



Financial Results

Newcrest Mining Limited



For the six months ended 31 December 2014

Key Points

- Statutory profit¹ and Underlying profit² of A\$200 million
- EBITDA² of A\$730 million and EBIT² of A\$424 million
- Gold production of 1,139koz³ was 6% lower than the corresponding period⁴
- Copper production of 50.3 thousand tonnes was 19% higher than the corresponding period
- Free cash flow² of A\$268 million, with all operations generating positive free cash flow
- A\$257 million (US\$220 million) of debt repaid in the current period
- All-In Sustaining Cost² of A\$917 per ounce was 9% lower than the corresponding period
- All-In Sustaining Cost² of US\$819⁵ per ounce (at an A\$:US\$ exchange rate of \$0.8927) was 11% lower than the corresponding period
- Board approval for Golpu stage one to progress to feasibility study⁶
- Upgraded full year guidance for gold and copper production and reduced All-In Sustaining Cost expenditure
- No interim dividend

Overview

Highlights 6 months ended	Metric	December 2014	December 2013	Change %
Statutory profit	A\$M	200	40	400%
Underlying profit	A\$M	200	207	(3%)
Free cash flow	A\$M	268	(229)	
EBITDA margin	%	36.3	36.2	0%
Net Debt	A\$M	4,291	3,935 [#]	9%
All-In Sustaining Cost	A\$/ounce	917	1,003	(9%)
	US\$/ounce	819	925	(11%)
Realised gold price	A\$/ounce	1,398	1,405	(0%)
	US\$/ounce	1,248	1,296	(4%)
All-In Sustaining cost margin	A\$/ounce	481	402	20%
	US\$/ounce	429	371	16%

[#] Net Debt comparative is as at 30 June 2014.

Newcrest's focus over the six months to 31 December 2014 has been on intensifying efforts on reducing major hazards and significant potential incidents, improving operational discipline and maximising cash flow generation at every operation. Newcrest has a comprehensive, company-wide improvement program (called 'Edge') which is pursuing improvements across all areas of the business. Tragically, in the current period there was a fatality at the Hidden Valley joint venture operation on 6 December when an employee of the Hidden Valley joint venture was struck by a reversing loader in the milling area.

Profitable growth is being underpinned by the continued ramp up at Cadia East, which reached a major milestone during the period with the safe propagation of Panel Cave 1 through to the surface, and the further commitment to Golpu with the approval to progress stage one to feasibility study announced in December 2014.

Statutory profit of A\$200 million was A\$160 million higher than the corresponding period. The increase primarily relates to expenses in the corresponding period associated with a voluntary tax amendment and impairment of West African exploration assets.

Underlying profit of A\$200 million was broadly in line with the corresponding period of A\$207 million. Slightly lower gold sales in the current period were offset by higher copper sales and lower corporate costs.

Free cash flow of A\$268 million was generated in the current period, A\$497 million more than the corresponding period, reflecting a A\$338 million improvement in operating cash flow and A\$159 million lower investing cash flow. All operations were free cash flow positive. The free cash flow enabled A\$257 million (US\$220 million) of debt to be repaid in the current period.

Gold production of 1,139koz was 6% lower than the corresponding period, primarily due to lower grade at Lihir. Gold production from Cadia East ore increased in the current period, replacing the processing of lower grade, lower margin stockpiles that ceased during the corresponding period.

Copper production of 50.3kt was 19% higher than the corresponding period and primarily due to increased production from higher copper grade ore at Cadia East and improved copper recovery at Telfer.

All-In Sustaining Cost per ounce sold of A\$917 per ounce was 9% lower than the corresponding period, reflecting lower levels of production stripping and sustaining capital expenditure, higher by-product revenue associated with higher copper sales, and lower corporate costs. This was partially offset by Lihir's higher operating unit costs² and lower gold sales volume due primarily to lower feed grades.

In December 2014, Newcrest's Board approved stage one of the development of the Golpu ore body to progress to feasibility study. This followed an update to the pre-feasibility study which identified an improved business case by splitting the project into two stages; with stage one targeting the upper, higher value portion of the ore body. The approval aligns with Newcrest's strategy of profitable growth through lower cost operations.

Capital structure

As at 31 December 2014 Newcrest had an equivalent of A\$2,310⁷ million of cash and bank facilities, comprising A\$128 million in cash and A\$2,182 million in undrawn bank facilities.

