# ASX Appendix 4D & Financial Report

For the half year ended 31 December 2019

NEWCREST
MINING LIMITED

# ASX Appendix 4D and Financial Report

## Newcrest Mining Limited and Controlled Entities

## TABLE OF CONTENTS

**Newcrest Mining Limited**
**ASX Code: NCM**

**Reporting period:** **Half Year ended 31 December 2019**
Corresponding period: Half Year ended 31 December 2018

| | 6 months 31 Dec 19 US$ millions | 6 months 31 Dec 18 US$ millions | Percentage increase/ (decrease) |
|---|---|---|---|
| Revenue | 1,790 | 1,730 | 3% |
| Net profit attributable to members of the parent entity ('Statutory Profit') | 236 | 237 | 0% |

| Dividend Information | 6 months ended 31 Dec 19 Amount per share US cents | Amount franked per share US cents |
|---|---|---|
| Interim dividend | 7.5 | 7.5 |

| | |
|---|---|
| Record date for determining entitlement to interim dividend | 21 February 2020 |
| Date interim dividend payable | 27 March 2020 |

The Directors have determined to pay an interim dividend for the half year ended 31 December 2019 of US 7.5 cents per share, which will be fully franked.

The Dividend Reinvestment Plan ('DRP') remains available and will be offered to shareholders at a price determined by the volume weighted average price of shares traded on the ASX over the period 25 February to 2 March 2020. No discount applies to the DRP. Shareholders have until 5pm AEDT on 24 February 2020 to change their DRP election for the interim dividend.

| Net Tangible Assets | 31 Dec 19 US$ | 31 Dec 18 US$ |
|---|---|---|
| Net tangible assets per share | 9.96 | 9.60 |

**Review of Results**

Refer to the Management Discussion and Analysis ('MD&A') on page 5 for the review of the results. This Half Year Financial Report should be read in conjunction with the most recent annual financial report.

**Business Acquisition**

On 15 August 2019, Newcrest acquired a 70% interest in and operatorship of Red Chris in British Columbia, Canada. The fair value of the identifiable assets acquired and liabilities assumed in the acquisition have been provisionally determined. Refer to Note 17 to the Financial Statements for further details.

**Business Divestment**

On 31 January 2020, Newcrest signed an agreement to sell 100% of Newcrest Singapore Holdings Pte Ltd which owns a 75% interest in PT Nusa Halmahera Minerals, which operates the Gosowong mine (Gosowong) in Indonesia, and 100% of PT Puncakbaru Jayatama. These entities have been recognised as held for sale as at 31 December 2019. Refer to Note 16 to the Financial Statements for further details.

**Review Report**

This Half Year Financial Report has been subject to review by the Company's external auditor.

The Directors present their report together with the consolidated financial statements of the Newcrest Mining Limited Group, comprising of Newcrest Mining Limited ('the Company') and its controlled entities ('Newcrest' or 'the Group'), for the half year ended 31 December 2019.

**Directors**

The Directors of Newcrest Mining Limited during the half year ended 31 December 2019 and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire half year and up to the date of this report.

| | |
|---|---|
| Peter Hay | Non-Executive Director and Non-Executive Chairman |
| Sandeep Biswas | Managing Director and Chief Executive Officer |
| Gerard Bond | Finance Director and Chief Financial Officer |
| Philip Aiken AM | Non-Executive Director |
| Roger Higgins | Non-Executive Director |
| Xiaoling Liu | Non-Executive Director |
| Vickki McFadden | Non-Executive Director |
| Peter Tomsett | Non-Executive Director |

**Principal Activities**

The principal activities of the Group during the period were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate. There were no significant changes in those activities during the period.

**Consolidated Result**

The profit after tax attributable to Newcrest shareholders ('Statutory Profit') for the half year ended 31 December 2019 was US$236 million (31 December 2018: US$237 million).

Refer to the Management Discussion and Analysis ('MD&A') on page 5 for a review of the result and operations. The MD&A forms part of this Directors' Report. The financial information in the MD&A includes non-IFRS financial information. Explanations and reconciliations of non-IFRS financial information to the financial statements are included in Section 6 of the MD&A.

**Dividends**

During the half year, the Company paid a final dividend for the year ended 30 June 2019 of US 14.5 cents per share, which was fully franked. The dividend was paid on 26 September 2019. The total amount of the dividend was US$111 million. Participation in the dividend reinvestment plan reduced the cash amount paid to US$102 million.

**Subsequent Events - Dividends**

Subsequent to the reporting period, the Directors have determined to pay an interim dividend for the half year ended 31 December 2019 of US 7.5 cents per share, which will be fully franked. The dividend will be paid on 27 March 2020. The total amount of the dividend is US$58 million. This dividend has not been provided for in the 31 December 2019 financial statements.

### Subsequent Events – Business Divestment

On 31 January 2020, Newcrest signed an agreement to sell 100% of Newcrest Singapore Holdings Pte Ltd which owns a 75% interest in PT Nusa Halmahera Minerals, which operates the Gosowong mine (Gosowong) in Indonesia, and 100% of PT Puncakbaru Jayatama, which employs exploration personnel in Indonesia, to PT Indotan Halmahera Bangkit (Indotan), for consideration comprising:

- US$5 million cash deposit paid on execution of the sale and purchase agreement
- US$55 million cash payable on transaction completion
- US$30 million deferred cash payable 18 months after completion

Refer to Note 16 of the financial statements for further details.

### Rounding of Amounts

Newcrest Mining Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report are rounded to the nearest million dollars except where otherwise indicated.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors

| | |
|---|---|
| Peter Hay | Sandeep Biswas |
| Chairman | Managing Director and Chief Executive Officer |

13 February 2020
Melbourne

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# Auditor's Independence Declaration to the Directors of Newcrest Mining Limited

As lead auditor for the review of the financial report of Newcrest Mining Limited for the half year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Newcrest Mining Limited and the entities it controlled during the financial period.

Ernst & Young

Trent van Veen
Partner

13 February 2020

To assist readers to better understand the financial performance of the underlying operating assets of Newcrest, the financial information in this Management Discussion and Analysis includes non-IFRS financial information. Explanations and reconciliations of non-IFRS information to the financial statements are set out in Section 6.

Unless otherwise stated, all financial data presented in this Management Discussion and Analysis is quoted in US$ and the prior period represents the 6 months ended 31 December 2018.

Section 1 footnotes are located at the end of the section.

## 1. SUMMARY OF RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019[1]

### Key points

- Statutory profit[2] of $236 million, in line with the prior period
- Underlying profit[3] of $280 million, 18% higher than the prior period
- All-In Sustaining Cost[3] ("AISC") of $880 per ounce, 18% higher than the prior period
- All-In Sustaining Cost margin[3] of $566 per ounce, 18% higher than the prior period
- Cash flow from operating activities of $448 million, 3% lower than the prior period
- Acquired 70% ownership and operatorship of Red Chris on 15 August 2019
- Free cash flow[3] of negative $729 million, though was positive $106 million before acquisition of Red Chris and additional investment in Lundin Gold
- Gold production of 1.1 million ounces, 12% lower than the prior period
- Copper production of 62.5 thousand tonnes, 21% higher than the prior period
- Net debt of $1,365 million and a gearing ratio of 15.1% as at 31 December 2019
- Net debt to EBITDA ratio of 0.8 times
- Unchanged interim dividend of US 7.5 cents per share, fully franked

| | | | For the 6 months ended 31 December | | | |
|---|---|---|---|---|---|---|
| | | | 2019 | 2018 | Change | Change % |
| Group production – gold | | oz | 1,062,751 | 1,203,200 | (140,449) | (12%) |
| - copper | | t | 62,468 | 51,770 | 10,698 | 21% |
| Revenue | | US$m | 1,790 | 1,730 | 60 | 3% |
| EBITDA | 3 | US$m | 756 | 739 | 17 | 2% |
| EBIT | 3 | US$m | 459 | 397 | 62 | 16% |
| Statutory profit | 2 | US$m | 236 | 237 | (1) | 0% |
| Underlying profit | 3 | US$m | 280 | 237 | 43 | 18% |
| Cash flow from operating activities | | US$m | 448 | 464 | (16) | (3%) |
| Free cash flow* | 3 | US$m | (729) | 176 | (905) | (514%) |
| EBITDA margin | 3 | % | 42.2 | 42.7 | (0.5) | (1%) |
| EBIT margin | 3 | % | 25.6 | 23.0 | 2.6 | 11% |
| All-In Sustaining Cost | 3 | US$/oz | 880 | 747 | 133 | 18% |
| All-In Sustaining Cost Margin | 3 | US$/oz | 566 | 481 | 85 | 18% |
| Realised gold price | | US$/oz | 1,446 | 1,228 | 218 | 18% |
| Realised copper price | | US$/lb | 2.66 | 2.79 | (0.13) | (5%) |
| Average exchange rate | | AUD:USD | 0.6846 | 0.7249 | (0.0403) | (6%) |
| Average exchange rate | | PGK:USD | 0.2940 | 0.3000 | (0.0060) | (2%) |
| Closing exchange rate | | AUD:USD | 0.7006 | 0.7058 | (0.0052) | (1%) |
| Earnings per share (basic) | | US$ cents | 30.7 | 30.9 | (0.2) | (1%) |
| Earnings per share (diluted) | | US$ cents | 30.6 | 30.8 | (0.2) | (1%) |
| Dividends paid per share | | US$ cents | 14.5 | 11.0 | 3.5 | 32% |

* Free cash flow in the current period includes the payment for the acquisition of Red Chris (70% ownership) of $774 million[8] and an additional investment of $61 million in Lundin Gold increasing Newcrest's ownership to 32%.

| | | | As at 31 December 2019 | As at 30 June 2019 | Change | Change % |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 4 | US$m | 691 | 1,600 | (909) | (57%) |
| Net debt | | US$m | 1,365 | 395 | 970 | 246% |
| Net debt to EBITDA | 3 | times | 0.8 | 0.2 | 0.6 | 300% |
| Gearing | | % | 15.1 | 4.9 | 10.2 | 208% |
| Total equity | | US$m | 7,698 | 7,631 | 67 | 1% |

### Half year results

Newcrest's focus on being a safe and low-cost major gold producer was underpinned by another six month period free of fatalities or life-changing injuries. It has been more than four years since there was a fatality at a Newcrest operation.

Concurrent with seeking to safely maximise output from existing assets, Newcrest continued to pursue profitable growth opportunities during the current period. On 15 August 2019, Newcrest completed the acquisition of a 70% interest in, and operatorship of, the Red Chris mine and surrounding tenements in British Colombia, Canada. The Newcrest Board also approved the first stage of the Cadia Expansion Project to Execution phase, with this first stage comprising commencement of the next cave development (PC2-3) and, subject to regulatory approval, an increase in nameplate capacity of the process plant to 33mtpa.

In addition, Newcrest also invested a further $61 million to increase its shareholding in Lundin Gold from 27.1% to 32%. The investment in Lundin Gold provides Newcrest exposure to the Fruta del Norte gold project in Ecuador, which reported production of first gold on schedule and on budget in the first half and is expected to reach commercial production in the June 2020 quarter. Newcrest currently accounts for its 32% ownership in this asset via equity accounting. The production from Fruta del Norte is not included in the Newcrest Group production or cost measures in the current period, though Newcrest intends to do so once commercial production has been achieved (most likely from 1 July 2020 onwards), as and when Lundin Gold releases its results.

Newcrest's lower production volumes compared to the prior period includes the impact of lower grade feed to the mills at Lihir, Gosowong and Cadia; Lihir's transition to a bi-annual shutdown strategy aimed at improving equipment reliability and utilisation from FY21 onwards (previously reported in the September 2019 quarterly release); the execution of Telfer's 1.4 train strategy (announced in August 2019); and major maintenance shutdowns at Cadia which adversely impacted production.

Statutory profit was $236 million in the current period. The Statutory profit includes significant items (after non-controlling interests) of $44 million which represents the write-down of Gosowong following its classification as 'held for sale'. Newcrest announced on 31 January 2020 that it had entered into an agreement to divest all of Newcrest's interests in Gosowong for $90 million.

