

Tax Contribution Report 2020



Message from our Chief Financial Officer

I am pleased to present the Tax Contribution Report for Newcrest Mining Limited and its controlled entities (Newcrest) for the Financial Year ending 30 June 2020 (FY20). This report elaborates our tax position for FY20 whilst highlighting the taxes and royalties paid in Australia and globally.

In a year in which the COVID-19 pandemic had such a profound impact on the daily lives of people across the world, Newcrest stayed true to its values and its aspiration to be the Miner of Choice for our people, shareholders, host communities, partners and suppliers. Our commitment to the health and safety of our people, contributing positively to the livelihoods of our host communities and the economies of our host countries, and our responsible management of environmental impacts remains steadfast and guided our actions in relation to the pandemic.

In FY20, Newcrest paid US\$561 million in taxes and royalties (FY19: US\$420 million) and had a global effective tax rate of 36% (FY19: 33%). Between FY16-20, Newcrest contributed approximately US\$1.86 billion globally in taxes and royalties to local governments; of which approximately 65% was paid in Australia, 22% in Papua New Guinea (PNG), 11% in Indonesia and 2% in the Americas.

Newcrest understands the important role tax transparency plays in improving community confidence in the tax system, and this transparency is not possible without the support of governments. The taxes and royalties paid by Newcrest make a key contribution to the economies where we operate. Across the industry we are seeing an increased focus on transparency and

the public sharing of corporate information. Investors, governments, communities and customers are seeking increased details about more aspects of our performance. By openly sharing information about the taxes and royalties we pay, we have the opportunity to build increased trust with our communities. We believe that strengthening and maintaining that trust over the long term is key to building a sustainable, resilient and profitable business.

This transparency initiative supplements our annual Sustainability Report which outlines our economic, environmental, social and governance performance in detail.

We are a supporting member of the [Extractive Industries Transparency Initiative \(EITI\)](#), a global coalition of governments, companies and societies working to improve openness and accountable management of revenue from natural resources. We support the efforts of governments of EITI member countries in which we operate to improve transparency of the flow of revenues to government and other benefits generated by the resources sector.

We hope this publication contributes to a well-informed community understanding of Newcrest's tax contributions and its approach to taxes.



A stylized, handwritten signature in black ink, consisting of several overlapping, sweeping lines.

Gerard Bond
Finance Director and
Chief Financial Officer

About Newcrest

Newcrest's principal activities are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate and other precious metals such as silver. Newcrest is the largest gold producer listed on the Australian Securities Exchange (ASX) and one of the world's largest gold producers.

During FY20, Newcrest had mining operations in Australia, PNG, Canada (Red Chris mining operations acquired in August 2019) and Indonesia (Gosowong mining operations divested in March 2020). Newcrest also has a number of development projects around the globe including our near-term growth options of Havieron (Australia), the Red Chris Block Cave (Canada) and Wafi-Golpu (PNG). In December 2019, Newcrest increased its interest in Lundin Gold Inc. (Lundin Gold) from 27.1% to 32%. In April 2020, Newcrest acquired the financing facilities in respect of Lundin Gold's Fruta del Norte mine in Ecuador.

Newcrest has a proud history of exploration, discovery, development and operation of gold mines. We focus on long-term value creation for our shareholders.

OUR VISION

To be the Miner of Choice:

- Valued by our people and communities
- Respected by our partners, customers, suppliers and peers
- Celebrated by our owners

OUR PURPOSE

Creating a brighter future for people through safe and responsible mining

Our values



Caring about people

Keeping people safe and healthy and respecting our communities and the environment.



Integrity & honesty

Doing what we say we will do and doing the right thing.



Working together

Having shared goals and helping one another to achieve them.



Innovation & problem solving

Challenging convention and finding a better way.



High performance

Seeking high performance in ourselves and others.

