	–	29
Total before income tax	**(269)**	**–**	**14**	**(78)**	**(333)**
Tax	81	(8)	–	–	73
Total after income tax	**(188)**	**(8)**	**14**	**(78)**	**(260)**
Attributable to:					
Non-controlling interest	–	(2)	(1)	–	(3)
Owners of the parent	(188)	(6)	15	(78)	(257)
	(188)	**(8)**	**14**	**(78)**	**(260)**

(1) The Group recognised an impairment loss in relation to Telfer.

(2) Represents a write-down of a non-current tax asset at Gosowong, following an unfavourable tax court verdict with respect to a 2013 tax rate dispute. Refer to Note 32. The amount attributable to non-controlling interests is US$2 million.

(3) Represents a write-down in property, plant and equipment at Bonikro, following the reclassification of Bonikro as 'held for sale' and prior to the subsequent divestment of the Group's 89.89% interest in Bonikro. Of the US$15 million, US$1 million is attributable to non-controlling interests. Refer to Note 30.

(4) Represents the net foreign exchange gain of US$29 million on historical funding arrangements that were designated as a hedge of the Group's net investment in the Bonikro mine. Following its divestment, this gain was reclassified from the Foreign Currency Translation Reserve to the Income Statement.

(5) The US$6 million represents an impairment of the Group's investment in Azucar Minerals Ltd. Refer to Note 29.

(6) The Group has recognised a US$72 million write-down in respect of property, plant and equipment in relation to the Namosi JV as a result of a reassessment of the appropriateness to continue to carry forward previous study (deferred feasibility) costs.

7. Income Tax Expense

	2019 US$m	2018 US$m
(a) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	**830**	**327**
Income tax expense calculated at 30% (2018: 30%)	249	98
Non-deductible exploration and business development expenditure	8	4
Net unrecognised deferred tax assets	8	–
Tax effect of losses from equity accounted investments	5	1
Other	2	(12)
Adjustments on Significant items:		
Impairment loss on investment in associate	–	2
Write-down of property, plant and equipment	–	26
Loss on business divestment	–	–
Net investment hedge (gain)/loss	–	(9)
Write-down of tax asset	–	8
	–	27
Income tax expense per the Income Statement	**272**	**118**
(b) Income Tax Expense Comprises:		
Current income tax		
Current income tax expense	259	166
Adjustments to current income tax of prior periods	(6)	2
	253	168
Deferred tax (1)		
Relating to origination and reversal of temporary differences	11	(42)
Adjustments to deferred tax of prior periods	8	(8)
	19	(50)
Income tax expense per the Income Statement	**272**	**118**

(1) Refer to Note 17(a) for movements in deferred taxes.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

8. Earnings per Share (EPS)

	2019 US¢	2018 US¢
EPS (cents per share)		
Basic EPS	73.0	26.3
Diluted EPS	72.8	26.2

	2019 US$m	2018 US$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	561	202

	2019 No. of shares	2018 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	768,198,613	767,412,240
Effect of dilutive securities: share rights	2,611,062	2,921,887
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	770,809,675	770,334,127

Rights granted to employees as described in Note 33 have been included in the determination of diluted earnings per share to the extent they are dilutive.

9. Dividends

	2019 US¢ per share	2019 US$m	2018 US¢ per share	2018 US$m
(a) Dividends declared and paid				
The following ordinary dividends were paid during the year:				
Final dividend:				
Paid 5 October 2018 (fully franked)	11.0	84.5	–	–
Paid 27 October 2017 (70% franked)	–	–	7.5	57.5
Interim dividend:				
Paid 22 March 2019 (fully franked)	7.5	57.5	–	–
Paid 2 May 2018 (fully franked)	–	–	7.5	57.5
	18.5	**142.0**	**15.0**	**115.0**

Participation in the dividend reinvestment plan reduced the cash amount paid during 2019 to US$131 million (2018: US$105 million).

(b) Dividend proposed and not recognised as a liability

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2019 of US 14.5 cents per share, which will be fully franked. The dividend will be paid on 26 September 2019. The total amount of the dividend is US$111 million.

(c) Dividend franking account balance

Franking credits at 30% as at 30 June 2019 available for subsequent financial years is US$107 million (2018: US$9 million).

10. Note to the Consolidated Statement of Cash Flows

	2019 US$m	2018 US$m
Operating cash flows arising from changes in:		
Trade and other receivables	(51)	(17)
Inventories	(5)	4
Trade and other payables	43	(2)
Provisions	(7)	(9)
Other assets and liabilities	17	(3)
Change in working capital	**(3)**	**(27)**

RESOURCE ASSETS AND LIABILITIES

This section provides information that is relevant in understanding the composition and management of the Group's resource assets and liabilities.

11. Property, Plant and Equipment

	Exploration & Evaluation Expenditure US$m	Deferred Feasibility Expenditure US$m	Assets Under Construction US$m	Production Stripping US$m	Mine Development[1] US$m	Plant and Equipment US$m	Total US$m
At 30 June 2019							
Cost	431	272	292	331	7,462	7,252	16,040
Accumulated depreciation and impairment	(80)	–	–	(130)	(4,068)	(3,946)	(8,224)
	351	**272**	**292**	**201**	**3,394**	**3,306**	**7,816**
Year ended 30 June 2019							
Carrying amount at 1 July 2018	368	244	83	172	3,673	3,616	8,156
Expenditure during the year	78	30	236	130	54	103	631
Expenditure written-off	(70)	–	–	–	–	–	(70)
Depreciation	–	–	–	(99)	(258)	(360)	(717)
Disposal of assets	(12)	–	–	–	–	–	(12)
Foreign currency translation	(1)	–	(7)	(2)	(94)	(68)	(172)
Reclassifications/transfers	(12)	(2)	(20)	–	19	15	–
Carrying amount at 30 June 2019	**351**	**272**	**292**	**201**	**3,394**	**3,306**	**7,816**

(1) Includes Mineral Rights with a carrying value of US$1,200m.

	Exploration & Evaluation Expenditure US$m	Deferred Feasibility Expenditure US$m	Assets Under Construction US$m	Production Stripping US$m	Mine Development[1] US$m	Plant and Equipment US$m	Total US$m
At 30 June 2018							
Cost	448	244	83	556	7,576	7,354	16,261
Accumulated depreciation and impairment	(80)	–	–	(384)	(3,903)	(3,738)	(8,105)
	368	**244**	**83**	**172**	**3,673**	**3,616**	**8,156**
Year ended 30 June 2018							
Carrying amount at 1 July 2017	362	294	83	151	4,007	3,955	8,852
Expenditure during the year	72	28	83	150	123	207	663
Expenditure written-off	(60)	–	–	–	–	–	(60)
Depreciation	–	–	–	(88)	(241)	(447)	(776)
Disposal of assets	–	–	–	–	–	(6)	(6)
Write-down of assets (Note 6)	–	(72)	–	(5)	(5)	(5)	(87)
Impairment loss (Note 6)	–	–	–	(28)	(135)	(106)	(269)
Business divestment (Note 30)	–	–	–	(5)	(4)	(4)	(13)
Foreign currency translation	(1)	(1)	(5)	(3)	(79)	(59)	(148)
Reclassifications/transfers	(5)	(5)	(78)	–	7	81	–
Carrying amount at 30 June 2018	**368**	**244**	**83**	**172**	**3,673**	**3,616**	**8,156**

(1) Includes Mineral Rights with a carrying value of US$1,233m.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

11. Property, Plant and Equipment continued

Exploration, Evaluation and Deferred 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 exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount.

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 are capitalised as incurred.

At the commencement of construction, all past exploration, evaluation and deferred feasibility expenditure in respect of an area of interest that has been capitalised is transferred to assets under construction.

Accounting Judgement, Estimates and Assumptions – Exploration, Evaluation and Deferred Feasibility Expenditure

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions. The determination of a Joint Ore Reserves Committee ('JORC') resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation 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.

The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment or write-down.

Assets Under Construction

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Expenditure is net of proceeds from the sale of ore extracted during the construction phase to the extent that this ore extracted is considered integral to the development of the mine.

After production commences, all aggregated costs of construction are transferred to mine development or plant and equipment as appropriate.

Production Stripping Expenditure

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as part of mine development costs. Stripping costs incurred during the production phase are generally considered to create two benefits:

- the production of ore inventory in the period – accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future – recognised as 'production stripping asset', if the following criteria are met:
  - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
  - The component of the ore body for which access has been improved can be accurately identified; and
  - The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected waste to contained gold ounce ratio ('life of component') ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

Accounting Judgement – Production Stripping

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

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 arrangement acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a units of production basis over the estimated economically recoverable reserves of the mine to which the rights relate.

Plant and Equipment and Mine Development

Cost

Plant and equipment and mine development is carried at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Construction cost for mine development includes expenditure in respect of exploration, evaluation and feasibility, previously accumulated and carried forward in relation to areas of interest in which development or construction is underway.

Depreciation and Amortisation

Items of plant and equipment and mine development are depreciated over their estimated useful lives.

The Group uses the units of production basis when depreciating mine specific assets which results in a depreciation 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 specific nature of the asset.

Estimates of remaining useful lives, residual values and depreciation methods are reviewed annually for all major items of plant and equipment and mine development. Any changes are accounted for prospectively.

When an asset is surplus to requirements or no longer has an economic value, the carrying amount of the asset is reviewed and is written down to its recoverable amount or derecognised.

Accounting Estimate and Assumptions – Units of Production Method of Depreciation/Amortisation

The Group uses the units 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. Any change in these estimates and assumptions are accounted for prospectively.

Accounting Estimates and Assumptions – Ore Reserves and Mineral Resources

The Group estimates its ore reserves and mineral resources annually at 31 December each year, and reports in the following February, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation charged to the Income Statement.

12. Impairment of Non-Financial Assets

(a) Impairment testing

Impairment tests are performed when there is an indication of impairment. Newcrest conducts a review of the key drivers of the recoverable amount of cash generating units ('CGUs') annually, which is used as a source of information to determine whether there is an indication of impairment or reversal of previously recognised impairments. Other factors, such as changes in assumptions in future commodity prices, exchange rates, production rates and input costs, are also monitored to assess for indications of impairment or reversal of previously recognised impairments. Where an indicator of impairment or impairment reversal exists, a detailed estimate of the recoverable amount is determined.

CGUs represent a grouping of assets 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. Generally, this results in the Group evaluating its CGUs as individual mining operations, which is consistent with the Group's representation of operating segments.

After consideration of the potential indicators which could impact the recoverable amount of the CGUs, the Group concluded that there are no indicators of impairment or impairment reversal as at 30 June 2019.

(b) Basis of impairment and impairment reversal calculations

An impairment loss is recognised when a CGU's carrying amount exceeds its recoverable amount. The recoverable amount of each CGU has been estimated on the basis of fair value less costs of disposal ('Fair Value'). The costs of disposal have been estimated based on prevailing market conditions.

For CGUs that have previously recognised an impairment loss, an impairment reversal is recognised for non-current assets (other than goodwill) when the Fair Value indicates that the previously recognised impairment has been reversed. Such a reversal is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the value that would have been determined (net of depreciation) had no impairment loss been recognised.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

12. Impairment of Non-Financial Assets continued

(b) Basis of impairment and impairment reversal calculations continued

Fair Value is estimated based on discounted cash flows using market-based commodity price and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the CGU's latest life of mine ('LOM') plans. In certain cases, where multiple investment options and economic input ranges exist, Fair Value may be determined from a combination of two or more scenarios that are weighted to provide a single Fair Value that is determined to be the most indicative. When plans and scenarios used to estimate Fair Value do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the estimation of Fair Value.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards, refer Note 22(g)) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning and budgeting process, including LOM plans, latest short-term forecasts and CGU-specific studies.