Underlying profit of $280 million was $43 million higher than the prior period driven by a higher realised gold price, the favourable impact on operating costs for the Australian operations from the weakening of the Australian dollar against the US dollar, and a lower depreciation expense. These benefits were partially offset by the shutdown activity at Lihir and Cadia as mentioned above, the execution of Telfer's 1.4 train strategy, a lower realised copper price, the Company's improved profitability increasing its income tax expense and the pursuit of growth resulting in an increase in corporate costs and exploration expenditure.

The average realised gold price of $1,446 per ounce was 18% higher than the prior period, with the average realised copper price of $2.66 per pound being 5% lower than the prior period.

Gold production of 1.1 million ounces was 12% lower than the prior period, reflecting lower gold head grade at Lihir and Gosowong, lower mill throughput and grade at Cadia and lower mill throughput at Telfer with the change to the 1.4 train strategy.

Copper production of 62.5 thousand tonnes was 21% higher than the prior period, primarily driven by the contribution of Red Chris. Copper production at Cadia and Telfer was largely in line with the prior period.

Newcrest's AISC of $880 per ounce was 18% higher than the prior period. The increase in AISC per ounce reflects lower production, higher sustaining capital expenditure and the impact of a lower realised copper price. This was partially offset by the increase in copper sales attributable to the inclusion of Red Chris and the favourable impact of a weaker Australian dollar on operating costs for Australian operations.

Notwithstanding a higher AISC per ounce, Newcrest's AISC margin increased by 18% from the prior period as a result of a higher realised gold price.

Free cash flow was negative $729 million, reflecting Newcrest's $774 million[8] acquisition of Red Chris and a further $61 million investment in Lundin Gold in the current period.

Free cash flow adjusted for growth investments was $106 million, which was $70 million lower than the prior period as a result of lower gold sales volumes and higher income tax payments more than offsetting the benefit of higher gold prices, higher copper sales and lower net working capital outflows in the current period. In addition, major project expenditures increased, primarily related to the development of PC2-3 at Cadia, whilst exploration expenditure increased primarily in relation to the Havieron project and exploration activity at Red Chris.

### Capital structure

Newcrest's net debt as at 31 December 2019 was $1,365 million, comprising $1,995 million of capital market debt, lease liabilities of $54 million and $7 million relating to a loan acquired through the acquisition of Red Chris, less $691 million of cash[4].

At 31 December 2019, Newcrest had $2,691 million of liquidity coverage, comprising $691 million of cash[4] and $2,000 million in committed undrawn bank facilities with maturity periods ranging from 2021 to 2023.

Newcrest's financial objectives are to meet all financial obligations, maintain a strong balance sheet to withstand cash flow volatility, be able to invest capital in value-creating opportunities, and be able to return excess cash generated to shareholders. Newcrest looks to maintain a conservative level of balance sheet leverage.

Newcrest's financial policy metrics, and its performance against them, are as follows:

| Metric | Policy 'looks to' | As at 31 December 2019 | As at 30 June 2019 |
|---|---|---|---|
| Credit rating (S&P/Moody's) | Investment grade | BBB/Baa2 | BBB/Baa2 |
| Leverage ratio (Net debt to EBITDA) | Less than 2.0 times | 0.8 | 0.2 |
| Gearing ratio | Below 25% | 15.1% | 4.9% |
| Cash and committed undrawn bank facilities | At least $1.5bn, of which ~1/3 is in the form of cash | $2.69bn ($691m cash[4]) | $3.60bn ($1.6bn cash) |

### Dividend

Newcrest's dividend policy seeks to balance financial performance and capital commitments with prudent leverage and gearing. Newcrest looks to pay ordinary dividends that are sustainable over time having regard to its financial policy metrics, profitability, balance sheet strength and reinvestment options in the business. Newcrest is targeting a total dividend payout of at least 10-30% of free cash flow generated for that financial year, with the dividend being no less than US 15 cents per share on a full year basis.

The Newcrest Board has determined that an interim fully franked dividend of US 7.5 cents per share will be paid on 27 March 2020. The record date for entitlement is 21 February 2020. The financial impact of the dividend amounting to $58 million has not been recognised in the Consolidated Financial Statements for the half year. The Dividend Reinvestment Plan remains available.

### Guidance[6]

Group gold and copper production guidance for FY20 remains unchanged, though as announced on 30 January 2020 gold production is expected to be around the bottom end of the guidance range. This reflects an expectation that Telfer's and Lihir's full year gold production will be around the bottom end of their production guidance ranges (this having been previously communicated in the September 2019 Quarterly

Report in relation to Telfer) and with Cadia and Red Chris being towards the upper end of their gold production guidance range.

Primarily due to the lower expected gold production, together with a review of fixed assets and the mining inventory at Red Chris, Depreciation and Amortisation expense in FY20 is expected to be lower at around $630-680m (compared with the original guidance range of $725-775m).

Due to the positive exploration results detailed in the December 2019 Quarterly Exploration Report, Exploration expenditure at Havieron is expected to be $25m higher in FY20, increasing the guidance range for Exploration expenditure in FY20 to $115-125m from the original $90-100m.

### Production guidance for the 12 months ending 30 June 2020[6]

| | | | |
|---|---|---|---|
| Cadia | - gold | koz | 760 - 840 |
| | - copper | kt | ~100 |
| Lihir | - gold | koz | 930 – 1,030 |
| Telfer | - gold | koz | 400 – 460 |
| | - copper | kt | ~15 |
| Red Chris | - gold | koz | 25 - 35 |
| | - copper | kt | 20 - 25 |
| Gosowong | - gold | koz | 145 - 175 |
| **Group production** | **- gold** | **moz** | **2,375 – 2,535** |
| | **- copper** | **kt** | **130 - 145** |

### Cost, capital, exploration and depreciation guidance for the 12 months ending 30 June 2020[6]

| $m | Cadia | Lihir | Telfer | Red Chris | Goso-wong | Wafi-Golpu | Other | Group |
|---|---|---|---|---|---|---|---|---|
| All-In Sustaining Cost (a) | 40 – 130 | 890 – 970 | 485 – 545 | 55 -85 | 190 - 215 | | 105 - 120 | 1,835 – 1,965 |
| **Capital expenditure** | | | | | | | | |
| - Production stripping (a) | | 100 – 120 | 30 – 40 | 25 – 40 | | | | 165 - 190 |
| - Sustaining capital | 95 – 105 | 70 – 90 | 30 – 40 | 35 – 45 | 20 – 25 | | 20 – 25 | 275 - 325 |
| - Major projects (non-sustaining) | 180 – 240 | 80 – 100 | ~5 | | | ~15 | | 300 – 350 |
| **Total Capital expenditure** | **275 – 345** | **250 – 310** | **65 - 85** | **60 – 85** | **20 – 25** | **~15** | **20 - 25** | **740 – 865** |
| Exploration expenditure | | | | | | | | **115 – 125** |
| Depreciation and amortisation (including depreciation of production stripping) | | | | | | | | **630 – 680** |

### Telfer gold hedging

No new hedging in relation to Telfer was undertaken in the current period. The total outstanding volume and prices hedged for the current year and future years at Telfer and in total for Newcrest is:

| Financial Year Ending | Gold Ounces Hedged | Average Price A$/oz |
|---|---|---|
| 30 June 2020 (January – June 2020) | 99,026 | 1,752 |
| 30 June 2021 | 216,639 | 1,864 |
| 30 June 2022 | 204,615 | 1,902 |
| 30 June 2023 | 137,919 | 1,942 |
| **Total** | **658,199** | **1,875** |

The current period, included 105,768 ounces of Telfer gold sales hedged at an average price of A$1,708 per ounce, representing a net revenue loss of $33 million.

At 31 December 2019, the unrealised mark-to-market loss (before tax) on these hedges was $152 million.

## Review of Operations[7]

| | | For the 6 months ended 31 December 2019 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Cadia | Lihir | Telfer | Gosowong[7] | Red Chris[7] | Other | Group |
| **Operating** | | | | | | | | |
| Production | | | | | | | | |
| Gold | Koz | 411 | 381 | 182 | 76 | 11 | - | **1,063** |
| Copper | Kt | 45 | - | 7 | - | 10 | - | **62** |
| Silver | Koz | 271 | 14 | 59 | 82 | 43 | - | **471** |
| Sales | | | | | | | | |
| Gold | Koz | 399 | 363 | 185 | 78 | 10 | - | **1,035** |
| Copper | Kt | 44 | - | 7 | - | 9 | - | **60** |
| Silver | Koz | 265 | 14 | 59 | 87 | 29 | - | **455** |
| **Financial** | | | | | | | | |
| Revenue | US$m | 810 | 538 | 261 | 117 | 64 | - | **1,790** |
| EBITDA[5] | US$m | 571 | 202 | 21 | 31 | 12 | (81) | **756** |
| EBIT[5] | US$m | 497 | 73 | (24) | 6 | (4) | (89) | **459** |
| Net assets | US$m | 2,549 | 4,295 | (5) | 112 | 864 | (117) | **7,698** |
| Operating cash flow[5] | US$m | 576 | 184 | 15 | 20 | (2) | (345) | **448** |
| Investing cash flow | US$m | (117) | (100) | (37) | (12) | (23) | (888) | **(1,177)** |
| Free cash flow* | US$m | 459 | 84 | (22) | 8 | (25) | (1,233) | **(729)** |
| AISC | US$m | 66 | 419 | 256 | 99 | 25 | 46 | **911** |
| | US$/oz | 167 | 1,154 | 1,380 | 1,261 | 2,606 | | **880** |
| AISC Margin | US$/oz | 1,279 | 292 | 66 | 185 | (1,160) | | **566** |

* Free cash flow for 'Other' includes other investing activities of $835 million (comprising the acquisition of Red Chris of $774 million[8] and further investments in Lundin Gold of $61 million), income tax paid of $219 million, net interest paid of $44 million, exploration expenditure of $39 million, corporate costs of $43 million, capital expenditure of $13 million and movements in working capital of $40 million.

| | | For the 6 months ended 31 December 2018 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Cadia | Lihir | Telfer | Gosowong[7] | Red Chris[7] | Other | Group |
| **Operating** | | | | | | | | |
| Production | | | | | | | | |
| Gold | Koz | 453 | 433 | 215 | 102 | - | - | **1,203** |
| Copper | Kt | 44 | - | 8 | - | - | - | **52** |
| Silver | Koz | 266 | 17 | 104 | 114 | - | - | **501** |
| Sales | | | | | | | | |
| Gold | Koz | 463 | 419 | 213 | 99 | - | - | **1,194** |
| Copper | Kt | 45 | - | 8 | - | - | - | **53** |
| Silver | Koz | 271 | 17 | 104 | 107 | - | - | **500** |
| **Financial** | | | | | | | | |
| Revenue | US$m | 798 | 514 | 296 | 122 | - | - | **1,730** |
| EBITDA | US$m | 547 | 183 | 38 | 30 | - | (59) | **739** |
| EBIT | US$m | 451 | 42 | (29) | (1) | - | (66) | **397** |
| Net assets | US$m | 2,517 | 4,491 | 46 | 255 | - | 99 | **7,408** |
| Operating cash flow | US$m | 533 | 114 | 20 | 19 | - | (222) | **464** |
| Investing cash flow | US$m | (79) | (77) | (68) | (15) | - | (49) | **(288)** |
| Free cash flow* | US$m | 454 | 37 | (48) | 4 | - | (271) | **176** |
| AISC | US$m | 61 | 388 | 287 | 106 | - | 50 | **892** |
| | US$/oz | 131 | 925 | 1,347 | 1,076 | - | - | **747** |
| AISC margin | US$/oz | 1,097 | 303 | (119) | 152 | - | - | **481** |

* Free cash flow for 'Other' includes income tax paid of $136 million, net interest paid of $47 million, corporate costs of $40 million, capital expenditure of $19 million, exploration expenditure of $27 million.

