



NEWCREST
MINING
LIMITED

ACN 005 683 625

to: Company Announcements Office
from: **John Higginbotham**
date: 23 July 2010
subject: **Letter to Shareholders regarding release of Scheme Booklet by Lihir and Independent Expert conclusion**

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, appearing to read 'John Higginbotham', with a long horizontal flourish extending to the right.

John Higginbotham
Assistant Company Secretary

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23 July 2010

Dear Shareholder,

**Independent Expert concludes Newcrest offer is in the best interests
of LGL shareholders**

LGL shareholder meeting scheduled for 23 August 2010

Proposed Minerals Resource Rent Tax not to apply to Newcrest

I wrote to you on 10 May to draw your attention to the agreement into which Newcrest and Lihir Gold Limited (LGL) entered on 4 May to combine the two companies by way of a Scheme of Arrangement ("Scheme").

At the time, the agreement to combine the two companies remained subject to a number of key conditions, including:

- satisfactory due diligence by Newcrest on LGL to be completed by 8 June;
- an independent expert, Grant Samuel & Associates (the Independent Expert), concluding that the acquisition of LGL by Newcrest was in the best interests of LGL shareholders; and
- LGL shareholders voting in favour of the Scheme at a specially convened Extraordinary General Meeting (EGM).

Newcrest informed the market on 8 June that it had completed the due diligence process on LGL and was satisfied with the outcome.

LGL announced yesterday the release of the Scheme Booklet setting out information for its shareholders in relation to Newcrest's proposal to combine the two companies. The Scheme is unanimously recommended by LGL's directors, in the absence of a superior proposal. The Independent Expert concludes that, in the absence of a superior proposal, the scheme is in the best interests of LGL shareholders. The Independent Expert notes there are strong grounds to conclude that in the absence of a superior proposal arising as a result of LGL's formal process to solicit alternative offers, the consideration is the highest available to LGL shareholders and on this basis, the consideration represents full underlying value and the proposal is fair and reasonable.

The Scheme Booklet has been approved for despatch to LGL shareholders by the National Court of Papua New Guinea, which has fixed 23 August 2010 as the date for the EGM of LGL shareholders to vote on the scheme. LGL has lodged a copy of the Scheme Booklet with ASX and will be despatching it to its shareholders early next week. A copy of the Scheme Booklet is also available at Newcrest's website at www.newcrest.com.au under Market Releases.

These developments are positive in our objective of combining Newcrest and LGL, which will create Asia Pacific's leading gold producer and the fourth largest gold company in the world¹ with a portfolio of low cost, long life and high margin assets.

We continue to believe that with a market capitalisation of around A\$25.5 billion and low gearing, the combined organisation will have a powerful platform from which to deliver superior financial performance and to capture and deliver future growth for shareholders.

¹ Based on the proforma market capitalisation of A\$25.5 billion at 21 July 2010.

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Newcrest shareholders will own between 63.2% and 64.5%² of the combined organisation depending on the outcome of the limited “mix and match” component of the offer to LGL shareholders.

Assuming LGL shareholders vote in favour of the scheme and the National Court of Papua New Guinea subsequently approves the scheme at the second court hearing date fixed for 27 August 2010 the transaction is scheduled to be completed by 13 September 2010.

Implementation planning to integrate the two companies is progressing well with a key focus on positioning the merged entity to undertake a strategic review of the combined portfolio of assets and to deliver synergistic benefits as early as possible with a view to maximising value for shareholders in the merged group.

On a separate, but related, note, I am keen to update you on taxation developments which would now impact Newcrest positively.

On 2 May 2010, with the release of the Henry Taxation Review, the Government proposed a number of changes to the Australian taxation system which would have impacted Newcrest. The biggest impacts came from the proposed introduction of a 40% Resource Super Profits Tax on Australian resource projects, and the proposed reduction over time of the corporate tax rate from 30% to 28%.

After much public discussion, the Government announced on 2 July 2010 that it would replace the Resource Super Profits Tax with a Minerals Resource Rent Tax (“MRRT”), and that it would apply only to Australian iron ore and coal projects. As such the MRRT will not apply to any of Newcrest’s existing or proposed operations (including LGL’s Australian operations). This is a positive development for Newcrest.

With the change from the proposed Resource Super Profits Tax to the MRRT, the Government announced that the proposed reduction in the corporate tax rate would be to 29% (rather than 28%), and commence from 1 July 2013. The proposed reduction in the corporate tax rate is also a positive development for Newcrest.

NO ACTION REQUIRED FROM NEWCREST SHAREHOLDERS

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

² Assuming a Newcrest VWAP for the purpose of the limited mix and match election of \$32.06, which was Newcrest’s closing share price of on 3 May 2010

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