(c) Key judgements, estimates and assumptions

Accounting Estimates and Assumptions – Fair Value of CGUs

Significant judgements, estimates and assumptions are required in determining estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU Fair Values are subject to variability in key assumptions including, but not limited to, gold and copper prices, exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to estimate Fair Value could result in a change in a CGU's Fair Value.

The table below summarises the key assumptions used in the carrying value assessments as at 30 June 2019, and for comparison also provides the equivalent assumptions used in 2018:

	2019				2018			
Assumptions	2020	2021	2022	Long term (2023+)	2019	2020	2021	Long term (2022+)
Gold (US$ per ounce)	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250
Copper (US$ per pound)	$2.80	$2.90	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00
AUD:USD exchange rate	$0.72	$0.72	$0.72	$0.75	$0.75	$0.75	$0.75	$0.75
USD:PGK exchange rate	K3.20	K3.20	K3.20	K3.20	K3.10	K3.10	K3.10	K3.10
Discount rate (%)	USD Assets 5.75% AUD Assets 4.75%				USD Assets 5.75% AUD Assets 5.00%			

Commodity prices and exchange rates estimation approach

Commodity price and foreign exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The rates applied have regard to observable market data including spot and forward values, and to market analysis including equity analyst estimates.

Metal prices

Newcrest has maintained the short-term and long-term US dollar gold and the long-term US dollar copper price estimates applied in 2018. Short-term copper prices assumptions have reduced from 2018 to align with observable market data, reflecting spot prices during the 2019 financial year and Newcrest's analysis of observable market forecasts for future periods.

AUD:USD exchange rate

Newcrest has maintained its long-term AUD:USD exchange rate estimates. The AUD:USD exchange rate estimates for the 2020, 2021 and 2022 financial years have been reduced from 2018, reflecting spot prices during the 2019 financial year and Newcrest's analysis of observable market forecasts for future periods.

USD:PGK exchange rate

Newcrest has marginally increased its USD:PGK exchange rate estimates for all future periods, reflecting spot prices during the 2019 financial year and Newcrest's analysis of observable market forecasts for future periods.

Discount rate

In determining the Fair Value of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of, and specific risks associated with the CGU.

CGU	Functional Currency	2019	2018
Cadia, Telfer	AUD	4.75%	5.00%
Lihir, Gosowong	USD	5.75%	5.75%

The Group uses a capital asset pricing model to estimate its estimated real after tax weighted average cost of capital. Due to changes in the current period in inputs and assumptions used in the capital asset pricing model for AUD functional currency assets, the discount rate applied to Cadia and Telfer was reduced by 0.25% as at 30 June 2019, predominantly as a result of decreases in AUD government bond rates.

Production activity and operating and capital costs

LOM production activity and operating and capital cost assumptions are based on the Group's latest forecasts and longer term LOM plans. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce operational activity, apply technology, improve capital and labour productivity.

(d) Sensitivity Analysis

Impairments have previously been recognised for the Lihir CGU in 2013 and 2014. Following the review of Lihir's recoverable amount as at 30 June 2019, and in recognising no requirement for asset impairment or impairment reversal, the Group has determined that the Lihir carrying amount as at 30 June 2019 is within a range that approximates its Fair Value.

Impairments have previously been recognised for the Telfer CGU in 2013, 2014 and 2018 and an impairment reversal was recognised for Telfer in 2015. Following the review of Telfer's recoverable amount as at 30 June 2019, and in recognising no requirement for asset impairment or impairment reversal, the Group has determined that the Telfer carrying amount as at 30 June 2019 is within a range that approximates its Fair Value. Telfer remains a complex, low-grade, mid-to-high cost operation with a relatively high annual gold production level. Telfer's Fair Value has high sensitivity to the AUD gold price, operating cost, capital cost and reserve and resource model conversion assumptions and unfavourable changes in these assumptions would further reduce the Fair Value. As at 30 June 2019, Newcrest was in negotiations with a major Telfer services supplier over contract terms. Subsequent to the financial year end, the issue has progressed to the formal dispute resolution process contained within the contract. Any material adverse change to the contract terms for future periods could reduce the Fair Value of Telfer.

In total, approximately 26% of Telfer's Fair Value (excluding future closure costs) is attributable to unmined resources not included in production in the LOM model and exploration value (representing estimates of total mineral endowment with a per unit valuation of expected resource growth applied).

Any variation in the key assumptions used to determine the Fair Value of the Lihir and Telfer CGUs would result in a change of the estimated Fair Value. If the variation in assumption had a negative impact on Fair Value, it could indicate a requirement for impairment of non-current assets. If the variation in assumption had a positive impact on Fair Value, it could indicate a requirement for an impairment reversal of CGUs (where applicable).

It is estimated that the following reasonably possible changes in the key assumptions would have the following approximate impact (increase or decrease) on the Fair Value of each of these CGUs in its functional currency as at 30 June 2019:

$ million in functional currency	Lihir US$	Telfer A$
US$100 per ounce change in gold price	1,015	135
0.25% increase/decrease in discount rate	110	minor
$0.05 increase/decrease in AUD:USD rate	255	100
$0.10 increase/decrease in USD:PGK rate	125	n/a
5% increase/decrease in operating costs from that assumed	360	75

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact (for example, a decline in the US dollar gold price accompanied with a decline in the Australian dollar compared to the US dollar). Action is also usually taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

12. Impairment of Non-Financial Assets continued

(d) Sensitivity Analysis continued

Newcrest has not previously recognised any impairment for Gosowong. Gosowong is now a shorter life asset and as it gets closer to the end of its operating life, its Fair Value is more sensitive to short-term fluctuations in key valuation assumptions, including the USD gold price, mine plan production and grade estimates and operating costs. As announced on 26 June 2018, Newcrest's 75% owned subsidiary, PT Nusa Halmahera Minerals ('PT NHM', the entity that owns the Gosowong operation), has entered into an amendment agreement with the Government of Indonesia to amend the Gosowong Contract of Work whereby Indonesian partners must own at least 51% of PT NHM within two years of signing the amendment agreement. Newcrest must divest at least another 26% interest from its current shareholding percentage of 75%.

As a consequence of the forgoing, an assessment of the carrying value at 30 June 2019 was performed which did not identify a requirement for an impairment. However, in the event of adverse movements in the factors noted above, or other factors, Gosowong may be exposed to future potential impairment indicators.

13. Inventories

	2019 US$m	2018 US$m
Current		
Ore stockpiles	171	153
Gold in circuit	38	49
Bullion and concentrate	52	72
Materials and supplies	315	280
Total current inventories (1)	**576**	**554**
Non-Current		
Ore stockpiles	997	1,032
Total non-current inventories (1)	**997**	**1,032**

(1) Total inventories include inventories held at net realisable value of US$36 million (2018: US$51 million).

Ore stockpiles, gold in circuit, bullion and concentrate are 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. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Ore stockpiles which are not scheduled to be processed in the twelve 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.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to stock items identified.

Accounting Judgement and Estimate – Net Realisable Value of Ore Stockpiles

The computation of net realisable value for ore stockpiles involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, foreign exchange rates, recoveries and the timing of sale of the bullion and concentrate produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of ore stockpiles.

14. Trade and Other Receivables

	2019 US$m	2018 US$m
Current		
Metal in concentrate receivables	92	40
GST receivable	29	23
Other receivables	14	14
Total current receivables	**135**	**77**

Metal in concentrate receivables are initially and subsequently measured at fair value and are generally expected to settle within one to four months. Fair value movements are recognised in the Income Statement and presented as part of 'Other Income/Expenses'.

GST and other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for doubtful debts. GST and other receivables are expected to settle within one to two months.

15. Other Assets

	2019 US$m	2018 US$m
Current		
Prepayments and other	35	54
Total current other assets	**35**	**54**
Non-Current		
Prepayments and other	48	41
Non-current tax assets [(1)]	69	109
Total non-current other assets	**117**	**150**

(1) Includes US$50 million (2018: US$88 million) paid in respect to the PT NHM income tax rate dispute. Refer Note 32(a).

16. Other Intangible Assets

Information Systems Development	2019 US$m	2018 US$m
Cost	217	206
Accumulated amortisation and impairment	(184)	(164)
	33	**42**

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Amortisation is calculated on a straight line basis over the useful life, ranging from three to seven years.

17. Deferred Tax

(a) Movement in Deferred Taxes

	Opening Balance at 1 July US$m	(Charged) / credited to income US$m	(Charged) / credited to equity US$m	Translation US$m	Closing Balance at 30 June US$m
2019					
Deferred tax assets					
Carry forward revenue losses recognised:					
– Australian entities	69	(6)	–	(3)	60
	69	(6)	–	(3)	60
Deferred tax liabilities					
Temporary differences:					
– Property, plant and equipment	(1,138)	(21)	–	18	(1,141)
– Provisions	48	(3)	–	(1)	44
– Other	83	5	72	(7)	153
	(1,007)	(19)	72	10	(944)
Net deferred taxes	**(938)**	**(25)**	**72**	**7**	**(884)**
2018					
Deferred tax assets					
Carry forward revenue losses recognised:					
– Australian entities	80	(8)	–	(3)	69
	80	(8)	–	(3)	69
Deferred tax liabilities					
Temporary differences:					
– Property, plant and equipment	(1,222)	66	–	18	(1,138)
– Provisions	49	–	–	(1)	48
– Other	86	(16)	19	(6)	83
	(1,087)	50	19	11	(1,007)
Net deferred taxes	**(1,007)**	**42**	**19**	**8**	**(938)**

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

17. Deferred Tax continued

(b) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of:

- capital losses with a tax effect of US$161 million (2018: US$189 million)
- revenue losses and temporary differences with a tax effect of US$189 million (2018: US$180 million)

because it is not probable that the Group will have sufficient future assessable income and/or capital gains available against which the deferred tax asset could be utilised. This is partly due to restrictions that limit the extent to which the losses can be applied to future taxable income in future periods.

(c) Tax Consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax consolidated group. Newcrest Mining Limited is the head entity of the tax consolidated group. The tax losses attributable to the Australian entities are available for offsetting against future profits of the tax consolidated group. These tax losses are subject to restrictions that limit the extent to which the losses can be applied against future taxable income. Notwithstanding these restrictions, these losses do not have an expiry date.

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 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 based on the expected manner of recovery of the carrying value of an asset or liability. 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.

Accounting Judgements, Estimates and Assumptions – Recovery of Deferred Tax Assets

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the expected manner of recovery of the value of an asset or liability (which will then impact the quantum of the deferred tax assets or deferred tax liabilities recognised) and the application of existing tax laws in each jurisdiction.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions and recover/utilise deferred tax assets in future periods.

18. Provisions

	Note	2019 US$m	2018 US$m
Current			
Employee benefits	(a)	105	108
Mine rehabilitation	(b)	9	9
Other	(c)	19	20
Total current provisions		**133**	**137**
Non-Current			
Employee benefits	(a)	39	39
Mine rehabilitation	(b)	352	320
Other	(c)	–	3
Total non-current provisions		**391**	**362**

Provisions (other than those relating to employee benefits) 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.