1. All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Group') for the 6 months ended 31 December 2019 ('current period') compared with the 6 months ended 31 December 2018 ('prior period'), except where otherwise stated. All references to 'the Company' are to Newcrest Mining Limited.
2. Statutory profit/(loss) is profit after tax attributable to owners of the Company.
3. Newcrest's results are reported under International Financial Reporting Standards ("IFRS"). This report also includes certain non-IFRS financial information, including the following:
    - 'Underlying profit' is profit or loss after tax before significant items attributable to owners of the Company.
    - 'EBITDA' is 'earnings before interest, tax, depreciation and amortisation, and significant items'. EBIT is 'earnings before interest, tax and significant items'.
    - 'EBITDA Margin' is EBITDA expressed as a percentage of revenue. 'EBIT Margin' is EBIT expressed as a percentage of revenue.
    - 'AISC' is All-In Sustaining Cost and 'AIC' is All-In Cost as per updated World Gold Council Guidance Note on Non-GAAP Metrics released November 2018. AISC will vary from period to period as a result of various factors including production performance, timing of sales and the level of sustaining capital and the relative contribution of each asset. AISC Margin reflects the average realised gold price less the AISC per ounce sold.
    - 'Net debt to EBITDA' is calculated as net debt divided by EBITDA for the preceding 12 months.
    - 'Free Cash Flow' is calculated as cash flow from operating activities less cash flow related to investing activities. Free Cash Flow for each operating site is calculated as Free Cash Flow before interest and tax.
    - Underlying profit, EBIT, EBITDA, EBITDA Margin, EBIT Margin, Free cash flow, All-In Sustaining Cost, All-In Sustaining Cost Margin, All-In Cost, Sustaining capital and Major projects (non-sustaining) capital are non-IFRS financial measures which Newcrest employs in managing the business. They are used by Management to assess the performance of the business and make decisions on the allocation of resources and have been included in this report to provide greater understanding of the underlying financial performance of Newcrest's operations. When reviewing business performance this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS.

    These measures have not been subject to audit or review by Newcrest's external auditor. These measures do not have any standard definition under IFRS and may be calculated differently by other companies. Refer to Section 6 for a reconciliation of non-IFRS measures to the most appropriate IFRS measure.
4. Cash and cash equivalents in the current period of $691 million includes $25 million of cash and cash equivalents, in relation to Gosowong, which have been classified as held for sale. Refer to Note 16 of the consolidated financial statements.
5. During the current period Newcrest adopted IFRS 16 Leases and elected to apply the modified retrospective method of adoption. Under this method, comparative figures are not required to be restated and continue to be presented under the previous standard, IFRS 17. The new standard has resulted in a change to the income statement with lease payments no longer included as part of operating costs and lease interest and right of use depreciation now included as part of finance costs and depreciation respectively. The balance sheet was also impacted, with an increase to both non-current assets (right-of-use assets as a component of property, plant and equipment) and liabilities. The cash flow was also impacted with the principal component of lease payments now included as part of financing activities rather than as part of operating activities.
6. Disclaimer: These materials include forward looking statements. Forward looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook" and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. The Company continues to distinguish between outlook and guidance. Guidance statements relate to the current financial year. Outlook statements relate to years subsequent to the current financial year.

    Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from statements in these materials. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

    Forward looking statements are based on the Company's good faith assumptions as to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, and many events are beyond the reasonable control of the Company. Readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Except as required by applicable laws or regulations, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in assumptions on which any such statement is based.
7. All data relating to operations is shown at 100%, with the exception of Red Chris which is shown at 70%. At 31 December 2019, Newcrest owned 75% of Gosowong through its holding in PT Nusa Halmahera Minerals, an incorporated joint venture.
8. The payment of $774 million represents the cash consideration paid for the 70% interest in the Red Chris mine. The consideration of $774 million is shown net of estimated debt and working capital adjustments acquired on completion. Refer to Note 17(b) of the consolidated financial statements for further details.

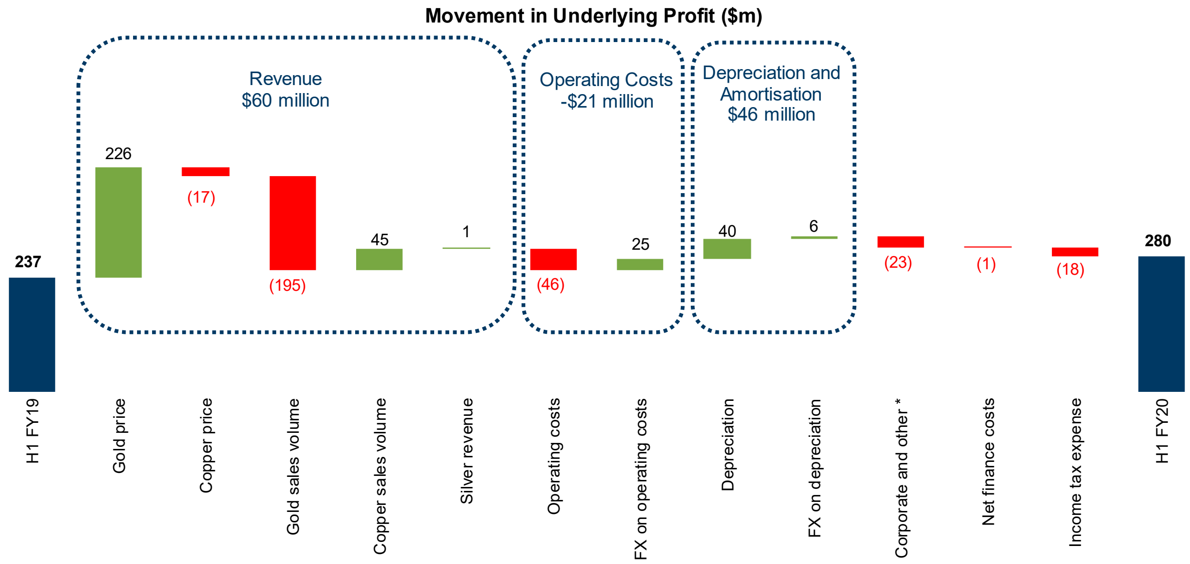
## 2. DISCUSSION AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT

### 2.1. Profit overview

Statutory profit was $236 million in the current period. The Statutory profit includes significant items (after non-controlling interests) of $44 million which represents the write-down of Gosowong following its classification as 'held for sale'.

Underlying profit of $280 million was $43 million higher than the prior period driven by a higher realised gold price, the favourable impact on operating costs for the Australian operations from the weakening of the Australian dollar against the US dollar, and a lower depreciation expense. These benefits were partially offset by lower production at all sites (with the exception of Red Chris), a lower realised copper price, the Company's improved profitability increasing its income tax expense and the pursuit of growth resulting in an increase in corporate costs and exploration expenditure.

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change%** |
| Gold revenue | 1,497 | 1,466 | 31 | 2% |
| Copper revenue | 351 | 323 | 28 | 9% |
| Silver revenue | 8 | 7 | 1 | 14% |
| Less: treatment and refining deductions | (66) | (66) | - | - |
| **Total revenue** | **1,790** | **1,730** | **60** | **3%** |
| Operating costs[5] | (953) | (932) | (21) | (2%) |
| Depreciation and amortisation[5] | (289) | (335) | 46 | 14% |
| **Total cost of sales** | **(1,242)** | **(1,267)** | **25** | **2%** |
| Corporate administration expenses | (57) | (53) | (4) | (8%) |
| Exploration expenses | (37) | (33) | (4) | (12%) |
| Other income | 21 | 19 | 2 | 11% |
| Share of profit/(losses) of associates | (16) | 1 | (17) | (1,700%) |
| Net finance costs[5] | (50) | (49) | (1) | (2%) |
| Income tax expense | (129) | (111) | (18) | (16%) |
| **Underlying profit** | **280** | **237** | **43** | **18%** |




* Corporate and other includes Corporate administration expenses, Exploration expenses, Other income and Share of losses of associates (refer to section 2.4 for detail).

### 2.2. Revenue

Total sales revenue of $1,790 million included deductions for treatment and refining costs of $66 million. Excluding these deductions, total gross revenue increased by $60 million (or 3%) compared to the prior period. Newcrest's sales revenue continued to be predominantly attributable to gold, being 83% of total net sales revenue in the current period (84% in the prior period).

| US$m | | |
|---|---|---|
| **Total gross revenue for 6 months ended 31 December 2018** | | **1,796** |
| *Changes in revenues from volume:* | | |
| Gold | (195) | |
| Copper | 45 | |
| Silver | - | |
| **Total volume impact** | | **(150)** |
| *Change in revenue from price:* | | |
| Gold | 226 | |
| Copper | (17) | |
| Silver | 1 | |
| **Total price impact** | | **210** |
| **Total gross revenue for 6 months ended 31 December 2019** | | **1,856** |
| Less: treatment and refining adjustments | | (66) |
| **Total net revenue for 6 month ended 31 December 2019** | | **1,790** |

Gold revenue of $1,479 million included deductions for gold treatment and refining costs of $18 million. Excluding these deductions, total gold revenue increased $31 million compared to the prior period, driven by a higher realised gold price ($1,446 per ounce compared to $1,228 in the prior period). The benefit of the 18% higher gold price more than offset the lower gold production volumes.

Copper revenue of $304 million included deductions for copper treatment and refining costs of $47 million. Excluding these deductions, total copper revenue increased $28 million compared to the prior period which is primarily driven by the acquisition of Red Chris. This volume benefit more than offset the 5% reduction in the realised copper price ($2.66 per pound compared to $2.79 per pound in the prior period).

### 2.3. Cost of sales

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| Site production costs[5] | 911 | 889 | 22 | 2% |
| Royalties | 57 | 52 | 5 | 10% |
| Treatment and realisation | 21 | 18 | 3 | 17% |
| Inventory movements | (36) | (27) | (9) | (33%) |
| **Operating costs** | **953** | **932** | **21** | **2%** |
| Depreciation[5] | 289 | 335 | (46) | (14%) |
| **Cost of sales[5]** | **1,242** | **1,267** | **(25)** | **(2%)** |

Cost of sales of $1,242 million was $25 million or 2% lower than the prior period. Site production costs of $911 million were $22 million higher than the prior period, primarily relating to the addition of Red Chris operating costs, increased fuel costs at Lihir and increased maintenance costs at Cadia associated with the Concentrator 1 SAG mill repair, the effects of which were partially offset by a favourable impact on operating costs from the weakening of the Australian dollar against the US dollar.

The increase in royalties reflects the higher gold revenues, driven by the realised gold price.

Depreciation expense was lower compared to the prior period reflecting lower production volumes together with the benefit of a weakening Australian dollar against the US dollar.

As the Company is a US dollar reporting entity, its operating costs will vary in accordance with the movements in its operating currencies where those costs are not denominated in US dollars.

The table below shows indicative currency exposures on cost of sales by site for the current period. The Group number also includes the impact of currency exposures on corporate administration expenses and exploration expenditure:

| | USD | AUD | PGK | IDR | CAD |
|---|---|---|---|---|---|
| Cadia | 10% | 90% | - | - | - |
| Telfer | 15% | 85% | - | - | - |
| Lihir | 30% | 30% | 40% | - | - |
| Gosowong | 10% | 5% | - | 85% | - |
| Red Chris | 20% | - | - | - | 80% |
| **Group*** | **20%** | **55%** | **15%** | **5%** | **5%** |

*The Group number also includes the impact of currency exposures on corporate administration expenses and exploration expenditure.

### 2.4. Exploration, Corporate and Other items

Exploration expenditure of $37 million was expensed, 12% higher than the prior period which is in line with Newcrest's elevated exploration activity level and growing portfolio of strategic partnerships, options and farm-in arrangements.

Corporate administration expenses of $57 million comprised corporate costs of $43 million, depreciation expense of $8 million and equity-settled share-based payments of $6 million. The total is $4 million or 8% higher than the prior period, primarily as a result of an increase in corporate costs reflecting increased investment in growth, technology and innovation activities.

Share of losses of associates of $16 million represents Newcrest's share of losses incurred by its equity accounted associates, Lundin Gold, Sol Gold and Azucar Minerals.