OUR EDGE

Collaboration, innovation and an owner's mindset

OUR STRATEGY

Forging an even stronger Newcrest

Newcrest by 2025: Our Aspirations



We are a safe and sustainable business

- Zero fatalities or life-changing injuries
- Top decile TRIFR
- No repeat SPIs
- Achieving our Greenhouse Gas emission intensity reduction and water efficiency targets
- Top decile performance for Metals & Mining in the Dow Jones Sustainability Index



We have the best people

- Top decile Organisational Health
- Top half of industry diversity metrics
- Year on year improvement in Organisational Health inclusion measures
- At least 50% of our appointments are internal candidates



We are outstanding operators

- Consistently meet or exceed Budget
- Performance v industry benchmarks and technical limits
- Top quartile Overall Equipment Effectiveness (OEE)
- Lowest quartile AISC per ounce
- No major unplanned operational interruptions



We are a leader in innovation & creativity

- No major unexpected geotechnical events
- 15 Moz eq of innovation driven Reserve growth
- 20% improvement in operational efficiency and sustainability measures
- \$1 Bn of incremental NPV added through breakthroughs



We grow profitably

- Add to our portfolio of Tier 1 and Tier 2 orebodies 2-3 greenfield discoveries
- Havieron in production
- Red Chris block cave nearing production
- Wafi-Golpu project approved and in development



FY20 results¹

Newcrest reported a full-year profit after income tax of US\$635 million in FY20, underpinned by annual production of 2.2 million ounces of gold and 138 thousand tonnes of copper. Free cash flow before M&A activity for the year was US\$670 million. Please refer to our 2020 Annual Report that is available on our [website](#) for further details.

Our operating assets as at 30 June 2020



Cadia

Located in central west New South Wales, 25 kilometres south-west of Orange and 250 kilometres west of Sydney, Cadia has one of the deepest panel caves in the world and is 100 percent owned by Newcrest.



Lihir

One of the world's largest gold deposits, Lihir is 100 percent owned by Newcrest and located on the island of Niolam which is part of the Lihir group of islands, 900 kilometres north-east of Port Moresby in the New Ireland Province of PNG.



Telfer

The Telfer gold-copper mine is located in the Great Sandy Desert in Western Australia, approximately 400 kilometres south-east of Port Hedland, and is 100 percent owned by Newcrest.



Red Chris

The Red Chris gold-copper open-pit mine is located in north west British Columbia, Canada, 1,700 kilometres from Vancouver. In August 2019, Newcrest acquired a 70 percent ownership interest and operatorship of Red Chris in a joint venture with Imperials Metals Corporation.



¹ All data relating to operations is shown at 100%, with the exception of Red Chris which is shown at 70%. Profit also includes losses attributable to non-controlling interests.

Our global search for new gold/copper mines as at 30 June 2020



During FY20, Newcrest continued its search for new discoveries with greenfield exploration activity undertaken in Australia, Canada, USA, Ecuador and Chile. Activity was focused in and around fertile gold/copper districts including the Paterson Province (Western Australia), the Golden Triangle of British Columbia (Canada), Tanami (Northern Territory/Western Australia), Jarbidge (Nevada), Northern Andes (Ecuador) and the Central Andes (Chile).

In April 2020, Newcrest announced that it had earned a 40% interest in the Havieron Project, located 45km east of the Telfer mine. The Havieron Project is operated by Newcrest under a farm-in agreement with Greatland Gold Plc. Drilling results at Havieron during FY20 continued to expand and demonstrate the continuity of higher grade mineralisation and identified mineralised breccias proximal to higher grade mineralisation.

Newcrest commenced drilling at Red Chris in August 2019. The drilling program in the East Zone was designed to obtain geological, geotechnical and metallurgical data to support future studies for underground block cave mining. Infill resource drilling results confirmed the presence of multiple discrete higher grade 'pods' of mineralisation. Further drilling results continued to confirm the potential of finding additional discrete high grade 'pods' of mineralisation in the porphyry corridor.

Exploration continued at all brownfield sites, with drilling ongoing at Telfer, Cadia and Red Chris.



Our Tax Policy and governance

Tax Policy

We recognise that Newcrest's long-term success is tied to the fiscal contributions it makes in all the countries in which we undertake activities. Our vision is to be the Miner of Choice and that involves acting with integrity and honesty in all tax matters and paying our fair share of taxes in a timely manner.

Newcrest makes the following commitments:

1. Tax Risk Management and Governance

Newcrest is committed to a robust risk management and governance framework to manage its tax risks and processes. Newcrest upholds this commitment through compliance with Newcrest Code of Conduct, the Groupwide Risk Management Framework and the Tax Governance Framework.