(a) Employee benefits

Liabilities for wages and salaries, annual leave and any other employee benefits are measured at the amounts expected to be paid when the liabilities are settled.

Amounts expected to settle within twelve months are recognised in 'Current Provisions' (for annual leave and salary at risk) and 'Trade and Other Payables' (for all other employee benefits) 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.

The liability for long service leave and other long-term benefits is measured at the present value of the estimated future cash outflows resulting from employees' services provided up to the reporting date.

Long-term benefits not expected to be settled within twelve months are discounted using the rates attaching to high quality corporate bonds at the reporting date, which most closely match the terms of maturity of the related liability.

(b) Mine rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate locations where activities have occurred which have led to a future obligation to make good. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of tailings 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 mining location. When the liability is initially recorded, the present value of the estimated cost is capitalised as part of 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. 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.

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

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

18. Provisions continued

(b) Mine rehabilitation continued

Accounting Estimate – Mine Rehabilitation Provision

Significant estimates and assumptions are 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 changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Movements in Mine Rehabilitation provision	2019 US$m	2018 US$m
Opening balance	329	272
Derecognised due to business divestment (Note 30)	–	(14)
Movements in economic assumptions and timing of cash flows	14	9
Change in cost estimates [1]	25	63
Paid/utilised during the year	(5)	(3)
Unwinding of discount	9	8
Foreign currency translation	(11)	(6)
Closing balance	**361**	**329**
Split between:		
Current	9	9
Non-current	352	320
	361	**329**

(1) The change for 2019 primarily relates to an increase in estimated closure costs at Cadia, following an update to Cadia's mine closure plan. The change for 2018 primarily relates to an increase in estimated closure costs at Telfer, following an update to Telfer's mine closure plan.

(c) Other Provisions

Other provisions comprise of community obligations and other miscellaneous items.

CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

This section outlines the Group's capital and financial management policies and significant capital and financial risk management activities that have been implemented during the year. This includes the Group's exposure to various risks and how these could affect the Group's financial position and performance, as well as how the Group is managing those risks.

19. Capital Management and Financial Objectives

Newcrest's capital structure consists of equity and net debt, which includes borrowings, cash and cash equivalents.

Newcrest's financial objectives are to meet all financial obligations, maintain a strong balance sheet to withstand cash flow volatility, be able to pursue profitable growth opportunities, and be able to return excess cash generated to shareholders. Newcrest looks to maintain a conservative level of balance sheet leverage.

From a financial policy perspective, Newcrest looks to:

- Target an investment grade credit rating throughout the cycle;
- Maintain a leverage ratio (Net Debt to EBITDA) of less than 2.0 times;
- Maintain a gearing ratio of below 25%; and
- Maintain cash and committed undrawn bank facilities of at least US$1.5 billion, with approximately one-third of that amount in the form of cash.

At 30 June the Group's position in relation to these metrics were:

Metric	Policy 'looks to'	2019	2018
Credit rating (S&P/Moody's)	Investment grade	BBB/Baa2	BBB–/Baa3
Leverage ratio (Net debt to EBITDA)	Less than 2.0 times	0.2	0.7
Gearing ratio	Below 25%	4.9%	12.2%
Cash and committed undrawn facilities (US$)	At least $1.5bn, ~ 1/3 in cash	$3.60bn ($1,600m cash)	$2.97bn ($953m cash)

Detail of the calculation of the capital management performance ratios is provided below:

Leverage Ratio	2019 US$m	2018 US$m
Net debt (Note 20)	395	1,040
EBITDA (Note 4)	1,670	1,565
Leverage ratio	0.2 times	0.7 times

Leverage Ratio is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA. Refer to Note 4, Segment Information, for the definition of EBITDA.

Gearing Ratio	2019 US$m	2018 US$m
Net debt (Note 20)	395	1,040
Equity	7,631	7,462
Total capital (Net debt and equity)	**8,026**	**8,502**
Gearing ratio	**4.9%**	**12.2%**

Gearing ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

20. Net Debt

Newcrest borrows funds from financial institutions and debt investors in the form of committed revolving facilities and corporate bonds. As at 30 June 2019, all of Newcrest's borrowings were unsecured.

Borrowings are initially recognised at fair value and subsequently at amortised cost. Borrowings are net of transaction costs incurred. Borrowings are classified as non-current liabilities where Newcrest has an unconditional right to defer settlement for at least 12 months from the year end.

Cash and cash equivalents comprise cash at bank, on hand and short-term deposits.

	Note	2019 US$m	2018 US$m
Corporate bonds	(a)	2,000	2,000
Less: capitalised transaction costs on facilities		(5)	(7)
Total non-current borrowings		**1,995**	**1,993**
Total borrowings		**1,995**	**1,993**
Cash and cash equivalents		(1,600)	(953)
Net debt		**395**	**1,040**

(a) Corporate bonds

In each of November 2011 and October 2012, Newcrest issued US$1,000 million in US dollar corporate bonds (notes). The notes were issued in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

Maturity	Coupon Rate	2019 US$m	2018 US$m
November 2021	4.45%	750	750
October 2022	4.20%	750	750
November 2041	5.75%	500	500
		2,000	**2,000**

(b) Bilateral bank debt

As at 30 June 2019, the Group had bilateral bank debt facilities of US$2,000 million (2018: US$2,000 million) with 13 banks (2018: 12 banks). These are committed unsecured revolving facilities, individually negotiated and documented with each bank but with similar terms and conditions.

The facilities are on normal terms and conditions and include certain financial covenants. Interest is based on LIBOR plus a margin, which varies amongst the lenders. During the year, the Group renegotiated the facilities, which included increasing the number of lending banks to 13 and extending the maturity profiles. As at 30 June 2019 and 30 June 2018 these facilities were undrawn. The maturity date profile of these facilities is shown in the table below:

Facility Maturity (financial year ending)	2019 US$m	2018 US$m
June 2019	–	1,001
June 2020	–	250
June 2021	–	749
June 2022	1,076	–
June 2024	924	–
	2,000	**2,000**

(c) Financing facilities

The Group has access to the following unsecured financing facilities at the end of the financial year.

	Facility Utilised [1] US$m	Facility Unutilised US$m	Facility Limit US$m
2019			
Corporate bonds	2,000	–	2,000
Bilateral bank debt facilities	–	2,000	2,000
	2,000	**2,000**	**4,000**
2018			
Corporate bonds	2,000	–	2,000
Bilateral bank debt facilities	–	2,000	2,000
Bank loan [2]	–	20	20
	2,000	**2,020**	**4,020**

(1) As at 30 June 2019, 100% of the facilities utilised were at fixed interest rates. (30 June 2018: 100% fixed interest rates).
(2) PT Nusa Halmahera Minerals had a US$20 million loan facility with one bank which matured on 31 March 2019. This facility was not renewed.

(d) Movement in borrowings

Movement in total borrowings during the year was as follows:

Borrowings	2019 US$m	2018 US$m
Opening balance	1,993	1,991
Non-cash movements	2	2
Closing balance	**1,995**	**1,993**

21. Other Financial Assets and Liabilities

Other Financial Assets / (Liabilities)	2019 US$m	2018 US$m
Gold and copper USD forward contracts [1]	4	6
Gold AUD forward contracts [2]	–	5
Fuel forward contracts [3]	–	22
Total other financial assets – current	**4**	**33**
Gold AUD forward contracts [2]	–	23
Fuel forward contracts [3]	–	3
Contingent consideration asset [4]	9	9
Other financial assets [5]	90	–
Total other financial assets – non-current	**99**	**35**
Gold and copper USD forward contracts [1]	(16)	–
Gold AUD forward contracts [2]	(42)	–
Fuel forward contracts [3]	(1)	–
Total other financial liabilities – current	**(59)**	**–**
Gold AUD forward contracts [2]	(64)	(5)
Total other financial liabilities – non-current	**(64)**	**(5)**

(1) Net fair value loss of US$12 million (2018: US$6 million gain). Refer Note 22 (a)(i)
(2) Net fair value loss of US$106 million (2018: US$23 million gain). Refer Note 22 (a)(i)
(3) Net fair value loss of US$1 million (2018: US$25 million gain). Refer Note 22 (a)(ii)
(4) Relates to the contingent consideration on the sale of Bonikro. Refer Note 30(a)
(5) Instrument is designated as FVOCI and is not in a hedging relationship.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

21. Other Financial Assets and Liabilities continued

Derivative financial instruments and hedging

The Group uses derivative financial instruments to manage certain market risks. 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.

For instruments in hedging transactions, the Group formally designates and documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income ('OCI') and accumulated in the Hedge Reserve in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in the Hedge Reserve 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, if it no longer qualifies for hedge accounting or if the Group changes its risk management objective for the hedging relationship. At that point in time, any cumulative gain or loss on the hedging instrument recognised via OCI remains deferred in the Hedge Reserve 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 the Hedge Reserve 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 arose 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 arose on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

22. Financial Risk Management

Newcrest is exposed to a number of financial risks, by virtue of the industry and geographies in which it operates and the nature of the financial instruments it holds. The key risks that could adversely affect Newcrest's financial assets, liabilities or future cash flows are:

a) Commodity and other price risks
b) Foreign currency risk
c) Liquidity risk
d) Interest rate risk
e) Credit risk

Further detail of each of these risks is provided below, including management's strategies to manage each risk. These strategies are executed subject to Board approved policies and procedures and administered by Group Treasury.

(a) Commodity and Other Price Risks

(i) Gold and copper price

All of Newcrest's gold and copper production is sold into global markets. The market prices of gold and copper are the key drivers of Newcrest's capacity to generate cash flow. Newcrest is predominantly an unhedged producer and provides its shareholders with exposure to changes in the market price of gold and copper.

Newcrest does undertake selected financial risk management activities to mitigate specific gold and copper price risks, as follows:

Provisionally priced concentrate sales and gold and copper forward sales contracts

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 or 'QP'). The QP exposure is typically between one and four months. Revenue of provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. Subsequent changes in fair value are recognised in the Income Statement each period until final settlement and presented as part of 'Other Income/Expenses'. Refer to Note 5(d).

As at 30 June 2019, 222,000 gold ounces and 32,000 copper tonnes were subject to QP adjustment (2018: 161,000 ounces gold and 21,000 tonnes copper).

In order to minimise the short-term revenue volatility impact of QP adjustments, particularly across reporting periods, the Group takes out gold and copper forward contracts at the time of concentrate shipments to lock in the price. These forward contracts are not designated into hedge relationships with the fair value adjustments at reporting date recognised in the Income Statement as part of 'Other Income/Expenses'.

The following table details the gold and copper forward contracts outstanding as at the reporting date.

Gold and Copper USD forward contracts	2019 Quantity ('000s)	2019 Weighted Average Price US$	2019 Fair Value US$m	2018 Quantity ('000s)	2018 Weighted Average Price US$	2018 Fair Value US$m
Gold (ounces)						
Maturing less than 6 months	164	1,319	(16)	100	1,283	3
Copper (tonnes)						
Maturing less than 6 months	26	6,144	4	17	6,847	3
Total fair value			**(12)**			**6**

Partial hedging of Telfer future gold sales

Newcrest has put in place hedges for a portion of the Telfer mine's future planned gold production. Telfer is a large scale, low grade mine and its profitability and cash flow are both particularly sensitive to the realised Australian dollar gold price. Having regard to the favourable spot and forward prices at that time, hedging instruments in the form of Australian dollar gold forward contracts were put in place to secure margins on a portion of future planned production to June 2023, to support investment in cutbacks and mine development.