Other income of $21 million comprised:

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| Net foreign exchange gain | - | 18 |
| Net fair value gain on gold derivatives | 4 | 5 |
| Net fair value gain/(loss) on copper derivatives | 13 | (2) |
| Other items | 4 | (2) |
| **Other income** | **21** | **19** |

In the current period, Newcrest ceased its program of hedging the pricing movements of concentrate shipments. As a result, the measurement of fair value of Newcrest's outstanding concentrate debtors is recognised as a net fair value gain in other income. With this change in approach, Newcrest will be exposed to fluctuations in commodity prices during the quotational period for the sale of concentrate.

### 2.5. Net finance costs

Net finance costs of $50 million were in line with the prior period.

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| Finance income | 9 | 12 |
| Finance costs | (59) | (61) |
| **Net finance costs** | **(50)** | **(49)** |

### 2.6. Income tax

Income tax expense on Statutory profit was $166 million, resulting in an effective tax rate of 43% which is higher than the Australian company tax rate of 30%. The effective tax rate was higher than the Australian company tax rate primarily due to the $44 million write-down of Gosowong following the classification as 'held for sale'.

Income tax expense on Underlying profit was $129 million, resulting in an effective tax rate of 32%, which is only marginally higher than the Australian company tax rate due to certain exploration expenses which were either non-deductible or for which Newcrest is not currently able to recognise tax benefits.

### 2.7. Significant items

Significant items totalling a net expense of $44 million (after non-controlling interest) were recognised in the current period in relation to the write-down of tax assets and property, plant and equipment following the classification of Gosowong as 'held for sale'.

Subsequent to balance date, Newcrest announced on 31 January 2020 that it had entered into an agreement to divest of all of Newcrest's interests in Gosowong for $90 million.

## 3. DISCUSSION AND ANALYSIS OF CASH FLOW

Free cash flow of negative $729 million includes the $774 million[8] cash outflow in relation to the payment for the acquisition of 70% interest in the Red Chris mine and an additional $61 million invested in Lundin Gold, increasing Newcrest's ownership from 27.1% to 32%.

Excluding the growth investments mentioned above, Free cash flow was $106 million, which is $70 million or 40% lower than the prior period primarily driven by increased investment in major capital projects, a higher level of exploration expenditure and higher sustaining capital investment.

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| Cash flow from operating activities[5] | 448 | 464 | (16) | (3%) |
| Cash flow related to investing activities | (1,177) | (288) | (889) | (309%) |
| **Free cash flow** | **(729)** | **176** | **(905)** | **(514%)** |
| Cash flow related to financing activities[5] | (180) | (94) | (86) | (91%) |
| **Net movement in cash** | **(909)** | **82** | **(991)** | **(1,209%)** |
| Cash at the beginning of the period | 1,600 | 953 | 647 | 68% |
| **Cash at the end of the period[4]** | **691** | **1,035** | **(344)** | **(33%)** |

### 3.1 Cash flow from operating activities

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| EBITDA[5] | 756 | 739 | 17 | 2% |
| Add: Exploration expenditure written off | 37 | 33 | 4 | 12% |
| Add: Other non-cash items or non-operating items | 1 | (10) | 11 | 110% |
| **Sub-total** | **794** | **762** | **32** | **4%** |
| *Working capital movement[7]* | | | | |
| Receivables | (12) | (42) | 30 | 71% |
| Inventories | (26) | (49) | 23 | 47% |
| Payables and provisions | (48) | (43) | (5) | (12%) |
| Other assets and liabilities | 3 | 19 | (16) | (84%) |
| **Net working capital movements** | **(83)** | **(115)** | **32** | **28%** |
| Net interest paid | (44) | (47) | 3 | 6% |
| Income taxes paid | (219) | (136) | (83) | (61%) |
| **Net cash inflow from operating activities[5]** | **448** | **464** | **(16)** | **(3%)** |

[7] Includes adjustments for non-cash items.

Cash flow from operating activities of $448 million was $16 million (or 3%) lower than the prior period primarily due to lower gold sales volumes, higher income tax payments and a lower realised copper price. This was partially offset by the higher realised gold price, the benefit of a weaker Australian dollar against the US dollar and lower net working capital outflows.

### 3.2 Cash flow related to investing activities

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| **Production stripping** | | | | |
| Lihir | 43 | 25 | 18 | 72% |
| Telfer | 18 | 38 | (20) | (53%) |
| Red Chris | 4 | - | 4 | |
| **Total production stripping** | **65** | **63** | **2** | **3%** |
| | | | | |
| **Sustaining capital expenditure** | | | | |
| Cadia | 43 | 40 | 3 | 8% |
| Lihir | 35 | 29 | 6 | 21% |
| Telfer | 12 | 24 | (12) | (50%) |
| Gosowong | 10 | 12 | (2) | (17%) |
| Red Chris | 15 | - | 15 | |
| Corporate | 6 | 6 | - | - |
| **Total sustaining capital** | **121** | **111** | **10** | **9%** |
| | | | | |
| **Major projects (non-sustaining)** | | | | |
| Cadia | 74 | 38 | 36 | 95% |
| Lihir | 22 | 22 | - | - |
| Telfer | 1 | 1 | - | - |
| Wafi-Golpu | 7 | 13 | (6) | (46%) |
| **Total major projects (non-sustaining) capital** | **104** | **74** | **30** | **41%** |
| | | | | |
| **Total capital expenditure** | **290** | **248** | **42** | **17%** |
| | | | | |
| **M&A activity** | | | | |
| Acquisition payment for a 70% interest in the Red Chris mine[8] | 774 | - | 774 | |
| Payments for investments in associates | 61 | 3 | 58 | 1,933% |
| **Total M&A activity** | **835** | **3** | **832** | **27,733%** |
| | | | | |
| Exploration and evaluation expenditure | 52 | 37 | 15 | 41% |
| **Net cash outflow from investing activities** | **1,177** | **288** | **889** | **309%** |

Cash outflow from investing activities of $1,177 million was $889 million higher than the prior period reflecting the payment for the $774 million[8] acquisition of Red Chris, an additional $61 million investment in Lundin Gold increasing Newcrest's ownership from 27.1% to 32% and higher major project capital expenditure with the Cadia Expansion Project (Stage 1) approved during the current period.

Total capital expenditure of $290 million in the six months ended 31 December 2019 comprised:

- Production stripping of $65 million, which was 3% higher than the prior period primarily driven by an increase in production stripping activities at Lihir (Phase 15) and the addition of spend at Red Chris, partially offset by a decrease in pre-stripping activities at Telfer (West Dome Stage 2).
- Sustaining capital expenditure of $121 million, which was $10 million higher than the prior period due to increased spend at Lihir and Cadia and the addition of spend at Red Chris (which is expected to be higher initially as Newcrest works to improve the site's future operational performance). This was partially offset by lower spend at Telfer.
- Major project, or non-sustaining capital expenditure of $104 million primarily related to:
    - Cadia – where the increased spend was primarily associated with the Cadia Expansion Project (Stage 1), with work commencing on PC2-3 development in the current period;

- Lihir - major projects in the period included the seepage barrier feasibility study, pit cooling and throughput related projects; and
- Wafi-Golpu – the lower capital expenditure reflects a reduced work program following permitting delays. The delays are driven by unresolved legal proceedings between the National Government and the Morobe Provincial Government regarding the internal distribution of PNG's economic interests in the project. Expenditure includes general maintenance of the site, community programs, environmental monitoring and redundancy costs.

Exploration activity of $52 million was $15 million (or 41%) higher than the prior period, comprising the following:

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| **Expenditure by nature** | | | | |
| Greenfield | 36 | 23 | 13 | 57% |
| Brownfield | 4 | 3 | 1 | 33% |
| Resource definition | 12 | 11 | 1 | 9% |
| | **52** | **37** | **15** | **41%** |
| **Expenditure by region** | | | | |
| Australia | 26 | 12 | 14 | 117% |
| Indonesia | 2 | 4 | (2) | (50%) |
| Papua New Guinea | 1 | 2 | (1) | (50%) |
| West Africa | - | 4 | (4) | (100%) |
| North America | 15 | 9 | 6 | 67% |
| South America | 8 | 6 | 2 | 33% |
| **Total exploration and evaluation expenditure** | **52** | **37** | **15** | **41%** |

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

The higher level of Greenfield expenditure was predominantly due to additional drilling at the Havieron Project in Western Australia. Exploration expenditure was also higher in the North America region compared to the prior period with Newcrest commencing drilling at Red Chris during August 2019.

### 3.3 Cash flow related to financing activities

| | For the 6 months ended 31 December | | | |
|---|---|---|---|---|
| **US$m** | **2019** | **2018** | **Change** | **Change %** |
| Repayment of other loans | 26 | - | 26 | |
| Repayment of lease principal[5] | 15 | - | 15 | |
| Payment for treasury shares | 14 | 17 | (3) | (18%) |
| Dividends paid to members of the parent entity | 102 | 77 | 25 | 32% |
| Dividend paid to non-controlling interests | 23 | - | 23 | |
| **Net cash outflow from financing activities[5]** | **180** | **94** | **86** | **91%** |

Cash outflow from financing activities of $180 million primarily relates to $102 million in dividend payments to shareholders of Newcrest.

The repayment of other loans of $26 million represents repayment of other loans assumed from Red Chris.

Dividends paid to non-controlling interests of $23 million were paid to PT Aneka Tambang Tbk for their 25 percent non-controlling interest in PT Nusa Halmahera Minerals (the entity that owns Gosowong).

Payment for treasury shares of $14 million represents shares purchased on market to satisfy obligations under employee incentive plans.

## 4. REVIEW OF OPERATIONS

### 4.1. Cadia

| Measure | | For the 6 months ended 31 December 2019 | 2018 | Change | Change % |
|---|---|---|---|---|---|
| **Operating** | | | | | |
| Total ore mined | tonnes '000 | 15,024 | 14,430 | 594 | 4% |
| Total material mined | tonnes '000 | 15,024 | 14,430 | 594 | 4% |
| Total material milled | tonnes '000 | 13,809 | 14,600 | (791) | (5%) |
| Gold head grade | grams/tonne | 1.18 | 1.24 | (0.06) | (5%) |
| Gold recovery | % | 78.7 | 78.2 | 0.5 | 1% |
| Gold produced | Ounces | 411,452 | 452,984 | (41,532) | (9%) |
| Copper produced | Tonnes | 45,423 | 43,893 | 1,530 | 3% |
| Silver produced | Ounces | 271,265 | 265,754 | 5,511 | 2% |
| Gold sales | Ounces | 398,648 | 463,270 | (64,622) | (14%) |
| Copper sales | Tonnes | 44,170 | 44,825 | (655) | (1%) |
| Silver sales | Ounces | 265,226 | 270,923 | (5,697) | (2%) |
| **Financial** | | | | | |
| Revenue | US$m | 810 | 798 | 12 | 2% |
| Cost of Sales (including depreciation)[5] | US$m | 313 | 347 | (34) | (10%) |
| Depreciation[5] | US$m | 74 | 96 | (22) | (23%) |
| EBITDA[5] | US$m | 571 | 547 | 24 | 4% |
| EBIT[5] | US$m | 497 | 451 | 46 | 10% |
| Operating cash flow[5] | US$m | 576 | 533 | 43 | 8% |
| Sustaining capital | US$m | 43 | 40 | 3 | 8% |
| Non-sustaining capital | US$m | 74 | 38 | 36 | 95% |
| Total capital expenditure | US$m | 117 | 78 | 39 | 50% |
| Free cash flow | US$m | 459 | 454 | 5 | 1% |
| All-In Sustaining Cost | US$m | 66 | 61 | 5 | 8% |
| All-In Sustaining Cost | US$/oz | 167 | 131 | 36 | 27% |

Gold production of 411,452 ounces was 9% lower than the prior period driven by a 5% decrease in the volume of material milled and an 5% decrease in gold grade milled.

As previously reported, the lower milled tonnes were principally due to extended downtime of the Concentrator 1 SAG mill following the identification (through routine inspections) of a preventative maintenance opportunity. The lower gold head grade is in line with expected grades for the period.

