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To: Company Announcements Office
From: Scott Langford
Date: 7 June 2013
Subject: Market Release

Please see the attached for immediate release to the market.

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Langford', written over a light grey watermark that reads 'For personal use'.

Scott Langford
Company Secretary



Market Release

Newcrest Mining Limited

7 June 2013

NEWCREST COMPLETES BUSINESS REVIEW – UPDATE ON OUTCOMES, IMPACTS AND OUTLOOK

Completion of Business Plan and Budget Review

The Newcrest Board and Management have completed a review of the Company's business plan and 2014 financial year budget. This review has impacted 2014 financial year guidance (production, capital expenditure, operating costs and cashflow) and is also expected to impact the 2013 statutory accounts (asset carrying values and final dividend for the 2013 financial year). The accounting outcomes contained in this release will be finalised in conjunction with the completion of the 2013 financial statements in August 2013, however they are not expected to change materially from the estimates presented below.

The 2014 budget has been developed in the context of the current market environment and outlook, including a recent sharp deterioration in the gold price (the largest in 30 years), the ongoing strength of Newcrest's operating currencies relative to the US\$, and an elevated operating cost environment.

Newcrest reconfirms its focus going forward will be on maximising free cashflow by reducing operating costs, corporate costs and capital expenditure. Free cashflow (after \$1 billion of capital expenditure) is budgeted to be neutral in the 2014 financial year at current metal prices and exchange rates. The Company is projected to be free cashflow positive in the years thereafter at current metal prices and exchange rates, and the Company will apply these funds to reduce debt and return cash to shareholders.

In response to the change in market conditions, Newcrest has taken and will continue to progress a range of actions to maximise free cashflow over the next three years. These actions include:

- cutting discretionary spend on projects and studies;
- a significant reduction in exploration activities;
- a continuous "cost out" program across all operations;
- increasing stockpile utilisation at Lihir and reducing open pit material movements generally; and
- suspending production of higher cost ounces across all operations.

Corporate office and support functions will be further rationalised, resulting in a reduction of at least 20% in corporate costs and the closure of the Brisbane office.

Carrying value implications

Newcrest is reviewing the carrying values of its assets having regard to materially lower gold prices, the compression of earnings multiples in the gold industry (the latter being a market proxy for gold price forecasting and resource conversion) and other market factors. The full assessment of carrying value will be completed after 30 June 2013 having regard to actual financial year end balances and final valuation assessments by the Board.

However, based on the latest estimate of carrying values and the Company's internal indicative valuations, the Board and Management believe an impairment of the carrying value of assets in the range of \$5 to \$6 billion is likely. While this impairment

will have no impact on cashflow, the reduction in the asset book values will have a material impact on the 2013 financial year statutory accounts.

It is anticipated the asset write-downs will encompass all goodwill on the balance sheet (approximately \$3.6 billion and \$0.2 billion in relation to Lihir and to Bonikro respectively) and impairments to our higher cost assets, namely Telfer, Hidden Valley and Bonikro (to a total of up to \$2.2 billion).

Whilst the Company expects it will write-down the carrying value of the aforementioned assets, there are other assets within the Newcrest portfolio that the Board and Management believe have a market value much greater than their carrying value, namely Cadia Valley, Gosowong, Wafi Golpu and Namosi.

Guidance

Guidance for production, costs and capital for the 2013 financial year is unchanged. The expanded Lihir plant and Cadia East continue to ramp up in line with expectations and Gosowong is again accessing high grade ore.