The Telfer AUD gold forward contracts have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term are variations to forecast production timing and volume assumptions and credit risk.

As of 30 June 2019, the Group is holding AUD gold forward contracts with the following maturity:

Gold AUD forward contracts maturing:	2019 Quantity (ounces) ('000s)	2019 Weighted Average Price A$	2019 Fair Value US$m	2018 Quantity (ounces) ('000s)	2018 Weighted Average Price A$	2018 Fair Value US$m
Less than 12 months	205	1,729	(42)	231	1,739	5
Between 1–2 years	217	1,864	(28)	205	1,729	(3)
Between 2–3 years	204	1,902	(23)	217	1,864	10
Between 3–4 years	138	1,942	(13)	204	1,902	7
Between 4–5 years	–	–	–	138	1,942	4
Total	**764**	**1,852**	**(106)**	**995**	**1,826**	**23**

These forward contracts are measured at fair value with the effective portion of fair value movements being recognised in OCI and accumulated in the 'Cash flow hedge reserve' in equity. There was no hedge ineffectiveness recognised in the Income Statement during the year.

(ii) Fuel price

The Group's input costs are exposed to price fluctuations, in particular to diesel and heavy fuel oil prices. To mitigate this risk, the Group has entered into short-term fuel forward contracts to fix certain diesel and heavy fuel oil costs in line with budget expectations.

These forward contracts have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term include differences in the pricing of the physical (hedged) item and hedging instrument, timing of physical delivery misaligned with the hedging instrument and credit risk.

Forward contracts maturing in:	2019 Quantity (ounces) ('000s)	2019 Weighted Average Price A$	2019 Fair Value US$m	2018 Quantity (ounces) ('000s)	2018 Weighted Average Price A$	2018 Fair Value US$m
Less than 12 months						
Diesel (barrels)	531	79	–	678	74	10
Heavy fuel oil (tonnes)	135	365	(1)	146	361	12
Greater than 12 months						
Diesel (barrels)	–	–	–	225	73	3
Total fair value			**(1)**			**25**

These forward contracts are measured at fair value with the effective portion of fair value movements being recognised in OCI and accumulated in the 'Cash flow hedge reserve' in equity. There was no hedge ineffectiveness recognised in the Income Statement during the year.

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2019

22. Financial Risk Management continued
(a) Commodity and Other Price Risks continued
(iii) Financial Impacts of Hedges
The impact of hedged items designated in hedging relationships on the Income Statement and OCI, is as follows:

Cash flow hedges	Line item in the Income Statement	Gain/(loss) reclassified from OCI to Income Statement 2019 US$m	2018 US$m
Telfer gold sales	Sales revenue	(3)	22
Diesel	Cost of sales – Site production costs	6	5
Heavy fuel oil	Cost of sales – Site production costs	9	8
Total		**12**	**35**

(iv) Sensitivity Analysis
The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in the gold price with all other variables held constant. The 10% movement for gold (2018: 10%) is 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)**	
	2019 US$m	2018 US$m	2019 US$m	2018 US$m
Gold				
Gold +10% (2018: +10%)	6	5	(77)	(92)
Gold -10% (2018: -10%)	(6)	(5)	77	92

(1) Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.
(2) For derivatives which are in an effective hedging relationship, all fair value movements are recognised in Other Comprehensive Income.

The sensitivity of the exposure of copper, diesel and heavy fuel oil prices on financial assets and financial liabilities at year end has been analysed and determined to be not material to the Group.

(b) Foreign Currency Risk
The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's revenue is primarily denominated in US dollars whereas a material proportion of costs (including capital expenditure) are collectively in Australian dollars and PNG Kina. The Group's Australian entities have AUD functional currencies, while all non-Australian operating entities have USD functional currencies.

The Group's Statement of Financial Position can also be affected materially by movements in the AUD:USD exchange rate. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

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

US Dollar Denominated Balances	2019 US$m	2018 US$m
Financial Assets		
Cash and cash equivalents	1,444	761
Trade and other receivables	92	40
Related party receivables	24	4
Derivatives	4	31
	1,564	**836**
Financial Liabilities		
Payables	31	27
Related party payables	2	28
Borrowings	2,000	2,000
Derivatives	17	–
	2,050	**2,055**
Gross Exposure	**(486)**	**(1,219)**
Net investment in US dollar functional currency entities	854	1,500
Net Exposure (inclusive of net investment in foreign operations)	**368**	**281**

Net investment hedges

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. The entity which undertakes the majority of the Group's borrowing activities has an AUD functional currency. Where considered appropriate the US dollar denominated debt (net of cash) is designated as a net investment in foreign operations.

Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings and cash from the historical draw down rate to the period end spot exchange rate are recognised through Other Comprehensive Income and 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 2019, US dollar borrowings (net of cash) of US$854 million were designated as a net investment in foreign operations (2018: US$1,500 million).

Sensitivity analysis

The following table details the Group's sensitivity arising in respect of translation of financial assets and financial liabilities to a 10% movement (2018: 10%) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The percentage 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.

Post-tax gain/(loss)	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2019 US$m	2018 US$m	2019 US$m	2018 US$m
AUD/USD +10% (2018: +10%)	(26)	(18)	(60)	(103)
AUD/USD -10% (2018: -10%)	26	18	60	103

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

- Reasonably possible movements in foreign exchange rates;

  The reasonably possible movement of 10% (2018: 10%) was calculated by taking the AUD spot rate as at the reporting date, moving this spot rate by 10% (2018: 10%) and then re-converting the AUD into USD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group.
- The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement.

(c) Liquidity Risk

Newcrest is exposed to liquidity risk primarily through its capital management policies and objectives, which utilise debt as an element of the Group's capital structure. The specific risk exposures include the sufficiency of available unutilised facilities and the repayment maturity profile of existing financial instruments.

Liquidity risk is managed centrally by Group Treasury to ensure sufficient liquid funds are available to meet the Group's financial commitments through the following management actions:

- Targeting to maintain cash and committed undrawn bank facilities of at least US$1,500 million, with approximately one-third of that amount in the form of cash.
- Targeting to maintain an investment grade credit rating.
- Forecasting of cash flows relating to operational, investing and financing activities, including sensitivity analysis to test multiple scenarios.
- Management of repayment maturities to avoid excessive refinancing in any period.
- Maintain funding flexibility with committed available credit lines with a variety of counterparties.
- Managing credit risk related to financial assets.

The Group maintains a balance between continuity of funding and flexibility through the use of cash, loans and committed available credit lines. Included in Note 20 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

22. Financial Risk Management continued

(c) Liquidity Risk continued

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

	Less than 6 months US$m	Between 6–12 months US$m	Between 1–2 years US$m	Between 2–5 years US$m	Greater than 5 years US$m	Total US$m
2019						
Payables	444	–	–	–	–	444
Borrowings	31	47	94	1,650	1,003	2,825
Derivatives	33	20	28	39	–	120
	508	**67**	**122**	**1,689**	**1,003**	**3,389**
2018						
Payables	415	–	–	–	–	415
Borrowings	31	47	94	1,715	1,032	2,919
Derivatives	–	–	5	–	–	5
	446	**47**	**99**	**1,715**	**1,032**	**3,339**

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's cash and debt obligations that have floating interest rates. 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:

	2019			**2018**		
Consolidated	Floating Interest US$m	Fixed Interest US$m	Effective Interest Rate US$m	Floating Interest US$m	Fixed Interest US$m	Effective Interest Rate %
Financial Assets						
Cash and cash equivalents	1,600	–	2.4	953	–	2.3
	1,600	–		953	–	
Financial Liabilities						
Corporate bonds	–	2,000	4.7	–	2,000	4.7
	–	2,000		–	2,000	
Net exposure	**1,600**	**(2,000)**		**953**	**(2,000)**	

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

The sensitivity of this exposure has been analysed and determined to be not material to the Group.

(e) Credit Risk

The Group's exposure to credit risk arises from the potential default of the counterparty to the Group's financial assets, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

The Group limits its counterparty credit risk on investment funds by dealing only with banks or financial institutions with credit ratings of at least A- (S&P) equivalent and rated at least BBB (S&P) equivalent for derivative financial instruments. Credit risk is further limited by ensuring diversification with maximum investment limits based on credit ratings.

All customers who wish to trade on credit terms are subject to a credit risk analysis. The Group obtains sufficient collateral (such as a letter of credit) from customers where determined appropriate, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was US$43 million (2018: 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 2019 or 30 June 2018.

The majority of the Group's receivables at the reporting date are due from concentrate customers in Japan. 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.

(f) Financial Assets and Financial Liabilities

The following tables disclose the carrying amounts of each class of financial assets and financial liabilities at year end, classified between amortised cost, fair value through profit or loss and fair value through other comprehensive income ('OCI').

2019	Amortised cost US$m	Fair Value through profit or loss[1] US$m	Fair Value through OCI[2] US$m	Total US$m
Financial Assets				
Cash and cash equivalents	1,600	–	–	1,600
Trade and other receivables	43	92	–	135
Other financial assets – current	–	4	–	4
Other financial assets – non-current	–	9	90	99
	1,643	**105**	**90**	**1,838**
Financial Liabilities				
Trade and other payables	444	–	–	444
Borrowings	1,995	–	–	1,995
Other financial liabilities – current	–	16	43	59
Other financial liabilities – non-current	–	–	64	64
	2,439	**16**	**107**	**2,562**

2018	Amortised cost US$m	Fair Value through profit or loss[1] US$m	Fair Value through OCI[3] US$m	Total US$m
Financial Assets				
Cash and cash equivalents	953	–	–	953
Trade and other receivables	37	40	–	77
Other financial assets – current	–	6	27	33
Other financial assets – non-current	–	9	26	35
	990	**55**	**53**	**1,098**
Financial Liabilities				
Trade and other payables	415	–	–	415
Borrowings	1,993	–	–	1,993
Other financial liabilities – current	–	–	5	5
	2,408	**–**	**5**	**2,413**

(1) Primarily relates to gold and copper forward contracts and concentrate receivables.
(2) Relates to fuel hedges, Telfer AUD gold hedges and other equity investments.
(3) Relates to fuel hedges and Telfer AUD gold hedges.

(g) Fair Value

Fair value measurements recognised in the Statement of Financial Position

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the fair value method used, as defined by IFRS 13 Fair Value Measurement.