2. Revenue Authority and Government Engagement

Newcrest will act with integrity and respect in all dealings with Revenue Authorities or Government bodies. Newcrest will engage proactively and communicate constructively with all Revenue Authorities and Governments to positively contribute to efficient, effective and competitive tax systems in all jurisdictions in which Newcrest carries on its business.

3. Transparency

Newcrest acknowledges the important role that tax transparency plays in improving community confidence in the tax system. Newcrest will be transparent about the taxes and royalties paid to Governments in a timely manner.

4. Compliance

Newcrest will fully comply with all applicable tax laws in the jurisdictions where it has a presence. Newcrest will manage its tax affairs in a responsible manner to ensure all required tax lodgements and payments are always made in accordance with local laws and regulations and in a timely manner.

5. Commercial Objectives

Newcrest will only engage in transactions or business dealings that are aligned with the commercial objectives of Newcrest and will not pursue transactions or dealings that are solely driven by tax reasons.

Tax Governance Framework

Newcrest also has a robust Tax Governance Framework whose purpose is to:

- Appropriately manage tax considerations that arise in the course of Newcrest's business; and
- Provide a framework for due consideration by the relevant levels of management (including the Board).

Newcrest has a strong risk management culture which enables all risks, including tax risks, to be evaluated, deliberated on and communicated with our stakeholders. Newcrest has a skilled and diverse Board which monitors tax risks.

At all times, Newcrest operates within the tax laws that apply to it.



Our Income Taxes - FY20²

Newcrest accounts for taxes in a number of jurisdictions around the world. The wholly-owned Australian subsidiaries of Newcrest are part of an Australian tax consolidated group, of which Newcrest Mining Limited is the head entity.

Reconciliation of accounting profit to income tax expense:

	Global group ⁽¹⁾	Australian tax consolidated group ⁽¹⁾
	US\$m	US\$m
Total Revenue	3,922	2,357
Total Expenses⁽²⁾	(2,937)	(1,361)
Accounting Profit Before Tax	985	996
<i>Income not subject to tax under Australian tax rules</i>		
Dividends from wholly-owned subsidiaries		(55)
Other excluded items ⁽³⁾		(71)
Adjusted Accounting Profit Before Tax (I)	985	869
Income Tax Expense calculated at 30% (A)	296	261
- Non-deductible exploration and business development expenditure	3	3
- Net unrecognised Deferred tax assets	5	5
- Non-deductible tax effect of loss from equity accounted investments	10	1
- Other	(7)	10
Adjustments (B)	11	19
<i>Adjustments on Significant Items</i>		
- Write-down of tax asset	37	-
- Write-down of property, plant & equipment	6	-
Adjustments on Significant Items (C)	43	-
Income Tax Expense (II) = (A) + (B) + (C)	350	280
Effective Tax Rate (II) / (I)	36%	32%

The income tax expense rate for the Australian tax consolidated group is 32% which is higher than the Australian corporate tax rate mainly due to adjustments to reverse non-assessable/deductible foreign exchange gains/losses and the impairment of investments in offshore exploration entities.

Notes:

⁽¹⁾ Based on Newcrest Mining Limited 2020 Annual Report. Profit before tax has been shown on a 100% basis for all our operations, except for Red Chris which is shown at 70%, and includes losses attributable to non-controlling interests.

⁽²⁾ Expenses mainly relate to cost of sales, exploration, corporate administration and finance costs.

⁽³⁾ Relates to accounting gains resulting from the divestment of Gosowong in March 2020.

²⁾ Refer to Appendix 1 for the basis of the preparation of this report.

Our Income Taxes - FY20 (continued)

Reconciliation of income tax expense to income tax payable:

	Global group ⁽¹⁾	Australian tax consolidated group ⁽¹⁾
	US\$m	US\$m
Income Tax Expense	350	280
Timing Differences		
- Property, plant & equipment ⁽²⁾	(83)	(36)
- Other ⁽³⁾	(75)	(118)
- Carry forward losses utilised ⁽⁴⁾	(3)	(3)
Total timing differences	(161)	(157)
Income Tax Payable	189	123

Notes:

- ⁽¹⁾ Based on Newcrest's 2020 Annual Report. Profit before tax has been shown on a 100% basis for all our operations, except for Red Chris which is shown at 70%, and includes losses attributable to non-controlling interests.
- ⁽²⁾ As is standard across the mining industry, Newcrest's major timing difference arises from the differences in depreciation of fixed assets between accounting and tax.
- ⁽³⁾ 'Other' adjustments primarily relate to the taxation impact of realised foreign exchange losses arising on the redemption of Newcrest's corporate bonds in May 2020 and changes in provision balances.
- ⁽⁴⁾ The Australian tax consolidated group utilised carry-forward tax losses from prior periods in FY20. Whilst the Newcrest Australian tax consolidated group has a pool of carry-forward tax losses, the rate of utilisation of these tax losses to offset future taxable income is low due to the application of Australian tax law.



