



NEWCREST  
MINING  
LIMITED

ACN 005 683 625

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**to:** Company Announcements Office  
**from:** Stephen Creese  
**date:** 20 April 2010  
**subject:** Letter to Chairman of Lihir Gold Limited

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Please find attached for immediate release to the market a letter from the Chairman of Newcrest Mining Limited to the Chairman of Lihir Gold Limited.

Yours sincerely

A handwritten signature in black ink that reads "Stephen Creese". The signature is written in a cursive style with a large initial 'S' and a long, sweeping tail.

Stephen Creese  
Company Secretary

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20 April 2010

Professor Ross Garnaut AO  
Chairman  
Lihir Gold Limited  
Level 7, Pacific Place  
Cnr Champion Parade and Musgrave Street  
PORT MORESBY  
PAPUA NEW GUINEA

Dear Ross,

**MARKET FEEDBACK ON THE PROPOSED NEWCREST/LIHIR COMBINATION  
AND REQUEST FOR DATA ROOM ACCESS**

***Market feedback***

As advised to the market previously, Newcrest has spent the last two weeks canvassing market views and consulting with Newcrest shareholders, many of whom are also Lihir shareholders, on our proposal to combine the two companies.

In summary, the response to the revised proposal has been very positive and supportive.

The combination is widely considered to have compelling strategic logic and merit. This has been acknowledged by your own Board in its public statement recognising the strategic merits of combining the two companies.

Our consultations also confirm our view that the terms of our revised proposal are full and fair.

Additionally, in response to shareholder requests we are prepared to improve our offer structure to enable shareholders wanting more scrip and less cash (or vice versa) to have that option through a "mix and match" structure, subject to caps.

***Request for equal access to due diligence***

Lihir has already released a lot of additional information to the market in the last six months. This includes reserves and resources upgrades, increased long term production guidance and growth plans. These are already reflected in our current proposal.

In regard to ascertaining new data and information, we note Lihir's comments last week that a data room has now been prepared to assist potential acquirors. We would reasonably expect to be given access to that data room to assist our ongoing review. We assume that other parties require a formal proposal in order to be given access to due diligence and

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request your confirmation that no other parties have been or will be given due diligence access on terms more advantageous than those afforded to Newcrest.

### ***Our value proposition***

Under the proposed combination, we believe your shareholders would benefit from:

- improved asset quality,
- a lower overall position on the global cost curve,
- improved growth opportunities,
- a lower cost of capital,
- substantial synergies; and
- instant high quality diversification with an associated reduction in single asset risk.

Following our approach in February, Newcrest made its proposal unambiguously financially compelling by increasing our offer value by over A\$1bn in our revised 29 March proposal after considering the limited information covered during a two day due diligence.

This represented a premium of 35% to Lihir's pre-February 15 share price - a substantially higher premium than in most all-scrip combinations in the gold sector in recent years, including Lihir's own acquisitions of Equigold and Ballarat.

Moreover, this premium is being offered to Lihir shareholders not to exit, but to merge their investment into what would be one of the world's pre-eminent gold companies.

We believe that our proposal has been instrumental in creating substantial value for Lihir shareholders. Lihir's market capitalisation has now increased by over A \$2.5bn since our February proposal - value that your shareholders may well consider to be at risk if Newcrest's proposal does not proceed.

We have said consistently that the Lihir opportunity is compelling but not vital to Newcrest.

We look forward to your early confirmation concerning further due diligence and remain willing and ready to discuss our proposal further with you.

Yours sincerely



Don Mercer

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