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

The Group's financial assets and liabilities which are measured at fair value on a recurring basis, are categorised as Level 1 and Level 2 measurements with the exception of the contingent consideration asset of US$9 million (2018: US$9 million) (refer Note 30(a)) which is categorised as Level 3 measurement.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

22. Financial Risk Management continued

(g) Fair Value continued

Fair value of financial instruments carried at amortised cost

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

Financial Liabilities	Carrying amount 2019 US$m	Carrying amount 2018 US$m	Fair value [1] 2019 US$m	Fair value [1] 2018 US$m
Borrowings:				
Fixed rate debt – Corporate Bonds	1,995	1,993	2,145	2,072

(1) The fair value is a level 2 valuation. Fair values of the Group's fixed rate borrowings are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

23. Issued Capital

(a) Movements in Issued Capital

	2019 US$m	2018 US$m
Opening balance	11,656	11,657
Shares repurchased and held in treasury [1]	(26)	(11)
Shares issued – dividend reinvestment plan	11	10
Total issued capital	**11,641**	**11,656**

(b) Number of Issued Ordinary Shares

	2019 No.	2018 No.
Comprises:		
– Shares held by the public	766,613,683	766,608,812
– Treasury shares	1,861,708	1,134,002
Total issued capital	**768,475,391**	**767,742,814**
Movement in issued ordinary shares for the year		
Opening number of shares	766,608,812	765,777,868
Shares issued under:		
– Shares repurchased and held in treasury [1]	(1,709,425)	(600,000)
– Share plans [2]	981,719	797,668
– Dividend reinvestment plan	732,577	633,276
Closing number of shares	**766,613,683**	**766,608,812**
Movement in treasury shares for the year		
Opening number of shares	1,134,002	1,331,670
– Purchases	1,709,425	600,000
– Issued pursuant to share plans	(981,719)	(797,668)
Closing number of shares	**1,861,708**	**1,134,002**

(1) During the year, the Newcrest Employee Share Plan Trust ('Trust') purchased a total of 1,709,425 (2018: 600,000) ordinary fully paid Newcrest shares at an average price of A$20.95 (US$14.87) per share (2018: average price of A$21.63 (US$17.04) per share). The shares were purchased on-market to be held by the Trustee on behalf of the Trust to satisfy the future entitlements of the holders of performance rights (and any other rights to acquire shares) under Newcrest's current and future employee incentive schemes.

(2) Represents rights exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 33 for share-based payments.

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 purchased 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.

24. Reserves

	Note	2019 US$m	2018 US$m
Equity settlements reserve	(a)	112	101
Foreign currency translation reserve	(b)	(489)	(327)
Hedge reserve	(c)	(75)	33
Other reserves	(d)	26	(1)
Total reserves		**(426)**	**(194)**

(a) Equity Settlements Reserve

This reserve is used to recognise the fair value of rights and options issued to employees 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 subsidiaries which do not have a functional currency of USD. The reserve is also used to record exchange gains and losses on hedges of the net investment in foreign operations. Refer Note 22(b).

(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 22). The components of the hedge reserve at year end were as follows:

Component	Note	2019 US$m	2018 US$m
Gold forward contracts – Telfer	22(a)	(106)	23
Fuel forward contracts	22(a)	(1)	25
		(107)	48
Tax effect		32	(15)
Total Hedge Reserve		**(75)**	**33**

(d) Other Reserves

Other Reserves are used to record Newcrest's share of other comprehensive income/(loss) of associates (refer Note 29) and changes in the fair value of equity instruments held at fair value.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

GROUP STRUCTURE

This section provides information relevant to understanding the structure of the Group.

25. Controlled Entities

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. The Group comprises the following significant entities:

			Percentage Holding	
Entity	Notes	Country of Incorporation	2019 %	2018 %
Parent Entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Cadia Holdings Pty Limited	(a)	Australia	100	100
Contango Agricultural Company Pty Ltd		Australia	100	100
Newcrest Finance Pty Limited	(a)	Australia	100	100
Newcrest International Pty Ltd	(a)	Australia	100	100
Newcrest Operations Limited	(a)	Australia	100	100
Newcrest West Africa Holdings Pty Ltd	(a)	Australia	100	100
Newgen Pty Ltd		Australia	100	100
Niugini Mining (Australia) Pty Ltd	(a)	Australia	100	100
Newcrest Insurance Pte Ltd	(b)	Singapore	100	100
Newcrest Singapore Holdings Pte Limited	(b)	Singapore	100	100
PT Nusa Halmahera Minerals	(b)	Indonesia	75	75
PT Nusantara Bintang Management		Indonesia	100	100
PT Puncakbaru Jayatama	(b)	Indonesia	100	100
Newcrest (Fiji) Pte Limited	(b)	Fiji	100	100
Newcrest Exploration (Fiji) Pte Limited	(b)	Fiji	100	100
Lihir Gold Limited	(b)	Papua New Guinea	100	100
Newcrest PNG 2 Limited	(b)	Papua New Guinea	100	100
Newcrest PNG 3 Limited	(b)	Papua New Guinea	100	100
Newcrest PNG Exploration Limited	(b)	Papua New Guinea	100	100
Newcrest Resources Inc		USA	100	100
Newroyal Resources Inc		USA	100	100
Newcrest Canada Inc		Canada	100	100
Newcrest Canada Holdings Inc		Canada	100	100
Newcrest Canada Services Inc		Canada	100	100
Newcrest Red Chris Mining Limited	(d)	Canada	100	–
Newcrest Chile SpA		Chile	100	100
NewcrestEcuador SA		Ecuador	100	100
LGL Exploration CI SA	(b) (c)	Côte d'Ivoire	–	100
LGL Resources CI SA	(b) (c)	Côte d'Ivoire	–	99.89
Newcrest Dougbafla CI SA	(b)	Côte d'Ivoire	89.89	89.89

Notes:
(a) These controlled entities are a party to a Deed of Cross Guarantee. Refer Note 27 for further information.
(b) Audited by affiliates of the Parent entity auditors.
(c) These entities were sold during the year.
(d) These entities were incorporated during the year.

26. Parent Entity Information

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

	Company	
	2019 US$m	2018 US$m
(a) Income Statement		
Profit/(loss) after income tax	(113)	(272)
Other comprehensive income/(loss)	(298)	(250)
Total comprehensive income/(loss) for the year	**(411)**	**(522)**
(b) Statement of Financial Position		
Current assets	91	92
Non-current assets	6,117	6,747
Total assets	6,208	6,839
Current liabilities	300	223
Non-current liabilities	486	637
Total liabilities	**786**	**860**
Net assets	**5,422**	**5,979**
Issued capital	11,641	11,656
Equity settlements reserve	112	101
Foreign currency translation reserve	(579)	(281)
Accumulated losses	(5,752)	(5,497)
Total equity	**5,422**	**5,979**
(c) Commitments		
Capital expenditure commitments	3	5

(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 27. 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

27. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 17 December 2016, the wholly-owned controlled entities detailed in Note 25 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 its eligible controlled entities enter into a Deed of Cross Guarantee ('Deed'). 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.

In May 2016, the Company and its eligible controlled entities entered into a new Deed.

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 is set out below.

	Consolidated	
Income Statement	2019 US$m	2018 US$m
Revenue	2,258	1,868
Cost of sales	(1,335)	(1,383)
Gross profit	**923**	**485**
Exploration costs	(31)	(40)
Corporate administration costs	(117)	(102)
Dividend income from subsidiaries	22	55
Other income/(expenses)	(57)	64
Share of profit/(loss) of associate	(4)	(2)
Impairment loss on property, plant and equipment	–	(269)
Impairment reversal/(loss) – other	12	(91)
Profit before interest and income tax	**748**	**100**
Finance income	26	8
Finance costs	(116)	(117)
Profit/(loss) before income tax	**658**	**(9)**
Income tax expense	(192)	2
Profit/(loss) after income tax	**466**	**(7)**

Statement of Financial Position	Consolidated 2019 US$m	Consolidated 2018 US$m
Current assets		
Cash and cash equivalents	1,477	803
Trade and other receivables	106	57
Inventories	157	165
Other financial assets	4	33
Other assets	26	42
Total current assets	**1,770**	**1,100**
Non-current assets		
Other receivables	52	36
Inventories	–	3
Investment in subsidiaries	4,521	5,120
Property, plant and equipment	3,206	3,372
Other intangible assets	26	31
Deferred tax assets	60	69
Other financial assets	99	35
Other assets	5	4
Investment in associates	78	67
Total non-current assets	**8,047**	**8,737**
Total assets	**9,817**	**9,837**
Current liabilities		
Trade and other payables	509	509
Provisions	74	73
Current tax liability	165	99
Other financial liabilities	61	–
Total current liabilities	**809**	**681**
Non-current liabilities		
Borrowings	1,995	1,993
Provisions	244	228
Deferred tax liabilities	86	186
Other financial liabilities	63	5
Total non-current liabilities	**2,388**	**2,412**
Total liabilities	**3,197**	**3,093**
Net assets	**6,620**	**6,744**
Equity		
Issued capital	11,641	11,656
Accumulated losses	(4,057)	(4,381)
Reserves	(964)	(531)
Total equity	**6,620**	**6,744**

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

28. Interest in Joint Operations

The Group has interests in the following significant unincorporated joint arrangements, which are accounted for as joint operations under accounting standards.

				Ownership Interest	
Name	Country	Principal Activity	Note	2019	2018
Wafi-Golpu JV	Papua New Guinea	Mineral exploration	(a)	50.0%	50.0%
Namosi JV	Fiji	Mineral exploration	(b)	71.82%	71.42%

Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation, its share of assets, liabilities, revenue and expenses from those operations and revenue from the sale of its share of the output from the joint operation or from the sale of the output by the joint operation.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses.

(a) Wafi-Golpu Joint Venture

The Wafi-Golpu JV is owned 50% by the Group and 50% by subsidiaries of Harmony Gold Mining Company Limited. Pursuant to the JV agreement, key operational decisions of the JV require a unanimous vote and therefore the Group has joint control. For segment reporting, Wafi-Golpu is included within the 'Exploration and Projects' segment.

Under the conditions of the Wafi-Golpu exploration tenements, the PNG Government ('the State') has reserved the right to take up an equity interest of up to 30% in a mine developed from Wafi-Golpu. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro rata share of the accumulated historical exploration and project development costs. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012, the State indicated its intention to exercise its option. As at 30 June 2019, this option has not been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu JV would be reduced to 35%.

The Wafi-Golpu JV completed a feasibility study update in March 2018. The Wafi-Golpu project is currently in the permitting phase.

The carrying value of the Group's interest in the Wafi-Golpu JV as at 30 June 2019 is US$467 million (2018: US$441 million).

(b) Namosi Joint Venture

The Namosi JV was established between the Group and two other parties under the Namosi Joint Venture agreement in November 2007. Pursuant to this JV agreement, key operational decisions of the JV require a unanimous vote and therefore the Group has joint control. For segment reporting, the Namosi JV is included within the 'Exploration and Projects' segment.

The carrying value of the Group's interest in the Namosi JV as at 30 June 2019 is US$25 million (2018: US$25 million).

29. Investment in Associates

Movements in investment in associates	2019 US$m	2018 US$m
Opening balance	324	64
Acquisition – Lundin Gold Inc	10	251
Acquisition – SolGold plc	18	9
Acquisition – Azucar Minerals Ltd	–	15
Total acquisitions	28	275
Share of profit/(loss)	(18)	(5)
Share of other comprehensive income/(loss)	3	(1)
Impairment loss – Azucar Minerals Ltd	–	(6)
Foreign currency translation	(4)	(3)
Closing balance	**333**	**324**

An associate is an entity that is neither a subsidiary nor joint arrangement, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in associates is accounted for using the equity method.

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.

(a) Details of Associates

		Interest		Carrying Amount	
Associate	Country of Incorporation	2019 %	2018 %	2019 US$m	2018 US$m
Lundin Gold Inc	Canada	27.1%	27.1%	252	249
SolGold plc	United Kingdom	15.2%	14.5%	78	67
Azucar Minerals Ltd	Canada	19.9%	19.9%	3	8
				333	**324**

Each of the Group's associates are in the exploration and/or mine development phase and do not currently generate revenue. Further details are as follows:

Lundin Gold Inc

Lundin Gold Inc ('Lundin') is a Canadian based mine development company, developing the Fruta del Norte gold project in Ecuador. Lundin is listed on the Toronto Stock Exchange ('TSX') and the Nasdaq Stockholm.