Taxes Paid - FY20

Newcrest is proud of the economic, fiscal and social contribution it makes to the communities and countries in which it operates through a range of taxes, royalties and levies.

The table below is a summary of the key taxes paid or borne in FY20 by Newcrest in the jurisdictions in which it operates:

	Australia FY20 US\$m	PNG FY20 US\$m	Indonesia FY20 US\$m	Americas ⁽⁸⁾ FY20 US\$m	Total FY20 US\$m
Corporate tax	260 ⁽¹⁾	11 ⁽²⁾	11 ⁽³⁾	0	282
Mining royalties	79 ⁽⁴⁾	28	6	0	113
Employee taxes collected on behalf of Government	72 ⁽⁵⁾	40	0	10	122
Employee taxes paid by Newcrest	13 ⁽⁶⁾	0	0	0	13
Other taxes and levies ⁽⁷⁾	14	12	3	2	31
Total Taxes	438	91	20	12	561

⁽¹⁾ The tax paid in Australia relates to the corporate tax liability for FY19 (US\$130 million paid in FY20 on lodgement of the FY19 income tax return) and monthly tax instalments paid for FY20.

⁽²⁾ Newcrest's PNG operations paid corporate tax instalments of US\$11 million.

⁽³⁾ The tax paid in Indonesia relates to monthly tax instalments for FY19 and FY20 and dividend withholding tax paid on profits repatriated out of Indonesia, offset by tax refunds received in respect of various matters.

⁽⁴⁾ In FY20, Newcrest paid mining royalties in Western Australia (A\$28 million) and New South Wales (A\$90 million), totalling A\$118 million (US\$79 million).

⁽⁵⁾ Newcrest is required to withhold taxes from salaries of its employees. In Australia, Newcrest withheld employee taxes of A\$107 million (US\$72 million) in FY20.

⁽⁶⁾ Newcrest is liable for payroll tax in New South Wales, Western Australia, Queensland and Victoria. In FY20, Newcrest paid payroll tax of A\$19 million (US\$13 million).

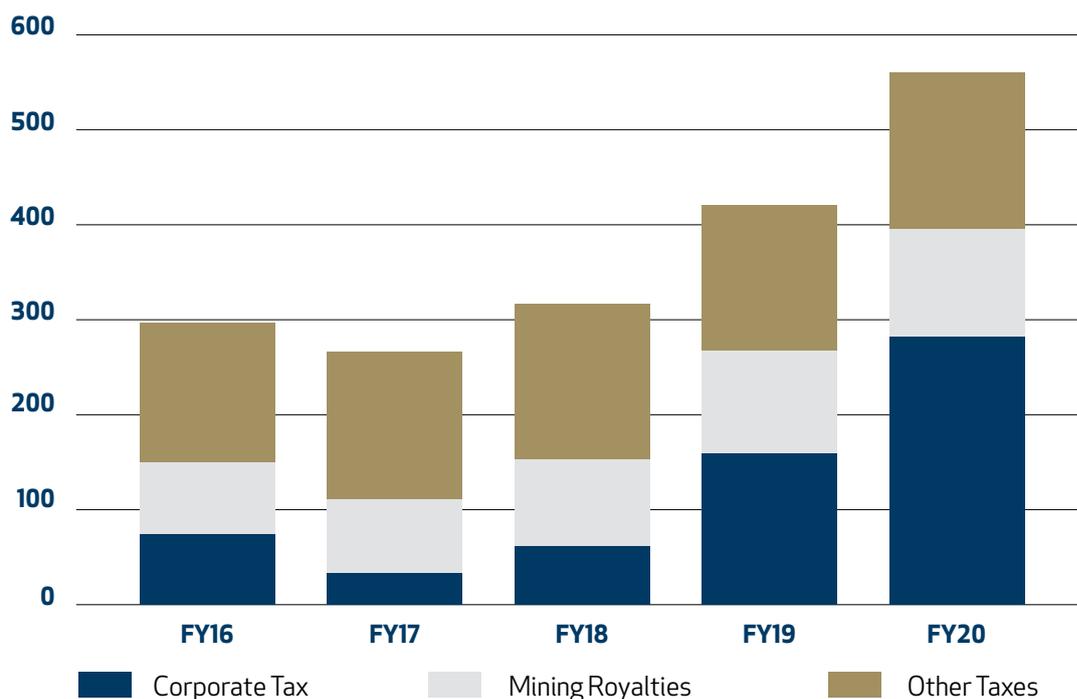
⁽⁷⁾ Other taxes and levies cover a range of taxes such as withholding taxes, customs duty, rates and levies. In Australia, Newcrest paid withholding taxes and other State and local taxes and levies of A\$21 million (US\$14 million).