The gearing ratio (net debt to net debt and equity) as at 31 December 2014 was 33.9% compared to 33.8% as at 30 June 2014. The benefit to the gearing ratio of applying cash flow generated in the current period to repay US\$220 million debt was offset by the impact of the deterioration of the AUD:USD exchange rate during the current period on the translation to Australian dollars of Newcrest's US dollar denominated debt.

Under current market and operating conditions, the Newcrest Board remains comfortable with gearing being at this level in the short to medium term given the near term cash flow growth outlook of the Group.

The Newcrest Board has determined there will be no interim dividend for the six months ended 30 December 2014.

Outlook⁸

Newcrest remains firmly focused on realising the full potential of each of the Company's assets, with an emphasis on the following:

- operational discipline (including safety);
- cash; and
- profitable growth

Revised guidance for the 2015 financial year was released on 30 January 2015. The performances of Cadia and Telfer resulted in gold and copper production guidance for the group being raised; improved operating efficiencies and cost reductions from the Edge program resulted in the All-In Sustaining Cost expenditure guidance range for the group being lowered. Revised guidance is as follows:

- Group gold production is expected to be in the range of 2.3 to 2.5 million ounces
- Group copper production is expected to be in the range of 90,000 to 100,000 tonnes
- Group silver production is expected to be in the range of 2.2 to 2.5 million ounces
- Group All-In Sustaining Cost expenditure is expected to be in the range of A\$2,300 to A\$2,500⁶ million
- Total capital expenditure (inclusive of project and development capital, production stripping and sustaining capital) is expected to be in the range of A\$620 to A\$690 million, including approximately A\$240 to A\$280 million relating to the development of Cadia East Panel Cave 2
- Total exploration expenditure (inclusive of on-site exploration) is expected to be in the range of A\$50 to A\$60 million

2015 financial year guidance for the non-cash item of Depreciation and Amortisation (including the amortisation of capitalised production stripping) has been reviewed and is now expected to be in the range of A\$720 to A\$770 million (compared with A\$600 to A\$670 million previously). The increase is primarily due to stronger expected full year performance of the Australian operations (+A\$30 million); the acceleration of Ridgeway Lift 1 reserve depletion (+A\$50 million); the weaker AUD:USD exchange rate increasing the translated A\$ value of depreciation of US\$ denominated assets in PNG, Indonesia and West Africa (+A\$40 million); and the reduction in reserve estimates at Bonikro and Telfer (+A\$20 million).

As Newcrest has previously indicated, a lower cost base at Telfer was required to support future cutback investments. The strong performance at Telfer, with the All-In Sustaining Cost falling from A\$1,103 per ounce in the first half of FY14 to A\$867 per ounce in the first half of FY15, and current market prices, have increased the attractiveness of the investment options under review. The review has been broadened to include evaluation of hedging of fuel and A\$ metal prices for any cutback, and alternative ownership options.

Summarised Financial and Operating Results

	Footnote	Measure	For the six months ended 31 December			
			2014	2013	Change	Change %
KEY FINANCIAL DATA						
Revenue		A\$ million	2,011	2,016	(5)	0%
EBITDA		A\$ million	730	731	(1)	0%
EBIT		A\$ million	424	404	20	5%
Statutory profit		A\$ million	200	40	160	400%
Underlying profit	2	A\$ million	200	207	(7)	(3%)
Cash flow from operating activities		A\$ million	566	228	338	148%
Cash flow from investing activities		A\$ million	(298)	(457)	159	35%
Sustaining capital	2	A\$ million	(103)	(135)	32	24%
Production stripping		A\$ million	(47)	(120)	73	61%
Major project (non-sustaining)	9	A\$ million	(129)	(166)	37	22%
Exploration expenditure		A\$ million	(19)	(36)	17	47%
Free cash flow		A\$ million	268	(229)	497	
Gearing		%	33.9	33.8 [#]	0.1	0%
EBITDA margin	2	%	36.3	36.2	0.1	0%
EBIT margin	2	%	21.1	20.0	1.1	6%
KEY OPERATIONAL DATA						
Total ore mined		tonnes 000's	27,671	22,287	5,384	24%
Total waste mined		tonnes 000's	12,389	32,524	(20,135)	(62%)
Total material mined		tonnes 000's	41,127	55,083	(13,956)	(25%)
Total material milled		tonnes 000's	29,467	30,242	(775)	(3%)
Gold produced		000's ounces	1,139	1,208	(69)	(6%)
Gold sales		000's ounces	1,167	1,205	(38)	(3%)
Realised gold price		A\$/ounce	1,398	1,405	(7)	0%
Realised gold price		US\$/ounce	1,248	1,296	(48)	(4%)
Copper produced		tonnes 000's	50.3	42.2	8.1	19%
Copper sales		tonnes 000's	51.3	40.5	10.8	27%
Realised copper price		A\$/pound	3.48	3.54	(0.06)	(2%)
All-In sustaining costs		A\$ million	1,054	1,199	(145)	(12%)
All-In sustaining costs		A\$/ounce	917	1,003	(86)	(9%)
All-In sustaining costs		US\$/ounce	819	925	(106)	(11%)
Closing foreign exchange rate		AUD/USD	0.8202	0.8948	(0.0746)	(8%)
Average foreign exchange rate		AUD/USD	0.8927	0.9227	(0.0300)	(3%)
Average foreign exchange rate		PGK/AUD	2.226	2.165	0.061	3%
Average foreign exchange rate		IDR/AUD	10,692	10,270	422	4%