On 26 March 2018, Newcrest acquired a 27.1% equity interest in Lundin for US$251 million (inclusive of transaction costs of US$1 million), following a share subscription agreement entered into on 24 February 2018. In addition to holding 27.1% of the voting rights, in accordance with the share subscription agreement, Newcrest has appointed two directors to the Board of Lundin and representation on the project advisory committee of the Fruta del Norte gold project.

As at 30 June 2019, Lundin (on a 100% basis) has total assets of US$1,343 million (2018: US$995 million), total liabilities of US$778 million (2018: US$390 million) and net assets of US$565 million (2018: US$605 million). Assets include cash of US$252 million (2018: US$393 million), property, plant and equipment of US$720 million (2018: US$285 million) and mineral properties of US$241 million (2018: US$252 million). Liabilities include non-current borrowings of US$723 million (2018: US$349 million).

As at 30 June 2019, the Group held 60,237,973 shares (2018: 57,736,721) with a market value of US$302 million (2018: US$200 million) based on the closing share price on the TSX.

SolGold Plc

SolGold Plc ('SolGold') is an Australian based, copper gold exploration and future development company with assets in Ecuador, the Solomon Islands and Australia. SolGold is listed on the London Stock Exchange ('LSE') and the TSX.

The Group acquired an initial 10% interest in SolGold in October 2016 following the signing of a share subscription agreement with SolGold. The Group has since acquired a further 5.2% interest.

Under the agreement, subject to holding more than 10% of the share capital of SolGold, Newcrest has a right (but not an obligation) to appoint a Director to the Board of SolGold. Consequently, at the date of initial acquisition, it was determined that Newcrest had the ability to participate in the financial and operating policy decisions of SolGold. It was therefore determined that Newcrest has significant influence under accounting standards from the date of the initial acquisition. In March 2017, Newcrest appointed a director to the Board of SolGold.

As at 30 June 2019, the Group held 281,216,471 shares (2018: 246,634,271 shares) with a market value of US$114 million (2018: US$74 million) based on the closing share price on the LSE.

Azucar Minerals Ltd

Azucar Minerals Ltd ('Azucar') is a mineral exploration company listed on the TSX. Formerly Almadex Minerals Ltd, its assets include the El Cobre copper/gold porphyry project near Veracruz, Mexico.

Newcrest acquired an initial 19.9% interest in Azucar in May 2018 for US$15 million following the signing of a subscription agreement with Almadex Minerals Ltd. Under the agreement, subject to holding more than 10% of the share capital of Azucar, Newcrest has a right (but not an obligation) to appoint a Director to the Board of Azucar. Consequently, at the date of initial acquisition, it was determined that Newcrest had the ability to participate in the financial and operating policy decisions of Azucar. It was therefore determined that Newcrest has significant influence under accounting standards from the date of the initial acquisition.

As at 30 June 2019, the Group held 14,674,056 shares (2018: 14,391,568) with a market value of US$3 million (2018: US$8 million) based on the closing share price on the TSX.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

30. Business Divestment

(a) Divestment of Bonikro in 2018

In December 2017, Newcrest signed an agreement to sell its 89.89% interest in the Bonikro operation, to a consortium consisting of F&M Gold Resources Ltd and Africa Finance Corporation ('the acquirer'). The divestment was completed on 28 March 2018, following the satisfaction of all closing conditions precedent under the sale agreement. Consideration for the sale was US$81 million and comprised of:

- Cash of US$72 million cash; and
- Net smelter royalty on future ore mined at the Bonikro lease, with a fair value of US$9 million which has been recognised as a contingent consideration asset (refer Note 21).

As a result of the sale agreement, Bonikro was classified as 'held for sale' and was disclosed as such in the 31 December 2017 half-year financial statements. The carrying value of Bonikro was compared to its recoverable amount of US$80 million, which comprised consideration of US$81 million less costs to dispose of US$1 million. This resulted in a write-down of US$15 million during the year.

The sale agreement had an economic effective date of 1 October 2017. The economic interest of Bonikro from 1 October 2017 to 28 March 2018 was to the benefit of the acquirer. The net cash generated by Bonikro during this period, which was to the benefit of the acquirer, was US$23 million.

On sale completion, Newcrest released to the Income Statement from Other Comprehensive Income, a net foreign exchange gain of US$29 million on historic funding arrangements that were designated as a hedge of the Group's net investment in the Bonikro operations.

(b) Impact on Income Statement

The impact of the divestment of Bonikro in 2018 on the Income Statement was as follows:

	Note	2019 US$m	2018 US$m
Consideration received		–	81
Less: Transaction costs		–	(1)
Less: Written down value of net assets sold	30(c)	–	(80)
Gain / (loss) on business divestment		**–**	**–**
Net investment hedge gain/ (loss) transferred to the Income Statement on business divestment, net of tax	6	–	29
Write-down of property, plant and equipment	6	–	(15)
Total gain/(loss)		**–**	**14**

(c) Net Assets Disposed

The carrying value of the net assets of Bonikro in 2018 disposed of is as follows:

Book Value on Divestment	2019 US$m	2018 US$m
Assets		
Cash and cash equivalents [(1)]	–	23
Receivables and prepayments	–	8
Inventories	–	83
Property, plant and equipment [(2)]	–	13
Total Assets	**–**	**127**
Liabilities		
Trade and other payables	–	30
Provisions – rehabilitation	–	14
Provisions – other	–	3
Total Liabilities	**–**	**47**
Net assets divested	**–**	**80**

(1) Balance of US$23 million represented the net cash generated by Bonikro from 1 October 2017 to 28 March 2018 which was divested in accordance with the sale agreement.
(2) Balance of US$13 million is net of a US$15 million write-down as per Note 6.

(d) Impact on Statement of Cash Flows

The cash inflow on divestment of Bonikro in 2018, net of cash held by the subsidiaries was as follows:

	2019 US$m	2018 US$m
Cash consideration received	–	72
Less: Transaction costs paid	–	(1)
Less: Cash and cash equivalents divested	–	(23)
Total	**–**	**48**

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

OTHER

This section includes additional financial information and other disclosures that are required by the accounting standards and the *Corporations Act 2001*.

31. Commitments

	2019 US$m	2018 US$m
(a) Operating Lease Commitments		
Future minimum rentals payable on non-cancellable operating leases due:		
Within one year	39	30
Later than one year but not later than five years	27	41
Later than five years	8	13
Total	**74**	**84**
The Group leases assets for operations 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.		
(b) Capital Expenditure Commitments		
Capital expenditure commitments	**109**	**63**

This represents contracted capital expenditure.

32. Contingencies

(a) Income Tax Matters – Indonesia

In prior years, the Indonesian Taxation Office ('ITO') completed tax audits and issued amended assessments to PT Nusa Halmahera Minerals ('PT NHM') for the 2010 to 2016 financial years. The principal issue raised in these amended assessments was the income tax rate applicable under the Gosowong Contract of Work ('CoW'). PT NHM is 75% owned by Newcrest.

The amended assessments issued by the ITO to PT NHM applied a higher tax rate to the income of PT NHM, in accordance with the ITO interpretation. This resulted in additional tax assessments of US$96 million in total for the years in dispute (on a 100% basis).

PT NHM disagrees with the ITO interpretation and has objected to these assessments but has paid the amounts assessed to mitigate future penalties.

During the 2018 financial year, PT NHM received an adverse ruling from the Indonesian Tax Court in relation to the dispute for the 2013 financial year (tax in dispute US$8 million). PT NHM did not agree with the judgement and appealed to the Indonesian Supreme Court. Given the Indonesian Tax Court's adverse ruling, PT NHM wrote off US$8 million of tax receivable and recognised an income tax expense for the same amount in the 2018 financial year.

During the 2019 financial year, PT NHM received favourable rulings from the Indonesian Tax Court in relation to this dispute for the 2010 financial year (tax in dispute US$8 million) and the 2011 financial year (tax in dispute US$30 million). PT NHM received the refunds of US$38 million in relation to the favourable rulings during this financial year. The ITO has subsequently appealed this decision to the Indonesian Supreme Court.

If PT NHM's objection to the remaining prior period assessments (for the 2012, 2014, 2015 and 2016 financial years) is ultimately unsuccessful, it will not recover the amounts paid of US$50 million and income tax expense would be adversely impacted by the same amount.

PT NHM also continued to apply its own interpretation of the income tax rate applicable under the CoW to the 2017 and 2018 financial years. If, following audits, the ITO issues assessments maintaining its alternative interpretation of the applicable tax rate, the additional tax assessed is estimated to be approximately US$15 million (on a 100% basis).

It is noted that pursuant to the amendment to the CoW signed on 25 June 2018, PT NHM will be subject to the prevailing corporate tax rate, which is the tax rate currently applied by PT NHM. On that basis, there should be no further dispute on the income tax rate applicable to PT NHM for income tax years after 25 June 2018.

The Group considers that PT NHM has made adequate provision for its taxation liabilities and is taking appropriate steps to address issues raised by the ITO.

(b) Other Matters

In addition to the above matters, companies in the Group are recipients of, or defendants in, certain claims, proceedings and/or complaints made, commenced or threatened. In the opinion of the Directors, all such matters are of such a kind, or involve such amounts, that they are not anticipated to have a material effect on the financial position of the Group if disposed of unfavourably or are at a stage which does not support a reasonable evaluation of the likely outcome of the matter.

(c) Bank Guarantees

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is US$62 million (30 June 2018: US$71 million).

33. 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). The Group operates a number of share-based payment plans, including:

- Executive Performance Share Plan ('LTI Plan')
- Employee Share Acquisition Plan ('ESAP')
- Share Match Plan
- Sign-On Share Plan
- Short Term Incentive Plan ('STI Plan')

(a) Executive Performance Share Plan (LTI Plan)

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

The vesting conditions for the Performance Rights granted in the 2019 financial year for Executive General Manager comprised of a service condition and three equally weighted performance measures, being:

- Comparative Cost Position;
- Return on Capital Employed (ROCE); and
- Relative Total Shareholder Return ('TSR')

These measures are consistent with the prior year. Each LTI measure was chosen by the Board as it is a key driver of group performance. Performance against each of these measures over the three year vesting period determines the grant made to participants. There is no ability to re-test performance under the Plan after the performance period.

The vesting conditions for the General Managers comprise of a service condition and 50% of the rights have performance measures as noted above. The vesting conditions for Managers comprise of service conditions only.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

33. Share-Based Payments continued

(a) Executive Performance Share Plan (LTI Plan) continued

The assessed fair value at grant date of the Performance Rights granted under the LTI plan is independently determined using an option pricing model. The model inputs included:

	2019	2018
Fair value – Executives General Managers	A$17.77	A$20.21
Fair Value – General Managers	A$18.95	A$20.21
Fair Value – Managers	A$20.13	A$20.21
Share price at grant date	A$20.74	A$23.61
Expected life of right	3 years	3 years
Exercise price	Nil	Nil
Risk-free interest rate	2.08%	1.91%
Annualised volatility	30.0%	35.0%
Expected dividend yield	1.0%	1.0%

The rights have been valued using a combination of the Monte Carlo simulation and Black-Scholes models. The fair value of the rights granted is adjusted to reflect market vesting conditions. Non-market conditions are included in the assumptions about the number of rights that are expected to become exercisable and are updated at each reporting date. The impact of the revision to original estimates is recognised in the Income Statement with a corresponding adjustment to equity.