The mine produced 15 million tonnes of ore, representing an approximate annualised rate of 30 million tonnes per annum. In the last three months of the current period, an annualised mill throughput rate of 31.4 million tonnes per annum was achieved.

EBIT of $497 million was 10% higher than the prior period. This represented the cumulative benefit of a 2% increase in revenue and a 10% reduction in cost of sales (including depreciation). The increase in revenue was driven by an 18% higher realised gold price which more than offset the lower gold and copper sales volumes. Cost of sales (including depreciation) was lower primarily due to a weaker Australian dollar favourably impacting costs and lower depreciation which reflects lower gold production.

AISC of $167 per ounce was $36 per ounce or 27% higher than the prior period. This reflects the higher unit operating costs associated with the lower gold production and higher maintenance costs associated with the Concentrator 1 SAG mill repair, higher sustaining capital expenditure and a lower realised copper price. The impact of these increases were partially offset by the benefit of a weaker Australian dollar and a higher proportion of copper sales compared to gold sales.

Free cash flow of $459 million was 1% higher than the prior period. This reflects the higher earnings and a favourable movement in working capital, largely offset by a 50% increase in capital expenditure with work commencing on Stage 1 of the Cadia Expansion Project (primarily PC2-3 development).

### 4.2. Lihir

| Measure | | For the 6 months ended 31 December 2019 | 2018 | Change | Change % |
|---|---|---|---|---|---|
| **Operating** | | | | | |
| Total ore mined | tonnes '000 | 6,666 | 7,966 | (1,300) | (16%) |
| Total material mined | tonnes '000 | 16,137 | 15,997 | 140 | 1% |
| Total material milled | tonnes '000 | 6,645 | 6,213 | 432 | 7% |
| Gold head grade | grams/tonne | 2.38 | 2.82 | (0.44) | (16%) |
| Gold recovery | % | 75.1 | 76.9 | (1.8) | (2%) |
| Gold produced | ounces | 381,500 | 433,224 | (51,724) | (12%) |
| Silver produced | ounces | 14,441 | 16,900 | (2,459) | (15%) |
| Gold sales | ounces | 362,955 | 419,024 | (56,069) | (13%) |
| Silver sales | ounces | 14,441 | 16,900 | (2,459) | (15%) |
| **Financial** | | | | | |
| Revenue | US$m | 538 | 514 | 24 | 5% |
| Cost of Sales (including depreciation)[5] | US$m | 465 | 472 | (7) | (1%) |
| Depreciation[5] | US$m | 129 | 141 | (12) | (9%) |
| EBITDA[5] | US$m | 202 | 183 | 19 | 10% |
| EBIT[5] | US$m | 73 | 42 | 31 | 74% |
| Operating cash flow[5] | US$m | 184 | 114 | 70 | 61% |
| Production stripping | US$m | 43 | 25 | 18 | 72% |
| Sustaining capital | US$m | 35 | 29 | 6 | 21% |
| Non-sustaining capital | US$m | 22 | 22 | - | - |
| Total capital expenditure | US$m | 100 | 76 | 24 | 32% |
| Free cash flow | US$m | 84 | 37 | 47 | 127% |
| All-In Sustaining Cost | US$m | 419 | 388 | 31 | 8% |
| All-In Sustaining Cost | US$/oz | 1,154 | 925 | 229 | 25% |

Gold production was 12% lower than the prior period, primarily as a result of 16% lower gold head grade and lower gold recovery rates. During the current period, Lihir commenced transition to a bi-annual shutdown strategy aimed at improving equipment reliability and utilisation from FY21 onwards. Gold head grade was 16% lower than the prior period primarily due to a larger proportion of lower grade stockpile material processed and the current area being mined in Phase 14 yielding lower volumes and lower grade ore. Gold recovery rates were 2% lower than the prior period primarily due to lower autoclave availability as a result of planned maintenance for relines to Autoclave 2 and 4 as well as the lower head grade. The grade and recovery impacts were partially offset by 7% higher mill throughput.

Total ore mined was lower with mining of Phase 9 completed in early 2019 and expit ore now primarily being sourced from Phase 14. Total material mined was in line with the prior period due to increased waste movement in Phase 15 with access to Phase 15 ore targeted in the coming periods.

EBIT of $73 million was 74% higher than the prior period as a result of increased revenue driven by a higher realised gold price more than offsetting the lower sales volumes and lower cost of sales (including depreciation). Lower depreciation was due to lower production throughput. Cost of sales (excluding depreciation) was higher driven by increased fuel costs and increased maintenance spend in relation to the mobile fleet.

AISC of $1,154 per ounce was $229 per ounce (or 25%) higher than the prior period, primarily reflecting the lower gold sales for the current period, higher fuel and maintenance costs, higher production stripping and higher sustaining capital expenditure.

Free cash flow of $84 million was $47 million higher than the prior period, driven by higher revenue as a result of the higher realised gold price and a favourable movement in working capital, partially offset by the lower sales volumes and higher operating costs, production stripping and sustaining capital expenditure.

### 4.3. Telfer

| Measure | | For the 6 months ended 31 December 2019 | 2018 | Change | Change % |
|---|---|---|---|---|---|
| **Operating** | | | | | |
| Total ore mined | tonnes '000 | 7,141 | 10,712 | (3,571) | (33%) |
| Total material mined | tonnes '000 | 27,170 | 29,156 | (1,986) | (7%) |
| Total material milled | tonnes '000 | 7,043 | 10,329 | (3,286) | (32%) |
| Gold head grade | grams/tonne | 0.91 | 0.77 | 0.14 | 18% |
| Gold recovery | % | 85.1 | 81.6 | 3.5 | 4% |
| Gold produced | ounces | 182,464 | 214,548 | (32,084) | (15%) |
| Copper produced | tonnes | 7,273 | 7,877 | (604) | (8%) |
| Silver produced | ounces | 59,256 | 104,484 | (45,228) | (43%) |
| Gold sales | ounces | 185,470 | 212,848 | (27,378) | (13%) |
| Copper sales | tonnes | 6,998 | 7,681 | (683) | (9%) |
| Silver sales | ounces | 59,256 | 104,484 | (45,228) | (43%) |
| **Financial** | | | | | |
| Revenue | US$m | 261 | 296 | (35) | (12%) |
| Cost of Sales (including depreciation)[5] | US$m | 285 | 325 | (40) | (12%) |
| Depreciation[5] | US$m | 45 | 67 | (22) | (33%) |
| EBITDA[5] | US$m | 21 | 38 | (17) | (45%) |
| EBIT[5] | US$m | (24) | (29) | 5 | (17%) |
| Operating cash flow[5] | US$m | 15 | 20 | (5) | (25%) |
| Production stripping | US$m | 18 | 38 | (20) | (53%) |
| Sustaining capital | US$m | 12 | 24 | (12) | (50%) |
| Non-sustaining capital | US$m | 1 | 1 | - | - |
| Total capital expenditure | US$m | 31 | 63 | (32) | (51%) |
| Free cash flow | US$m | (22) | (48) | 26 | 54% |
| All-In Sustaining Cost | US$m | 256 | 287 | (31) | (11%) |
| All-In Sustaining Cost | US$/oz | 1,380 | 1,347 | 33 | 2% |

Gold production was 15% lower than the prior period driven by 32% lower milled tonnes, partially offset by higher head grade and recovery. Mill throughput was lower due to the deliberate change in mill operating strategy to a reduced rate utilising ~1.4 of the two trains' capacity (announced in August 2019) and targeting higher feed grade to improve margin.

Gold recovery improved (+4%) as a result of higher gold head grade and ore treatment transformation initiatives targeting production stability and Management Operating System improvements which have yielded positive results over the last 12 months.

Total material mined was lower than the prior period due to reductions in underground mining activity reflecting a reduced footprint from the Sub Level Cave and Western Flanks as they near completion of the currently approved mine plans. Mining activity in the open pit was also lower due to equipment availability and workforce issues impacting productivity.

The slightly improved EBIT was driven largely by the higher realised gold price, lower site costs due to lower mining and ore treatment activity, a weaker Australian dollar favourably impacting costs and lower depreciation. This was partially offset by lower revenue reflecting lower gold and copper production.

AISC of $1,380 per ounce was marginally higher than the prior period driven by lower gold sales, a lower realised copper price and an increase in unit operating costs, partially offset by lower sustaining capital expenditure and lower production stripping activity.

Free cash flow of negative $22 million was a $26 million improvement over the prior period due to a higher realised gold price, lower site costs reflecting the lower mining and ore treatment activity, a weaker Australian dollar favourably impacting costs, lower capital expenditure and higher net working capital inflows, partially offset by lower gold sales volumes and a lower realised copper price.

In the current period, Telfer realised net revenue losses on gold hedges of $33 million. Excluding the hedge losses, Telfer's free cash flow was positive $11 million.

### 4.4. Gosowong[7]

| | | For the 6 months ended 31 December | | | |
|---|---|---|---|---|---|
| **Measure** | | **2019** | **2018** | **Change** | **Change %** |
| **Operating** | | | | | |
| Total ore mined | tonnes '000 | 354 | 368 | (14) | (4%) |
| Total material mined | tonnes '000 | 408 | 425 | (17) | (4%) |
| Total material milled | tonnes '000 | 357 | 361 | (4) | (1%) |
| Gold head grade | grams/tonne | 7.01 | 9.32 | (2.31) | (25%) |
| Gold recovery | % | 94.5 | 95.0 | (0.5) | (1%) |
| Gold produced | ounces | 76,040 | 102,444 | (26,404) | (26%) |
| Silver produced | ounces | 82,254 | 113,998 | (31,744) | (28%) |
| Gold sales | ounces | 78,184 | 98,887 | (20,703) | (21%) |
| Silver sales | ounces | 86,903 | 107,383 | (20,480) | (19%) |
| **Financial** | | | | | |
| Revenue | US$m | 117 | 122 | (5) | (4%) |
| Cost of Sales (including depreciation) | US$m | 111 | 123 | (12) | (10%) |
| Depreciation | US$m | 25 | 31 | (6) | (19%) |
| EBITDA | US$m | 31 | 30 | 1 | 3% |
| EBIT | US$m | 6 | (1) | 7 | 700% |
| Operating cash flow | US$m | 20 | 19 | 1 | 5% |
| Sustaining capital | US$m | 10 | 12 | (2) | (17%) |
| Free cash flow | US$m | 8 | 4 | 4 | 100% |
| All-In Sustaining Cost | US$m | 99 | 106 | (7) | (7%) |
| All-In Sustaining Cost | US$/oz | 1,261 | 1,076 | 185 | 17% |

Gold production was 26% lower than the prior period due to lower head grade at both Toguraci and Kencana mines. The lower gold sales volumes reflects the lower gold production.

EBIT of $6 million was $7 million higher than the prior period driven by lower site costs and lower depreciation, partially offset by lower revenue with the expected lower sales volumes outweighing the benefit of an 18% higher realised gold price.

AISC of $1,261 per ounce was higher than the prior period notwithstanding that the absolute dollar amount of AISC expenditure was lower as the lower gold grades translated into lower production and sales volumes and increased unit costs.

Free cash flow of $8 million was $4 million higher than the prior period, driven by higher operating cashflows, lower sustaining capital expenditure and favourable movements in working capital.