[#] The comparative represents gearing as at 30 June 2014.

¹ Statutory profit is profit after tax attributable to owners of the parent Company.

² Newcrest results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information (detailed below) which is 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 Company'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. Reconciliations of non-IFRS measures to the most appropriate IFRS measure are provided in section 6 of the Management Discussion and Analysis.

Non-IFRS financial information:

- 'Underlying profit' is profit after tax before significant items attributable to owners of the parent 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.
- 'Operating unit cost' is cost of sales less depreciation divided by gold sales.
- 'AISC' is All-In Sustaining Cost and 'AIC' is All-In Cost as per World Gold Council Guidance Note on Non-GAAP Metrics released June 2013.
- 'Free Cash Flow' is calculated as cash flow from operating activities less cash flow related to investing activities.

³ Production and sales for the six months ended 31 December 2014 includes 17,728 pre-commissioning and development gold ounces and 1,731 tonnes of copper for the Cadia East project. For the six months ended 31 December 2013 production includes 8,477 gold ounces and 845 tonnes of copper, and sales includes 8,559 gold ounces and 834 tonnes of copper, related to the pre-commissioning and development of the Cadia East project. Expenditure associated with this production and revenue from the sales are capitalised and not included in the operating profit calculations.

⁴ All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Company') for the six months ended 31 December 2014 ('current period') compared with the six months ended 31 December 2013 ('corresponding period'), except where otherwise stated. All references to \$ are a reference to Australian dollars unless otherwise stated.

⁵ All-In Sustaining Costs in USD terms are converted to USD at an average A\$:US\$ exchange rate for the six months ended 31 December 2014 of \$0.8927.

⁶ Refer to Market Release of 15 December 2014.

⁷ Comprises undrawn bilateral loan facilities of US\$1,740 million and an additional unutilised US\$50 million loan facility at a closing foreign exchange rate of AUD:USD\$0.8202 and cash and cash equivalents of A\$128 million.

⁸ Disclaimer: These materials include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", 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. 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 any future results, performance or achievements. 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 licenses 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 and its management's good faith assumptions relating 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 on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, 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. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information 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 events, conditions or circumstances on which any such statement is based.

Ore Reserves and Mineral Resources Reporting Requirements

As an Australian company with securities listed on the Australian Securities Exchange ("ASX"), Newcrest is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX listing rules that the reporting of ore reserves and mineral resources in Australia comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and that Newcrest's ore reserve and mineral resource estimates comply with the JORC Code. On 28 November Newcrest ceased to be a reporting issuer in Canada.

Competent Person's Statement

The information in this release that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves and other scientific and technical information, is based on information compiled by Mr C. Moorhead. Mr Moorhead is the Executive General Manager Minerals and a full-time employee of Newcrest Mining Limited. He is a shareholder 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 2014 Remuneration Report. Ore Reserves growth is one of the performance measures under that plan. He is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Moorhead 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. Mr Moorhead consents to the inclusion in this release of the matters based on his information in the form and context in which it appears including sampling, analytical and test data underlying the results.

⁹ Inclusive of interest capitalised for development projects and proceeds from sale of plant and equipment.

For further information, please contact:

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