Upon the exercise of rights, the balance of the equity settlements reserve relating to those rights remains in the Equity Settlements Reserve.

Accounting Estimates and Assumptions – 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 above.

(b) Movements in the Number of Rights issued under the LTI Plan

Detailed information of Performance Rights over unissued ordinary shares is set out below:

		Movement in Number of Rights During the Year				
Grant date	Exercise date	Beginning of year	Granted	Exercised	Forfeited	End of year
2019						
21 Nov 2018	21 Nov 2021	–	1,029,471	–	(37,557)	991,914
21 Nov 2017	15 Nov 2020	817,880	–	–	(65,602)	752,278
15 Nov 2016	15 Nov 2019	699,674	–	–	(43,458)	656,216
5 Nov 2015	5 Nov 2018	1,112,196	–	(611,163)	(501,033)	–
Total		**2,629,750**	**1,029,471**	**(611,163)**	**(647,650)**	**2,400,408**
2018						
21 Nov 2017	21 Nov 2020	–	863,890	–	(46,010)	817,880
15 Nov 2016	15 Nov 2019	803,712	–	–	(104,038)	699,674
5 Nov 2015	5 Nov 2018	1,240,665	–	–	(128,469)	1,112,196
12 Dec 2014	7 Nov 2017	1,399,463	–	(790,812)	(608,651)	–
Total		**3,443,840**	**863,890**	**(790,812)**	**(887,168)**	**2,629,750**

All Performance Rights have a nil exercise price. The number of performance rights exercisable at year end is nil (2018: nil).

(c) ESAP, Share Match Plan and Sign-On Share Plan

Under the ESAP, eligible employees are granted shares in the Company for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Group for a period of at least one year, and are not eligible for the LTI Plan, are able to participate in the ESAP.

Under the Share Match Plan, eligible employees may contribute up to A$4,950 to acquire shares in the plan year. On the third anniversary of the start of the plan year, the Company will match the number of acquired shares held by the employee at that time with matched shares.

To support Newcrest's ability to attract and/or retain suitable executives and senior managers, it is sometimes necessary to offer sign-on incentives. Such incentives are consistent with market practice in the industry. Rights awarded under the Sign-on Share Plan vest over periods up to three years and are subject to continued employment and/or performance.

The number of shares and rights granted under these plans during the year was not material to the Group. The number of rights outstanding at year end was 210,654 (2018: 292,137).

(d) STI Plan

This plan applies to certain employees including key management personnel. Under the STI Plan, for eligible employees, 50% of the payment is provided in cash with the remaining 50% deferred into shares. The number of shares calculated is based on the Company's volume weighted average share price during the five trading days immediately preceding the date of payment of the cash portion. Half the shares are released after 12 months and the remainder after 2 years.

During the year 225,640 shares were granted in respect to this plan (2018: 198,180 shares).

34. Key Management Personnel

(a) Remuneration of Key Management Personnel and Directors (1)

	2019 US$'000	2018 US$'000
Short-term	8,165	11,688
Long-term	45	93
Post-employment	158	241
Share-based payments expense	6,427	8,233
	14,795	**20,255**

(1) In 2019, the Group re-examined the classification of Executives in Key Management Personnel ('KMP') which reduced the number of Executives in KMP in 2019 to five (2018: nine). KMP also includes Non-Executive Directors for which the classification remained unchanged.

(b) Loans and other transactions with Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

35. Auditors' Remuneration

	2019 US$'000	2018 US$'000
(a) Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of financial reports of the Company and subsidiaries	1,344	1,227
Assurance services:		
Audit-related assurance services	149	8
Sustainability assurance services	225	173
Total audit and assurance services	**1,718**	**1,408**
Non-audit services:		
Transaction accounting and tax due diligence services	875	588
Other tax services	7	7
Total non-audit services	**882**	**595**
Total	**2,600**	**2,003**
(b) Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Audit or review of financial reports of subsidiaries	136	184
(c) Amounts received or due and receivable by other auditors for:		
Audit or review of financial reports of subsidiaries	23	23

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2019

36. New Accounting Standards and Interpretations

New accounting standards and interpretations issued but not yet effective and not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2019, but have not been applied in preparing this financial report.

Reference & Title	Application date for the Group	Impact on Group
AASB 16 Leases	1 July 2019	(a)
AASB Interpretation 23 Uncertainty over Income Tax Treatments	1 July 2019	(b)

(a) *AASB 16 Leases*

AASB 16 Leases supersedes the existing accounting standard, AASB 117 Leases. It has an effective date for the Group of 1 July 2019. The Group will adopt the new standard on the required effective date.

AASB 16 introduces a single lessee accounting model, requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

The Group is party to contracts for leases of property, plant and equipment; including but not limited to: office premises, mining equipment and contractor-provided equipment. Adoption of the new lease standard will result in lower operating costs and higher finance and depreciation costs as the accounting profile of the lease payments changes under the new model. The statement of financial position will also be impacted, with an increase to both non-current assets (right-of-use assets) and liabilities (lease liabilities). Cash flows from operating activities will increase as affected lease payments will be now be classified as financing cashflows. Conversely, cash flows from financing activities will decrease for the same reason.

The Group has progressed its implementation of the new lease standard. During the first half of the 2019 financial year, the Group developed an implementation plan and review framework to facilitate analysis of its contract population. During the second half of the 2019 financial year it conducted ongoing reviews of its lease population for the application of AASB 16 and engaged internal stakeholders to review existing business processes. It also progressed its analysis of the embedded lease population, integrated the new standard into its budgetary procedures and developed systems to manage lease data capture and reporting. Implementation of the project will continue into the first half of the 2020 financial year.

The Group will use the modified retrospective method of adoption on transition. It expects to utilise the practical expedient available under the standard to 'grandfather' its assessment of contracts not previously identified as leases under AASB 117, as well as practical expedients for short-term leases, low value leases and leases expiring within 12 months of transition date.

Based on the analysis performed to date, the Group expects the impact of AASB 16 on the date of adoption (1 July 2019) will result in the recognition of additional right of use assets and lease liabilities of approximately US$55 million to US$65 million. The cumulative effect on retained earnings will be immaterial.

(b) *AASB Interpretation 23 – Uncertainty over income tax treatments*

This interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. The Interpretation does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has reviewed its internal policies and tax risk frameworks and has determined that adoption of the interpretation will not have a material impact. The interpretation has an effective date for the Group of 1 July 2019.

Other accounting interpretations

The Australian Accounting Standards Board and Auditing and Assurance Standards Board jointly issued in December 2018, and then re-issued in April 2019, the guidance document "Climate-related and other emerging risks disclosures: assessing financial statement materiality using AASB/IASB Practice Statement 2". This guidance notes that climate change and other emerging risks continue to receive increased focus from investors and other stakeholders highlighting the importance of climate-related risks to their decision making. The guidance document provides direction to financial statement preparers and auditors on how to consider climate-related risks in the context of the financial statements.

The Group has identified its climate-related risks in section 7 of the Operating and Financial Review.

Apart from the above, other accounting standards, amendments and interpretations that have been issued and will be applicable in future periods have been considered, however their impact is not considered material to the Group.

37. Events Subsequent to Reporting Date

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2019 of US 14.5 cents per share, which will be fully franked. The dividend will be paid on 26 September 2019. The total amount of the dividend is US$111 million. This dividend has not been provided for in the 30 June 2019 financial statements.

Subsequent to year end the Group completed the acquisition of its interest in the Red Chris Joint Venture. Refer Note 38 for details.

There have been no other matters or events that have occurred subsequent to 30 June 2019 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.

38. Acquisition of Interest in the Red Chris Joint Venture

(a) Asset Purchase Agreement – March 2019

On 10 March 2019, Newcrest Mining Limited and its wholly owned subsidiary Newcrest Red Chris Mining Limited (formerly Newcrest B.C. Mining Ltd) entered into an Asset Purchase Agreement ('APA') with TSX-listed Imperial Metals Corporation (Imperial) to acquire a 70% joint-venture interest in, and operatorship of, the Red Chris mine and surrounding tenements in British Columbia, Canada (Red Chris Joint Venture) for US$806.5 million. The consideration payable will be subject to customary adjustments for certain assumed equipment loans and for working capital.

The Red Chris mine is a copper-gold porphyry with an operating open-pit. The acquired property comprises 23,142 hectares of land with 77 mineral tenures.

The acquisition of Newcrest's interest in the Red Chris Joint Venture will be structured via an unincorporated arrangement.

(b) Transaction Completion Post Reporting Date

Subsequent to year end, on 15 August 2019, the Group completed the acquisition and the Red Chris Joint Venture was formed pursuant to the Red Chris Joint Venture Agreement ('JVA'). Under the JVA, the Group has rights to its share of the assets and obligations for its share of the liabilities of the arrangement rather than a right to a net return.

The Group will recognise its interest in assets and liabilities; revenue from the sale of its share of the output by the unincorporated arrangement; and associated expenses. All such amounts will be measured in accordance with the terms of the JVA, which is expected to be in proportion to the Group's 70% interest in the arrangement. These amounts will be recorded in the Group's financial statements on the appropriate lines.

The final purchase price of $804m is subject to debt and net working capital adjustments. The working capital adjustment comprises inventory, provisions and trade and other payables and will be finalised in the first half of the 2020 financial year.

Given the timing of the acquisition, work is required to determine the final fair values of the assets acquired and the liabilities assumed, including the finalisation of the debt and working capital adjustment. The finalisation of these fair values will be completed within 12 months of the acquisition date, at the latest.

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 2019 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 2019.

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 25 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Peter Hay
Chairman

Sandeep Biswas
Managing Director and Chief Executive Officer

16 August 2019
Melbourne

Independent Auditor's Report

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Independent Auditor's Report to the Members of Newcrest Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Newcrest Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Independent Auditor's Report continued

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1. Assessment of the carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group's consolidated statement of financial position includes property, plant and equipment of $7,816 million and other intangible assets of $33 million. Group policy is to assess for indicators of impairment and impairment reversal annually or more frequently if indicators of impairment exist, for each cash generating unit (CGU). At 30 June 2019, the Group determined that: a) No indicators of impairment currently exist for any CGUs. b) The carrying value of the Lihir and Telfer CGUs approximated their respective fair values, requiring further sensitivity analysis and for the reasons set out in Note 12 of the financial report, the Group performed an impairment test for these CGUs and the Gosowong CGU. No impairment charge was required following this test. c) The Group also considered if previous impairment of the Lihir CGU assets, other than goodwill, should be reversed, concluding that an impairment reversal was not required. Determination as to whether or not an impairment charge or reversal relating to an asset or CGU involves significant judgement about the future results and plans for each asset and CGU. Further disclosures relating to the assessment of impairment can be found at Note 12.	We evaluated the Group's assessment of indicators of impairment or impairment reversal and the Group's calculations of the recoverable amount of each CGU within their impairment testing. With the involvement of our valuation specialists, we assessed the reasonableness of the board approved cash flow projections, the value ascribed to unmined resources, exploration potential and key macro-economic assumptions used in the impairment models. The Group used internal and external experts to provide geological, metallurgical, mine planning and technological information to support key assumptions in the impairment models. We have examined the information provided by the Group's experts, including assessment of the competence, qualifications and the objectivity of the internal and external experts, the methodology applied, and we have also substantiated the information supporting the inputs used in the impairment models. We also assessed the reasonableness of the forecast cashflows against the past performance of the CGU's. We assessed key assumptions such as gold and copper prices, discount rates, foreign exchange rates, mine operating costs and capital expenditures and performed sensitivity analysis around the key drivers of the cash flow projections. Having determined the change in assumptions (individually or collectively) that would be required for the CGU's to record an impairment charge or reversal, we considered the likelihood of such a movement in those key assumptions arising. In addition, we assessed the adequacy of the disclosures included in Note 12.