### 4.5. Red Chris[7]

| Measure | | For the 6 months ended 31 December 2019 | 2018 | Change | Change % |
|---|---|---|---|---|---|
| **Operating** | | | | | |
| Total ore mined | tonnes '000 | 3,565 | - | - | - |
| Total material mined | tonnes '000 | 6,827 | - | - | - |
| Total material milled | tonnes '000 | 2,754 | - | - | - |
| Gold head grade | grams/tonne | 0.28 | - | - | - |
| Gold recovery | % | 44.8 | - | - | - |
| Gold produced | ounces | 11,294 | - | - | - |
| Copper produced | tonnes | 9,773 | | | |
| Silver produced | ounces | 43,352 | - | - | - |
| Gold sales | ounces | 9,789 | - | - | - |
| Copper sales | tonnes | 8,679 | | | |
| Silver sales | ounces | 28,800 | - | - | - |
| **Financial** | | | | | |
| Revenue | US$m | 64 | - | - | - |
| Cost of Sales (including depreciation)[5] | US$m | 68 | - | - | - |
| Depreciation[5] | US$m | 16 | - | - | - |
| EBITDA[5] | US$m | 12 | - | - | - |
| EBIT[5] | US$m | (4) | - | - | - |
| Operating cash flow[5] | US$m | (2) | - | - | - |
| Production stripping | US$m | 4 | - | - | - |
| Sustaining capital | US$m | 15 | - | - | - |
| Total capital expenditure | US$m | 19 | - | _- | - |
| Free cash flow | US$m | (25) | - | - | - |
| All-In Sustaining Cost | US$m | 25 | - | - | - |
| All-In Sustaining Cost | US$/oz | 2,606 | - | - | - |

As announced (on 16 August 2019), Newcrest acquired a 70% joint-venture interest in and operatorship of the Red Chris mine and surrounding tenements in British Columbia on 15 August 2019.

Since acquisition work has commenced on the implementation of the Newcrest Safety Transformation plan together with drilling activity, investment in capital projects and a number of operational improvement initiatives to improve the site's future operational performance.

Production and financial outcomes above represent the period of Newcrest ownership from 15 August to 31 December 2019.

Free cash flow for the current period includes the impact of net working capital acquired on completion of the acquisition.

## 5. DISCUSSION AND ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

### 5.1. Net assets and total equity

Newcrest had net assets and total equity of $7,698 million as at 31 December 2019.

| US$m | As at 31 December 2019 | As at 30 June 2019 | Change | Change % |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents[4] | 666 | 1,600 | (934) | (58%) |
| Trade and other receivables | 133 | 135 | (2) | (1%) |
| Inventories | 1,605 | 1,573 | 32 | 2% |
| Other financial assets | 113 | 103 | 10 | 10% |
| Current tax asset | 1 | 32 | (31) | (97%) |
| Property, plant and equipment[5] | 8,664 | 7,816 | 848 | 11% |
| Goodwill | 20 | - | 20 | |
| Other intangible assets | 22 | 33 | (11) | (33%) |
| Deferred tax assets | 66 | 60 | 6 | 10% |
| Investments in associates | 368 | 333 | 35 | 11% |
| Assets held for sale[4] | 204 | - | 204 | |
| Other assets | 65 | 152 | (87) | (57%) |
| **Total assets** | **11,927** | **11,837** | **90** | **1%** |
| **Liabilities** | | | | |
| Trade and other payables | (410) | (444) | 34 | 8% |
| Current tax liability | (59) | (176) | 117 | 66% |
| Borrowings | (2,002) | (1,995) | (7) | 0% |
| Other financial liabilities | (157) | (123) | (34) | (28%) |
| Provisions | (458) | (524) | 66 | 13% |
| Deferred tax liabilities | (997) | (944) | (53) | (6%) |
| Lease liabilities[5] | (54) | - | (54) | |
| Liabilities held for sale | (92) | - | (92) | |
| **Total liabilities** | **(4,229)** | **(4,206)** | **(23)** | **(1%)** |
| **Net assets** | **7,698** | **7,631** | **67** | **1%** |
| **Equity** | | | | |
| Equity attributable to owners of the parent | 7,670 | 7,567 | 103 | 1% |
| Non-controlling interests | 28 | 64 | (36) | (56%) |
| **Total equity** | **7,698** | **7,631** | **67** | **1%** |

## 5.2. Financial metrics

### 5.2.1.Net debt and gearing

Net debt (comprising total debt less cash and cash equivalents) of $1,365 million at 31 December 2019 was $970 million higher than at 30 June 2019.

The gearing ratio (net debt /net debt and total equity) as at 31 December 2019 was 15.1%, an increase from 4.9% as at 30 June 2019, primarily reflecting the payment from cash holdings for the Red Chris acquisition and increased shareholding in Lundin Gold during the current period.

Components of the movement in net debt and gearing for the period ended 31 December 2019 are outlined in the table below.

| US$m | As at 31 December 2019 | As at 30 June 2019 | Change | Change % |
|---|---|---|---|---|
| Corporate bonds – unsecured | 2,000 | 2,000 | - | - |
| Other loans[9] | 7 | - | 7 | |
| Capitalised transaction costs on facilities | (5) | (5) | - | - |
| **Total borrowings** | **2,002** | **1,995** | **7** | **0%** |
| Lease liabilities[5] | 54 | - | 54 | |
| **Total debt** | **2,056** | **1,995** | **61** | **3%** |
| Less cash and cash equivalents[4] | (666) | (1,600) | 934 | 58% |
| Less cash held for sale (Gosowong)[4] | (25) | - | (25) | |
| **Net debt** | **1,365** | **395** | **970** | **246%** |
| Total equity | 7,698 | 7,631 | 67 | 1% |
| **Net debt and total equity** | **9,063** | **8,026** | **1,037** | **13%** |
| **Gearing (net debt / net debt and total equity)** | **15.1%** | **4.9%** | **10.2** | **208%** |

[9] Represents interest-bearing liabilities acquired as part of the Red Chris acquisition.

### 5.2.2.Leverage ratio

Newcrest's net debt to EBITDA (leverage ratio) as at 31 December 2019 increased to 0.8 times (compared to 0.2 times at 30 June 2019) primarily reflecting the payment for the Red Chris acquisition and increased shareholding in Lundin Gold during the current period.

| US$m | As at 31 December 2019 | As at 30 June 2019 | Change | Change % |
|---|---|---|---|---|
| Net debt | 1,365 | 395 | 970 | 246% |
| EBITDA (trailing 12 months)[10] | 1,686 | 1,670 | 16 | 1% |
| **Net debt to EBITDA (times)** | **0.8** | **0.2** | **0.6** | **300%** |

[10] As at 31 December 2019, the period represents 1 January 2019 to 31 December 2019. As at 30 June 2019, the period represents 1 July 2018 to 30 June 2019.

### 5.2.3.Liquidity coverage

Newcrest had $2,691 million of cash and committed undrawn bank facilities as at 31 December 2019.

| $m | Facility utilised | Available liquidity | Facility limit |
|---|---|---|---|
| **As at 31 December 2019** | | | |
| Cash and cash equivalents[4] | n/a | 691 | n/a |
| Corporate bonds | 2,000 | - | 2,000 |
| Bilateral bank debt facilities | - | 2,000 | 2,000 |
| Other loans | 7 | - | 7 |
| **Coverage** | **2,007** | **2,691** | **4,007** |
| | | | |
| **As at 30 June 2019** | | | |
| Cash and cash equivalents | n/a | 1,600 | n/a |
| Corporate bonds | 2,000 | - | 2,000 |
| Bilateral bank debt facilities | - | 2,000 | 2,000 |
| **Coverage** | **2,000** | **3,600** | **4,000** |

## 6. NON-IFRS FINANCIAL INFORMATION

Newcrest results are reported under Australian Accounting Standards (‘AAS’). Compliance with AAS also results in compliance with International Financial Reporting Standards (‘IFRS’). This report also includes certain non-IFRS financial information, including EBIT (earnings before interest, tax and significant items), EBITDA (earnings before interest, tax, depreciation and amortisation and significant items), Underlying profit (profit after tax before significant items attributable to owners of the Company), All-In Sustaining Cost and All-In Cost (both determined in accordance with the updated World Gold Council Guidance Note on Non-GAAP Metrics released November 2018), Free cash flow (cash flow from operating activities less cash flow related to investing activities), Sustaining capital and Major projects (non-sustaining) capital.

These measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources and are included in this report to provide greater understanding of the underlying financial performance of the Group’s operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. The non-IFRS information has not been subject to audit or review by Newcrest’s external auditor.

The non-IFRS measures do not have any standard definition under IFRS and may be calculated differently by other companies. The tables below reconcile these non-IFRS measures to the most appropriate IFRS measure, noting that:

- Sustaining and Major project (non-sustaining) capital are reconciled to investing cash flow in section 3.2;
- Free cash flow is reconciled to the cash flow statement in section 3.

### 6.1. Reconciliation of Statutory profit to Underlying profit

Underlying profit, EBIT and EBITDA is reported by Newcrest to provide greater understanding of the underlying business performance of its operations and the Group. These measures exclude significant items of income or expense which are, either individually or in aggregate, material to Newcrest or to the relevant business segment and are either outside the ordinary course of business or are part of the ordinary activities of the business but unusual due to their size and nature. Examples include gains/losses and other costs incurred for acquisitions and disposals of mining interests and asset impairment and write-down charges. Statutory profit and Underlying profit both represent profit after tax amounts attributable to Newcrest shareholders.

| | For the 6 months ended 31 December 2019 | | | |
|---|---|---|---|---|
| **Profit after tax attributable to Newcrest shareholders US$m** | **Before Tax and Non-controlling interest** | **Tax** | **Non-controlling interest** | **After Tax and Non-controlling interest** |
| **Statutory profit** | **389** | **(166)** | **13** | **236** |
| Write-down of Gosowong tax assets | - | 37 | (8) | 29 |
| Write-down of property, plant and equipment at Gosowong | 20 | - | (5) | 15 |
| **Underlying profit** | **409** | **(129)** | **-** | **280** |

In the prior period, Statutory profit was equal to Underlying profit.

### 6.2. Reconciliation of Underlying profit to EBITDA

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| **Underlying profit** | **280** | **237** |
| Income tax expense | 129 | 111 |
| Net finance costs | 50 | 49 |
| **EBIT** | **459** | **397** |
| Depreciation and Amortisation | 297 | 342 |
| **EBITDA** | **756** | **739** |

### 6.3. Reconciliation of All-In Sustaining Cost and All-In Cost to cost of sales

"All-In Sustaining Cost" and "All-In Cost" are non-IFRS measures which Newcrest has adopted since the guidance was released by the World Gold Council in June 2013.

The World Gold Council released an updated guidance note in November 2018, which Newcrest fully applied in the current period following the adoption of the new leasing standard in the financial statements from 1 July 2019.

| | | For the 6 months ended 31 December | | | |
|---|---|---|---|---|---|
| | | 2019 | | 2018 | |
| | Reference | US$m | US$/oz | US$m | US$/oz |
| **Gold sales (koz)** | | **1,035** | | **1,194** | |
| | | | | | |
| **Cost of sales** | 6.3.1 | **1,242** | **1,200** | **1,267** | **1,061** |
| Depreciation and amortisation | 6.3.2 | (289) | (279) | (335) | (280) |
| By-product revenue | 6.3.3 | (311) | (300) | (280) | (234) |
| Gold concentrate treatment and refining deductions | | 18 | 17 | 16 | 13 |
| Corporate costs | 6.3.4 | 40 | 39 | 46 | 38 |
| Sustaining exploration | 6.3.7 | 10 | 10 | 5 | 4 |
| Production stripping and underground mine development | 6.3.5 | 58 | 56 | 56 | 47 |
| Sustaining capital expenditure | 6.3.6 | 121 | 117 | 111 | 93 |
| Sustaining leases[5] | | 15 | 14 | - | - |
| Rehabilitation accretion and amortisation | | 7 | 6 | 6 | 5 |
| **All-In Sustaining Costs** | | **911** | **880** | **892** | **747** |
| Growth and development expenditure | | 9 | 9 | | |
| Non-sustaining capital expenditure[11] | 6.3.6 | 104 | 100 | 74 | 63 |
| Non-sustaining exploration | 6.3.7 | 42 | 41 | 32 | 26 |
| **All-In Cost** | | **1,066** | **1,030** | **998** | **836** |

[11] Represents spend on major projects that are designed to increase the net present value of the mine and are not related to current production. Significant projects in the current period include PC2-3 development at Cadia and the seepage barrier feasibility study, pit cooling and throughput related projects at Lihir.