The key outcomes from the review in relation to the 2014 financial year are as follows:

- Gold production is expected to be 2.0 to 2.3 million ounces, representing a mid-point estimate increase of approximately 4% year on year. This production estimate reflects the removal of high cost ounces from the production profile, particularly at Telfer, Lihir and Cadia Valley.
- Corporate costs are expected to be at least 20% lower in the 2014 financial year.
- Free cashflow for the 2014 financial year (operating cashflow less investing cashflow of \$1 billion) for the Group is expected to be neutral at prevailing metal prices and exchange rates. Every operation is budgeted to be free cashflow neutral or positive in the 2014 financial year at current metal prices and exchange rates.
- Capital expenditure in the 2014 financial year has been reduced from an earlier estimate of \$1.5 billion to around \$1 billion. The largest single item of expenditure in the year (approximately \$350 million) relates to the Cadia East Panel Cave 2 development, which underpins the Company's future production growth and enhanced cost position, and will be largely completed in the 2014 financial year. The balance of the capital expenditure relates to completion of projects at Lihir, including stripping at Cut Back 9, electrical and control system refurbishment, flotation expansion and NCA tanks rebuild, as well as sustaining capital expenditure at each site across the business.
- Exploration expenditure will reduce from its current level of \$160 million to around \$85 million, with a key focus on mine-life extensions at Gosowong and Telfer.

Costs associated with restructuring the Group are likely to result in one off charges in the order of \$50 million to \$75 million, which may be recognised in part or whole in the 2013 financial year statutory accounts. The ongoing annual cost savings associated with these changes will exceed this amount.

Gearing

Newcrest remains committed to maintaining a strong balance sheet and an investment grade credit rating. The decline in prices in the current financial year has the effect of increasing the likely gearing of the Company at 30 June 2013 to around 21%. An asset write-down of \$5 to \$6 billion would result in the gearing of the Company being in the order of 28-30% at 30 June 2013.

Newcrest has previously communicated an objective for gearing to remain below 15% so as to ensure it is able to withstand sustained adverse price movements and having regard to the major capital projects it had in progress.

The Company believes that a major adverse price change has now occurred. However, having completed its two major project expansions earlier this calendar year and with future capital expenditure declining, Newcrest's balance sheet remains strong and is expected to improve going forward.

Newcrest expects gearing will be broadly unchanged by the end of the 2014 financial year. However, the future increase in free cashflow (at current metal prices and exchange rates) associated with the growth of earnings from Cadia East and Lihir, combined with further reductions in capital expenditure, should allow a significant, progressive reduction in debt from the start of the 2015 financial year.

There are no ratings triggers or gearing covenants in any of Newcrest's debt facilities. Newcrest has substantial undrawn committed bank facilities and cash balances of around US\$750 million.

Dividends

The Company's dividend policy remains unchanged, with future dividend levels set having regard to profitability and balance sheet strength, and reinvestment options in our business. The Company remains committed to returning cash to shareholders via dividends in line with this policy.

In the context of the reduction in 2013 financial year profitability following the sharp decline in prices, the elevation of gearing at 30 June 2013 associated with the estimated write-down of carrying values and the application of cash flow to completion of the Panel Cave 2 at Cadia East, the Board expects that there will not be a final dividend in relation to the 2013 financial year.

As growth in production and earnings continues from Cadia East and Lihir over the coming years, costs are reduced across our businesses, and capital expenditure reduces further, Newcrest is confident it will be well positioned for both an accelerated reduction in debt levels and a return to dividend payments.

Outlook

Newcrest remains highly confident in the outlook for the Company.

- Lihir and Cadia Valley are large, long life and low cost operations with considerable growth potential;
- Both Cadia East and the expansion of Lihir, being recently completed major projects, are ramping up well and in line with or better than expectations;
- Gosowong is a low cost producer;
- Telfer, whilst higher cost, has a large mineral endowment;
- Hidden Valley and Bonikro are expected to improve their production and cost profiles in the 2014 financial year;
- Wafi-Golpu and Namosi remain exciting growth options with long dated development timeframes that do not require significant capital expenditure in the near term;
- Cost control measures have been put in place and will continue, including site cost reductions and rationalisation of head office costs;
- All Newcrest operations are budgeting to be free cashflow neutral or positive in the 2014 financial year at current metal prices and exchange rates; and
- The Company is expected to be free cashflow neutral (after capital expenditure of approximately \$1 billion) for the 2014 financial year at current metal prices and exchange rates.

For further information, please contact:

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