2. Mine rehabilitation provisions

Why significant	How our audit addressed the key audit matter
The Group has rehabilitation obligations to restore and rehabilitate land and environmental disturbances created by mine operations, including exploration and development activities. These obligations are determined through regulatory and legislative requirements across multiple jurisdictions in addition to policies and processes set by the Group. At 30 June 2019, the Group has recorded $361 million as mine rehabilitation provisions. The estimation of mine rehabilitation provisions is highly complex and judgemental with respect to the timing of the activities, the associated economic assumptions and estimated cost of the future activities. Disclosure in relation to mine rehabilitation provisions can be found in Note 18 of the financial report.	We evaluated the Group's determination of the mine rehabilitation provision for each mine. The Group has used internal and external experts to support the estimation of the mine rehabilitation provisions. With the support of our environmental specialists we assessed the competence, qualifications and objectivity of the internal and external experts and assessed the reasonableness of the assumptions in the closure plans and cost estimates used by the Group's internal and external experts, and that the information provided by the Group's internal and external experts has been appropriately reflected in the calculation of the mine rehabilitation provisions. We assessed the reasonableness of economic assumptions, such as the discount and inflation rates that were applied in the calculations. We assessed the adequacy of the disclosures included in Note 18.

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Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report continued

Building a better working world

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Trent van Veen Partner	Matthew Honey Partner

Melbourne
16 August 2019

Shareholder Information

ISSUED CAPITAL (ON 2 SEPTEMBER 2019)

Title of Class	Number of Shareholders	Number of Shares
Ordinary	53,806	768,475,391

TWENTY LARGEST SHAREHOLDERS AS AT 2 SEPTEMBER 2019

	Name	Number of Shares	% Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	404,647,346	52.66
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	134,534,472	17.51
3	CITICORP NOMINEES PTY LIMITED	88,199,817	11.48
4	NATIONAL NOMINEES LIMITED	21,994,072	2.86
5	BNP PARIBAS NOMINEES PTY LTD <Agency Lending DRP A/C>	15,034,507	1.96
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,943,724	1.16
7	BNP PARIBAS NOMS PTY LTD <DRP>	7,465,121	0.97
8	CITICORP NOMINEES PTY LIMITED <Colonial First State Inv A/C>	5,158,031	0.67
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	5,139,890	0.67
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-Comnwlth Super Corp A/C>	3,700,988	0.48
11	NATIONAL NOMINEES LIMITED <DB A/C>	3,233,244	0.42
12	PACIFIC CUSTODIANS PTY LIMITED <Employee Share Tst A/C>	2,461,708	0.32
13	AMP LIFE LIMITED	2,179,419	0.28
14	BNP PARIBAS NOMINEES PTY LTD <IB AU Noms Retailclient DRP>	2,093,440	0.27
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <A/C 2>	1,801,800	0.23
16	PACIFIC CUSTODIANS PTY LIMITED <NCM Plans Ctrl>	1,114,606	0.15
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED < Euroclear Bank SA NV A/C>	1,108,882	0.14
18	BAINPRO NOMINEES PTY LIMITED	1,004,471	0.13
19	CS THIRD NOMINEES PTY LIMITED <HSBC Cust Nom AU Ltd 13 A/C>	929,168	0.12
20	NATIONAL NOMINEES LIMITED <N A/C>	876,821	0.11
Total		**711,621,527**	**92.60**

SUBSTANTIAL SHAREHOLDERS[1] AS AT 2 SEPTEMBER 2019

Name	Number of Shares	% Issued Capital
BlackRock Group	94,595,844[2]	12.32
Allan Gray Australia Pty Ltd and its related bodies corporate	59,664,649	7.76
The Vanguard Group, Inc.	38,436,257	5.006

1. As notified to Newcrest under section 671B of the *Corporations Act 2001 (Cth)*.
2. This number includes 6,576 American Depositary Receipts that, according to BlackRock's substantial holder notice of 29 August 2018, are non-voting.

DISTRIBUTION OF SHAREHOLDERS AS AT 2 SEPTEMBER 2019

Size of Holding	Number of Shareholders	Number of Shares	% Issued Capital
1 – 1,000	41,983	12,564,715	1.64
1,001 – 5,000	10,466	21,706,311	2.82
5,001 – 10,000	878	6,173,852	0.80
10,001 – 100,000	432	9,274,299	1.21
100,001 and Over	47	718,756,214	93.53
Total	**53,806**	**768,475,391**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares was 2,498 (based on the closing market price on 2 September 2019).

VOTING RIGHTS

Each ordinary shareholder present at a general meeting (whether in person, by proxy or by representative) is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

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

DIVIDENDS

The Board has determined a final dividend of US 14.5 cents per share for the year ended 30 June 2019. An interim dividend of US 7.5 cents per share was paid on 22 March 2019.

The Dividend Reinvestment Plan (DRP) remains in place and will be offered to shareholders according to the terms of the DRP. A copy of the DRP Rules is on the Company's website at www.newcrest.com.au.

ON MARKET BUY-BACK

Newcrest has a current on-market buy-back program. There has been no activity under the program since April 2012.

AMERICAN DEPOSITARY RECEIPTS

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 Mellon. Contact details are set out in the Corporate Directory Section of this Report, which is inside the back cover.

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

During the 2019 financial year, the net movement for ADRs was positive 405,559 and at year-end a net 5,069,819 ADRs were outstanding.

INVESTORS

The Company's website at www.newcrest.com.au/investors has a section where investors have access to market releases, reports, presentations, dividend history, shareholder information, key dates and other information.

ONLINE SHARE REGISTRY INFORMATION

Visit the Company's Share Registry, Link Market Services, at www.linkmarketservices.com.au to access a wide variety of your holding information, make the following changes online or download forms.

You can:

- check your current holding and balances;
- update your electronic communication instructions;
- update your address and bank details;
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- check transaction and dividend history;
- enter your email address;
- download a variety of instruction forms; and
- add or update DRP instructions.

You can access your holding via a secure login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which you will find on your holding record. You will also need the postcode recorded on your holding record.

SHARE REGISTRY CONTACT INFORMATION

You can also contact the Company's Share Registry by calling 1300 554 474 within Australia or +61 1300 554 474 from outside Australia. More Share Registry contact details are set out in the Corporate Directory section of this Report, which is inside the back cover.

ANNUAL REPORT

You can access a full copy of the Annual Report online at www.newcrest.com.au. If you no longer wish to receive a hard copy of the Annual Report, log into your shareholding or contact our Share Registry to update your communication instructions.

Five Year Summary

For the 12 months ended 30 June[1]	2019	2018	2017	2016	2015
Gold Production (ounces) [2]					
Cadia[2]	912,777	599,717	619,606	668,773	667,418
Lihir	932,784	955,156	940,060	900,034	688,714
Telfer	451,991	425,536	386,242	462,461	520,309
Gosowong	190,186	251,390	295,876	197,463	331,555
Bonikro[3]	–	114,555	128,327	137,696	119,970
Hidden Valley[4]	–	–	10,520	72,566	94,601
Total	**2,487,739**	**2,346,354**	**2,380,630**	**2,438,994**	**2,422,568**
Copper Production (tonnes)	105,867	77,975	83,941	83,070	96,816
Silver Production (ounces)	1,004,507	935,856	1,168,812	2,263,837	2,181,419
All-In Sustaining Cost (US$ per ounce)	738	835	787	762	780
Cash Flow (US$m)					
Cash flow from operations	1,487	1,434	1,467	1,241	1,280
Capital expenditure	531	541	582	471	471
Exploration expenditure	78	72	58	44	38
Free cashflow[5]	804	601	739	814	854
Profit and Loss (US$m)					
Sales revenue	3,742	3,562	3,477	3,295	3,604
Depreciation and amortisation	746	791	689	698	574
Income tax expense/(benefit)	272	118	164	118	335
Net profit/(loss) after tax:					
– Statutory profit/(loss)[6]	561	202	308	332	376
– Underlying profit[7]	561	459	394	323	424
Earnings per share and dividends (US cents per share)					
Earnings per share (EPS):					
– Basic EPS on statutory profit/(loss)	73.0	26.3	40.2	43.3	49.1
– Basic EPS on underlying profit	73.0	59.8	51.4	42.1	55.3
Dividends	22.0	18.5	15.0	7.5	Nil
Financial Position (US$m)					
Total assets	11,837	11,480	11,583	11,191	11,803
Total liabilities	4,206	4,018	4,049	4,071	4,846
Total equity	7,631	7,462	7,534	7,120	6,957
Ratios (percent)					
Net-debt-to-EBITDA[8]	0.2	0.7	1.1	1.6	2.1
Gearing (percent)[9]	4.9	12.2	16.6	22.8	29.3
Return on Capital Employed[10]	11.2	8.8	7.9	6.2	7.8
Issued Capital (million shares) at year end	**768**	**768**	**767**	**767**	**767**
Gold Inventory (million ounces)[11]					
Ore Reserves	54	62	65	69	75
Mineral Resources	110	120	130	140	140

(1) All financial data presented in this summary is quoted in US dollars unless otherwise stated.
(2) Includes pre-commissioning production (2015–2017)
(3) Production from Bonikro includes production up to the divestment date of 28 March 2018.
(4) Production from Hidden Valley includes two months of production, up to the economic effective disposal date of 31 August 2016.
(5) Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities.
(6) Statutory Profit/(loss) is profit/(loss) after tax attributable to owners of the parent.
(7) Underlying Profit is profit after tax before significant items attributable to owners of the parent.
(8) Calculated as net debt divided by EBITDA of the preceding 12 months. Calculated as at 30 June.
(9) Calculated as net debt divided by net debt and total equity. Figure represents Gearing at 30 June.
(10) Calculated as EBIT to average total capital employed.
(11) Reserves and Resources are as at 31 December 2018 for 2019, 31 December 2017 for 2018, 31 December 2016 for 2017, 31 December 2015 for 2016 and 31 December 2014 for 2015.

Corporate Directory

Investor Information

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Stock Exchange Listings

Australian Securities Exchange

(Ticker NCM)

PNGX Markets Limited

(Ticker NCM)

New York ADRS

(Ticker NCMGY)

Share Registry

Link Market Services Limited

Tower 4
727 Collins Street
Docklands, Victoria 3008
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Locked Bag A14
Sydney South, New South Wales 1235
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* For faxing of Proxy Forms only.

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(toll free within the US)
International Callers: +1 201 680 6825
E: shrrelations@cpushareownerservices.com
www. mybnymdr.com

COMPANY EVENTS

Annual General Meeting

12 November 2019 at 10.30am

The Pavilion
Arts Centre Melbourne
100 St Kilda Road
Melbourne, Victoria 3004

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

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