#### 6.3.1. Cost of sales

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| **Cost of sales per Note 4(b) of the consolidated financial statements** | **1,242** | **1,267** |

### 6.3.2. Depreciation and amortisation

| | For the 6 months ended 31 December | |
|---|---|---|
| **US$m** | **2019** | **2018** |
| **Depreciation and amortisation per Note 4(b) of the consolidated financial statements** | **289** | **335** |

### 6.3.3. By-product revenue

| | For the 6 months ended 31 December | |
|---|---|---|
| **US$m** | **2019** | **2018** |
| Copper concentrate sales revenue | 351 | 323 |
| Copper concentrate treatment and refining deductions | (48) | (50) |
| **Total copper revenue per Note 4(a) of the consolidated financial statements** | **303** | **273** |
| Silver sales revenue per Note 4(a) of the consolidated financial statements | 8 | 7 |
| **Total By-product revenue** | **311** | **280** |

### 6.3.4. Corporate costs

| | For the 6 months ended 31 December | |
|---|---|---|
| **US$m** | **2019** | **2018** |
| Corporate administration expenses per Note 4(c) of the consolidated financial statements | 57 | 53 |
| Less: Corporate depreciation per Note 4(c) to the consolidated financial statements | (8) | (7) |
| Less: Growth and development expenditure | (9) | - |
| **Total Corporate costs** | **40** | **46** |

### 6.3.5. Production stripping and advanced operating development

| | For the 6 months ended 31 December | |
|---|---|---|
| **US$m** | **2019** | **2018** |
| Advanced operating development | (7) | (7) |
| Production stripping per consolidated financial statements | 65 | 63 |
| **Total production stripping and advanced operating development** | **58** | **56** |

### 6.3.6. Capital expenditure

| | For the 6 months ended 31 December | |
|---|---|---|
| **US$m** | **2019** | **2018** |
| Payments for plant and equipment per consolidated financial statements | 121 | 108 |
| Assets under construction, development and feasibility expenditure per consolidated financial statements | 104 | 77 |
| **Total capital expenditure** | **225** | **185** |
| | | |
| Sustaining capital expenditure per 3.3 of the Management Discussion and Analysis | 121 | 111 |
| Non-sustaining capital expenditure per 3.3 of the Management Discussion and Analysis | 104 | 74 |
| **Total capital expenditure** | **225** | **185** |

### 6.3.7.Exploration expenditure

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| **Exploration and evaluation expenditure per consolidated financial statements** | **52** | **37** |
| | | |
| Sustaining exploration per 6.3 of the Management Discussion and Analysis | 10 | 5 |
| Non-sustaining exploration per 6.3 of the Management Discussion and Analysis | 42 | 32 |
| **Total exploration expenditure** | **52** | **37** |

### 6.3.8.Earnings per share

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| Earnings per share (basic) per the consolidated financial statements | 30.7 | 30.9 |
| Earnings per share (diluted) per the consolidated financial statements | 30.6 | 30.8 |

### 6.3.9.Dividends paid per share

| US$m | For the 6 months ended 31 December 2019 | 2018 |
|---|---|---|
| Total dividends paid per Note 8(a) of the consolidated financial statements | 111 | 84 |
| Total issued capital per Note 13(b) of the consolidated financial statements | 768,843,214 | 768,252,697 |
| **Dividends paid per share** | **14.5** | **11.0** |

## Contents

| | Note | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| Revenue | 4(a) | 1,790 | 1,730 |
| Cost of sales | 4(b) | (1,242) | (1,267) |
| **Gross profit** | | **548** | **463** |
| Exploration expenses | | (37) | (33) |
| Corporate administration expenses | 4(c) | (57) | (53) |
| Other income/(expenses) | 4(d) | 21 | 19 |
| Write-down of property, plant and equipment | 5 | (20) | - |
| Share of profit/(loss) of associates | | (16) | 1 |
| **Profit before interest and income tax** | | **439** | **397** |
| Finance income | | 9 | 12 |
| Finance costs | 4(e) | (59) | (61) |
| **Profit before income tax** | | **389** | **348** |
| Income tax expense | 6 | (166) | (111) |
| **Profit after income tax** | | **223** | **237** |
| **Profit after tax attributable to:** | | | |
| Non-controlling interests | | (13) | - |
| Owners of the parent | | 236 | 237 |
| | | **223** | **237** |
| **Earnings per share (cents per share)** | | | |
| Basic earnings per share | | 30.7 | 30.9 |
| Diluted earnings per share | | 30.6 | 30.8 |

The above Statement should be read in conjunction with the accompanying notes.

| | Note | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| **Profit after income tax** | | **223** | **237** |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be reclassified subsequently to the Income Statement* | | | |
| ***Cash flow hedges*** | | | |
| Cash flow hedge (gains)/losses transferred to the Income Statement | | 36 | (20) |
| Cash flow hedge gains/(losses) deferred in equity | | (83) | (77) |
| Income tax (expense)/benefit | | 14 | 29 |
| | | **(33)** | **(68)** |
| ***Investments*** | | | |
| Share of other comprehensive income/(loss) of associates | | (9) | 2 |
| | | **(9)** | **2** |
| ***Foreign currency translation*** | | | |
| Exchange gains/(losses) on translation of foreign operations, net of hedges of foreign investments | | 10 | (137) |
| | | **10** | **(137)** |
| *Items that will not be reclassified to the Income Statement* | | | |
| ***Investments*** | | | |
| Changes in the fair value of equity instruments held at fair value through other comprehensive income ('FVOCI') | | 10 | - |
| | | **10** | **-** |
| **Other comprehensive income/(loss) for the period, net of tax** | | **(22)** | **(203)** |
| **Total comprehensive income/(loss) for the period** | | **201** | **34** |
| **Total comprehensive income attributable to:** | | | |
| Non-controlling interests | | (13) | - |
| Owners of the parent | | 214 | 34 |
| | | **201** | **34** |

The above Statement should be read in conjunction with the accompanying notes.

| | Note | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7(b) | 666 | 1,600 |
| Trade and other receivables | | 133 | 135 |
| Inventories | | 598 | 576 |
| Other financial assets | | 3 | 4 |
| Current tax asset | | 1 | 32 |
| Other assets | | 26 | 35 |
| Assets held for sale | 16 | 204 | - |
| **Total current assets** | | **1,631** | **2,382** |
| **Non-current assets** | | | |
| Inventories | | 1,007 | 997 |
| Other financial assets | | 110 | 99 |
| Property, plant and equipment | | 8,664 | 7,816 |
| Goodwill | | 20 | - |
| Other intangible assets | | 22 | 33 |
| Deferred tax assets | | 66 | 60 |
| Investment in associates | | 368 | 333 |
| Other assets | | 39 | 117 |
| **Total non-current assets** | | **10,296** | **9,455** |
| **Total assets** | | **11,927** | **11,837** |
| **Current liabilities** | | | |
| Trade and other payables | | 410 | 444 |
| Borrowings | 10 | 7 | - |
| Provisions | | 104 | 133 |
| Current tax liability | | 59 | 176 |
| Lease liabilities | | 19 | - |
| Other financial liabilities | | 59 | 59 |
| Liabilities held for sale | 16 | 92 | - |
| **Total current liabilities** | | **750** | **812** |
| **Non-current liabilities** | | | |
| Borrowings | 10 | 1,995 | 1,995 |
| Provisions | | 354 | 391 |
| Deferred tax liabilities | | 997 | 944 |
| Lease liabilities | | 35 | - |
| Other financial liabilities | | 98 | 64 |
| **Total non-current liabilities** | | **3,479** | **3,394** |
| **Total liabilities** | | **4,229** | **4,206** |
| **Net assets** | | **7,698** | **7,631** |
| **Equity** | | | |
| Issued capital | 13 | 11,636 | 11,641 |
| Accumulated losses | | (3,523) | (3,648) |
| Reserves | | (443) | (426) |
| **Equity attributable to owners of the parent** | | **7,670** | **7,567** |
| Non-controlling interests | | 28 | 64 |
| **Total equity** | | **7,698** | **7,631** |

The above Statement should be read in conjunction with the accompanying notes.

| | Note | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 389 | 348 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 4(f) | 297 | 342 |
| Net finance costs | | 50 | 49 |
| Write-down of property, plant and equipment | 5 | 20 | - |
| Exploration expenditure written off | | 37 | 33 |
| Other non-cash items or non-operating items | | 1 | (10) |
| Change in working capital | 7(a) | (83) | (115) |
| **Operating cash flows before interest and taxes** | | **711** | **647** |
| Interest received | | 10 | 12 |
| Interest paid | | (54) | (59) |
| Income tax paid | | (219) | (136) |
| **Net cash provided by operating activities** | | **448** | **464** |
| **Cash flows from investing activities** | | | |
| Payments for plant and equipment | | (121) | (108) |
| Assets under construction, development and feasibility expenditure | | (104) | (77) |
| Production stripping expenditure | | (65) | (63) |
| Exploration and evaluation expenditure | | (52) | (37) |
| Payments for investments in associates | | (61) | (3) |
| Payment for acquisition of Red Chris | 17 | (774) | - |
| **Net cash used in investing activities** | | **(1,177)** | **(288)** |
| **Cash flows from financing activities** | | | |
| Payment for treasury shares | 13 | (14) | (17) |
| Repayment of lease principal | | (15) | - |
| Repayment of other loans assumed from Red Chris | | (26) | - |
| Dividends paid: | | | |
| • Members of the parent entity | | (102) | (77) |
| • Non-controlling interests | | (23) | - |
| **Net cash used in financing activities** | | **(180)** | **(94)** |
| **Net increase in cash and cash equivalents** | | **(909)** | **82** |
| Cash and cash equivalents at the beginning of the period | | 1,600 | 953 |
| **Cash and cash equivalents at the end of the period** | 7(b) | **691** | **1,035** |

The above Statement should be read in conjunction with the accompanying notes.

| | Attributable to Owners of the Parent | | | | | | | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Issued Capital | FX Translation Reserve | Hedge Reserve | Equity Settlements Reserve | Other Reserves | Accu-mulated Losses | Total | | |
| | US$m | US$m | US$m | US$m | US$m | US$m | US$m | US$m | US$m |
| **Balance at 1 July 2019** | **11,641** | **(489)** | **(75)** | **112** | **26** | **(3,648)** | **7,567** | **64** | **7,631** |
| Profit for the period | - | - | - | - | - | 236 | 236 | (13) | 223 |
| Other comprehensive income/(loss) for the period | - | 10 | (33) | - | 1 | - | (22) | - | (22) |
| **Total comprehensive income for the period** | **-** | **10** | **(33)** | **-** | **1** | **236** | **214** | **(13)** | **201** |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Share-based payments | - | - | - | 5 | - | - | 5 | - | 5 |
| Shares purchased | (14) | - | - | - | - | - | (14) | - | (14) |
| Dividends | - | - | - | - | - | (111) | (111) | (23) | (134) |
| Shares issued – dividend reinvestment plan | 9 | - | - | - | - | - | 9 | - | 9 |
| **Balance at 31 December 2019** | **11,636** | **(479)** | **(108)** | **117** | **27** | **(3,523)** | **7,670** | **28** | **7,698** |

The above Statement should be read in conjunction with the accompanying notes.

| | Attributable to Owners of the Parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Issued Capital US$m | FX Translation Reserve US$m | Hedge Reserve US$m | Equity Settlements Reserve US$m | Other Reserves US$m | Accu-mulated Losses US$m | Total US$m | Non-controlling Interests US$m | Total US$m |
| **Balance at 1 July 2018** | **11,656** | **(327)** | **33** | **101** | **(1)** | **(4,067)** | **7,395** | **67** | **7,462** |
| Profit for the period | - | - | - | - | - | 237 | 237 | - | 237 |
| Other comprehensive income/(loss) for the period | - | (137) | (68) | - | 2 | - | (203) | - | (203) |
| **Total comprehensive income for the period** | **-** | **(137)** | **(68)** | **-** | **2** | **237** | **34** | **-** | **34** |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Share-based payments | - | - | - | 6 | - | - | 6 | - | 6 |
| Shares purchased | (17) | - | - | - | - | - | (17) | - | (17) |
| Dividends | - | - | - | - | - | (84) | (84) | - | (84) |
| Shares issued – dividend reinvestment plan | 7 | - | - | - | - | - | 7 | - | 7 |
| **Balance at 31 December 2018** | **11,646** | **(464)** | **(35)** | **107** | **1** | **(3,914)** | **7,341** | **67** | **7,408** |

The above Statement should be read in conjunction with the accompanying notes.