⁽⁸⁾ Americas includes Chile, Ecuador and Canada.



Taxes Paid from FY16-FY20

Newcrest's tax transparency journey commenced in FY14 when it published its first Taxes Paid Report. We subsequently signed up to the Voluntary Tax Transparency Code and started publishing our Tax Contribution Report from FY16. The chart below set out the profile of taxes paid by tax type from FY16 to FY20. Between FY16 and FY20, Newcrest contributed US\$1.86 billion in taxes and royalties. Our Tax Contribution Reports for each year are available on our website and provide context for the tax payments.



In September 2021, the EITI published its assessment of adherence by its member companies (including Newcrest) to the Expectations for EITI supporting companies. This includes an expectation that supporting companies will publicly disclose taxes and payments and undertake comprehensive disclosure of taxes and payments made to all EITI implementing countries. The results of the assessment can be accessed [here](#).



International dealings

The following is a summary of the key international related party transactions for Newcrest in FY20:

- **Intra-group Services** – Back-office and technical services provided by Newcrest from Australia to related parties in Fiji, Indonesia, Canada and PNG.
- **Captive Insurance** – Insurance premiums charged between Newcrest and a related party in Singapore. The captive insurance company is managed by an independent third party insurance broker, derives a modest profit and is subject to Australian tax under the Australian Controlled Foreign Company rules.
- **Intercompany loans and hedging** – Various loans and fuel hedges between Newcrest and related parties in PNG and Indonesia.
- **Production payment** – Production payment between Newcrest and its US subsidiary relating to production from the Cadia mine.

Newcrest maintains appropriate documentation in relation to its related party dealings and the dealings are conducted in a manner consistent with Australian and international tax and transfer pricing laws. Newcrest does not operate any marketing hubs in foreign jurisdictions.

The above related party dealings do not have a material impact on Newcrest's Australian taxable income.



2020 Financial Statements

The below is intended to help users understand the link between Newcrest's 2020 Tax Contribution Report and 2020 Financial Statements.

Tax expense

The tax expense in our 2020 Financial Statements differs to the amount of tax paid disclosed in this Tax Contribution Report.

The numbers are calculated on a different basis and at different times of the year. The income tax expense in our 2020 Financial Statements provides an indication of the amount of tax that we expect to pay for the financial year.

The amount of tax paid disclosed in this report reflects the actual cash tax payments or refunds during the financial year. Cash tax paid during the year includes final payments or refunds which relate to the prior financial year and excludes payments or refunds which relate to the financial year but which occur in the following year.

Effective tax rate

The effective tax rate is calculated as total income expense divided by accounting profit. Our global effective tax rate will not be the same as the corporate tax rate in any particular country. The tax rate is different in each country. The tax rate applies to the taxable income derived in a country, and any deductions or other adjustments specific to that country.





Appendix 1: Basis of preparation

This appendix explains the basis of the presentation and reporting of data in this report.

Source of information

The disclosures have been prepared based on the 2020 Newcrest Annual Report and data from the 2020 Sustainability Report.

Reporting currency

All financial data presented in this report is quoted in US Dollars unless otherwise stated. As the tax return of the Australian tax consolidated group is lodged in Australian Dollars, conversion into US Dollars was based on weighted average exchange rate of 0.66262.

Taxes paid

The taxes paid table represents amounts rounded to the nearest million.



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