



NEWCREST  
MINING  
LIMITED

ACN 005 683 625

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**to:** Company Announcements Office  
**from:** Stephen Creese  
**date:** 10 May 2010  
**subject:** Chairman's Letter to Shareholders regarding Newcrest and Lihir entering into Merger Implementation Agreement on 4 May 2010

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Please find attached for release to the market a letter from the Chairman of Newcrest Mining Limited being sent to shareholders today.

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 'C'.

Stephen Creese  
Company Secretary

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ABN 20 005 683 625

10 May 2010

Dear Shareholder

**NEWCREST AND LIHIR ENTER INTO MERGER IMPLEMENTATION  
AGREEMENT TO CREATE ASIA PACIFIC'S LEADING GOLD PRODUCER**

I wrote to you on 12 April to draw your attention to, amongst other things, the proposal Newcrest had made to Lihir Gold Limited ("Lihir") to combine the two companies.

In that letter I mentioned that your Directors believed the two companies would fit together extremely well strategically, operationally, financially and culturally and the proposal would result in significant long term value creation for both sets of shareholders. This remains the case and I am very pleased to inform you that after the terms of the proposal were refined, including a modest increase in the consideration, Newcrest and Lihir entered into an agreement on 4 May to combine the two companies.

The agreement which Newcrest and Lihir have entered into is known as a Merger Implementation Agreement ("MIA"). Pursuant to the MIA Newcrest will acquire Lihir under a Scheme of Arrangement ("Scheme"). One of the conditions of the acquisition proceeding is that Lihir shareholders vote in favour of the Scheme at a specially convened Extraordinary General Meeting.

The Directors of Lihir unanimously recommend that Lihir shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an Independent Expert's opinion that the Scheme is in the best interests of Lihir shareholders.

The combination of Newcrest and Lihir will create Asia Pacific's leading gold producer and the fourth largest gold company in the world<sup>1</sup>, with a portfolio of low cost, long life, high margin assets.

With a market capitalisation of around A\$24.5 billion and low gearing, the combined organisation will have a powerful platform from which to deliver

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<sup>1</sup> Based on the pro-forma market capitalisation of A\$24.5 billion of both companies as at 3 May 2010

superior financial performance and to capture and deliver future growth for shareholders.

Under the terms of the MIA, Lihir shareholders will receive one Newcrest share for every 8.43 Lihir shares they own, plus A\$0.225 cash per share, less any interim dividend declared or paid by Lihir for the half year ending 30 June 2010. The offer includes a limited "mix and match" component, which would allow Lihir shareholders preferentially to select cash, or shares, subject to caps and scale back. Newcrest shareholders will own between 63.2% and 64.5% of the combined organisation, depending on the outcome of the "mix and match" option available to Lihir shareholders.

The path forward from here is for Newcrest to complete confirmatory due diligence by 8 June 2010. Lihir is able to provide further due diligence information to third parties who have already commenced such investigations and continue existing third party discussions - until 8 June. Lihir will also commission an Independent Expert's report. Lihir shareholders are expected to receive Scheme documents in late June, and to vote on the arrangement in late July, with completion of the transaction expected in August.

#### **NO ACTION IS REQUIRED FROM NEWCREST SHAREHOLDERS**

The full market release in relation to the proposed merger is available on the Newcrest website at [www.newcrest.com.au](http://www.newcrest.com.au).

No action is required from Newcrest shareholders but we will keep you informed of developments. We would be pleased to address any questions you may have. Please contact the Newcrest Shareholder Information Line on 1800 421 712 (in Australia) or +61 2 8280 7486 (for overseas shareholders) if you require any further information in relation to the proposed merger.

Thank you for your interest and continued support as a shareholder of Newcrest.

Yours sincerely



Don Mercer

Chairman

*This letter is not, and does not contain, an offer of securities in the United States or any other jurisdiction in which an offer may not be made under applicable laws. Securities may not be offered or sold in the United States unless they have been registered under the U.S. Securities Act of 1933 ("Securities Act") or an exemption from registration is available. Any shares to be issued in connection with the Scheme contemplated in this letter will not be registered under the Securities Act.*

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