## 1. Corporate Information

Newcrest Mining Limited is a company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange ('ASX') and PNGX Markets Limited ('PNGX'). The registered office of Newcrest Mining Limited is Level 8, 600 St Kilda Road, Melbourne, Victoria, 3004, Australia.

The nature of the operations and principal activities of Newcrest Mining Limited and its controlled entities ('the Group') are exploration, mine development, mine operations and the sale of gold and gold/copper concentrate.

The financial report of Newcrest Mining Limited for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 13 February 2020.

## 2. Basis of Preparation and Accounting Policies

### (a) Basis of Preparation

This interim condensed consolidated financial report for the half year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This financial report also complies with IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The Half Year Financial Report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full of an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Half Year Financial Report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2019 and considered together with any public announcements made by Newcrest Mining Limited during the half year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report has been prepared on a historical cost basis, except for metal concentrate receivables, other financial assets and other financial liabilities which have been measured at fair value.

The financial report has been presented in United States (US) dollars and all values are rounded to the nearest US$1,000,000 (US$m) unless otherwise stated.

### (b) Significant Accounting Policies

The accounting policies, methods of computation and areas of critical accounting judgements, estimates and assumptions are the same as those adopted in the most recent annual financial statements for the year ended 30 June 2019, except as noted in Note 2(c).

## 2. Basis of Preparation and Accounting Policies (continued)

### (c) Adoption of new accounting standards effective this financial year

### (i) AASB 16 Leases

AASB 16 *Leases* (AASB 16) superseded AASB 117 *Leases* (AASB 117) and related Interpretations and applied to all the Group's contracts on 1 July 2019, unless those contracts are within scope of other standards.

AASB 16 introduced a single lessee accounting model, requiring the recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The Group is party to contracts for leases of property, plant and equipment; including but not limited to: office premises, infrastructure, mining equipment and contractor-provided equipment.

The Group adopted AASB 16 on 1 July 2019 and elected to apply the modified retrospective method of adoption. This transition method required the cumulative effect of initially applying AASB 16 being recognised as an adjustment to the opening balance of retained earnings from the date of initial application. The cumulative effect on retained earnings was immaterial. In accordance with the modified retrospective method, Newcrest has not restated comparative information for the year ended 30 June 2019.

The Group used the practical expedient available under the standard to 'grandfather' its assessment of contracts not previously identified as leases under AASB 117, as well as practical expedients for short-term leases, low value leases and leases expiring within 12 months of transition date. It also utilised the practical expedients to apply a single discount rate to a portfolio of leases where relevant and the use of hindsight in assessing a lease's extension options.

The Group implemented the new lease standard on the transition date and recognised its transition population in the accounts of the Group. During the first half of the 2020 financial year, new business procedures and framework were implemented to facilitate identification of leases under the new standard, with additional leases recognised on balance sheet as required.

In comparison to the outgoing lease standard, the new standard has resulted in a change to the Income Statement with lease payments no longer included as part of operating costs and lease interest and right of use depreciation now included as part of finance costs and depreciation expense respectively. The Statement of Financial Position was also impacted, with an increase to both non-current assets (right-of-use assets as a component of property, plant and equipment) and liabilities. The Statement of Cash Flows was also impacted with the principal component of lease payments now included as part of financing activities rather than as part of operating activities.

Refer to Note 15 Leases for the Group's new accounting policy under AASB 16.

The Group's operating lease commitments at 30 June 2019 as reported in the Group's most recent annual report (under AASB 117), formed the basis for the lease liabilities recognised on date of initial application.

| **Reconciliation of AASB 117 Operating Lease Commitments** | **1 Jul 2019 US$m** |
|---|---|
| Operating lease commitments (AASB 117) reported at 30 June 2019 | 74 |
| Leases expiring within 12 months and low value leases (practical expedients) | (15) |
| Effect of discounting (incremental borrowing rate*) | (6) |
| **Leases liabilities as at 1 July 2019** | **53** |

* The weighted average incremental borrowing rate at date of initial application was 4.5%.

## 2. Basis of Preparation and Accounting Policies (continued)

### (c) Adoption of new accounting standards effective this financial year (continued)

### (i) AASB 16 Leases (continued)

The effect of adoption of AASB 16 as at 1 July 2019 was as follows:

| | 1 Jul 2019 US$m |
|---|---|
| **Assets** | |
| Property, plant and equipment (Right-of-use assets) | 53 |
| **Liabilities** | |
| Current lease liabilities | 23 |
| Non-current lease liabilities | 30 |
| **Impact on Retained Earnings using the modified retrospective method** | **-** |

### (ii) AASB Interpretation 23 – Uncertainty over tax treatments

This interpretation addressed the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. The Interpretation does not apply to taxes or levies outside the scope of AABS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has reviewed the interpretation and has determined that adoption did not have an impact. The interpretation has an effective date for the Group of 1 July 2019.

## 3. Segment Information

The Group's operating segments are based on the internal management reports that are reviewed and used by the Group's Executive Committee in assessing performance. The operating segments represent the Group's operating mines and projects which are organised and managed according to their location.

The Group's reportable operating segments are:

- Cadia, Australia
- Telfer, Australia
- Lihir, Papua New Guinea
- Gosowong, Indonesia (1)
- Red Chris JV (70% interest), Canada (2)
- Exploration and Projects (3)

(1) Newcrest owns 75% of Gosowong through its holding in PT Nusa Halmahera Minerals. As at 31 December 2019, Gosowong is classified as held for sale. Refer to Note 16.

(2) Newcrest acquired a 70% interest in the Red Chris JV on 15 August 2019. Refer to Note 17.

(3) Exploration and Projects mainly comprises projects in the exploration, evaluation and feasibility phase and includes Wafi-Golpu JV (50% interest) in PNG, Namosi JV (72.49% interest) in Fiji, O'Callaghans in Australia and Newcrest's global greenfields exploration portfolio.

### (a) Segment Results, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to the Group's Executive Committee for internal management reporting purposes. The performance of each segment is measured based on their Revenues, Costs, EBITDA and EBIT ('Segment Result').

Segment Revenues represent gold, copper and silver revenue. All segment revenue is from third parties.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. Following the adoption of AASB 16 *Leases* on 1 July 2019 the Group's EBITDA for the half year ended 31 December 2019 excludes lease expenditure capitalised to the balance sheet. Consistent with the modified retrospective transition method, comparative figures have not been restated. Refer to Note 2(c)(i) for further information on adoption of AASB 16.

EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to profit before tax is shown in Note 3(b).

Capital Expenditure comprises payments for property, plant and equipment, production stripping expenditure, assets under construction, development and feasibility expenditure and information systems development.

Segment assets exclude intercompany receivables. Segment liabilities exclude intercompany payables.

The Group's investment in associates is included within the Corporate and Other segment. Associates comprise:

- Lundin Gold Inc, 32.0% interest (30 June 2019: 27.1% interest),
- SolGold Plc, 14.6% interest (30 June 2019: 15.2% interest); and
- Azucar Minerals Ltd, 19.9% interest (30 June 2019: 19.9% interest).

### 3 (a). Segment Information (continued)

| 31 December 2019 | Cadia US$m | Telfer US$m | Lihir US$m | Gosowong US$m | Red Chris US$m | Total Operations US$m | Exploration & Projects[2] US$m | Corporate & Other[3] US$m | Total Group US$m |
|---|---|---|---|---|---|---|---|---|---|
| Gold | 590 | 238 | 538 | 116 | 15 | 1,497 | - | - | 1,497 |
| Copper | 258 | 41 | - | - | 52 | 351 | - | - | 351 |
| Silver | 5 | 1 | - | 1 | 1 | 8 | - | - | 8 |
| Treatment and refining deductions | (43) | (19) | - | - | (4) | (66) | - | - | (66) |
| Total revenue | 810 | 261 | 538 | 117 | 64 | 1,790 | - | - | 1,790 |
| EBITDA | 571 | 21 | 202 | 31 | 12 | 837 | (37) | (44) | 756 |
| Depreciation and amortisation | (74) | (45) | (129) | (25) | (16) | (289) | - | (8) | (297) |
| **EBIT (Segment result) [1]** | **497** | **(24)** | **73** | **6** | **(4)** | **548** | **(37)** | **(52)** | **459** |
| **Capital Expenditure** | 117 | 31 | 100 | 10 | 19 | 277 | 7 | 6 | 290 |
| **As at 31 December 2019** | | | | | | | | | |
| Segment assets | 3,270 | 276 | 5,466 | 204 | 940 | 10,156 | 557 | 1,214 | 11,927 |
| Segment liabilities | (721) | (281) | (1,171) | (92) | (76) | (2,341) | (11) | (1,877) | (4,229) |
| **Net assets** | **2,549** | **(5)** | **4,295** | **112** | **864** | **7,815** | **546** | **(663)** | **7,698** |

Notes:
(1) Refer to Note 3(b) for the reconciliation of segment result to profit before tax.
(2) Includes net assets attributable to Wafi-Golpu JV of US$477 million and Namosi JV of US$25 million as at 31 December 2019.
(3) Includes investment in associates and eliminations.

**3 (a). Segment Information (continued)**

| 31 December 2018 | Cadia US$m | Telfer US$m | Lihir US$m | Gosowong US$m | Total Operations US$m | Exploration & Projects[2] US$m | Corporate & Other[3] US$m | Total Group US$m |
|---|---|---|---|---|---|---|---|---|
| Gold | 565 | 266 | 514 | 121 | 1,466 | - | - | 1,466 |
| Copper | 275 | 48 | - | - | 323 | - | - | 323 |
| Silver | 4 | 2 | - | 1 | 7 | - | - | 7 |
| Treatment and refining deductions | (46) | (20) | - | - | (66) | - | - | (66) |
| Total revenue | 798 | 296 | 514 | 122 | 1,730 | - | - | 1,730 |
| EBITDA | 547 | 38 | 183 | 30 | 798 | (33) | (26) | 739 |
| Depreciation and amortisation | (96) | (67) | (141) | (31) | (335) | - | (7) | (342) |
| **EBIT (Segment result) [1]** | **451** | **(29)** | **42** | **(1)** | **463** | **(33)** | **(33)** | **397** |
| **Capital Expenditure** | 78 | 63 | 76 | 12 | 229 | 13 | 6 | 248 |
| **<u>As at 30 June 2019</u>** | | | | | | | | |
| Segment assets | 3,206 | 245 | 5,464 | 356 | 9,271 | 538 | 2,028 | 11,837 |
| Segment liabilities | (703) | (254) | (1,156) | (110) | (2,223) | (14) | (1,969) | (4,206) |
| **Net assets** | **2,503** | **(9)** | **4,308** | **246** | **7,048** | **524** | **59** | **7,631** |

Notes:
(1) Refer to Note 3(b) for the reconciliation of segment result to profit before tax.
(2) Includes net assets attributable to Wafi-Golpu JV of US$467 million and Namosi JV of US$25 million as at 30 June 2019.
(3) Includes investment in associates and eliminations.

## 3. Segment Information (continued)

| | Note | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| **(b) Reconciliation of EBIT (Segment Result) to Profit Before Tax** | | | |
| **Segment Result** | | **459** | **397** |
| Finance income | | 9 | 12 |
| Finance costs | | (59) | (61) |
| Net finance costs | | (50) | (49) |
| *Significant items:* | | | |
| Write-down of property, plant and equipment | 5 | (20) | - |
| **Profit Before Tax** | | **389** | **348** |

## 4. Income and Expenses

| | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|
| **Specific items** | | |
| Profit before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group: | | |
| **(a) Revenue** | | |
| Gold - Bullion | 807 | 795 |
| Gold - Concentrate | 690 | 671 |
| Gold - Concentrate treatment and refining deductions | (18) | (16) |
| **Total gold revenue** | 1,479 | 1,450 |
| Copper - Concentrate | 351 | 323 |
| Copper - Concentrate treatment and refining deductions | (48) | (50) |
| **Total copper revenue** | 303 | 273 |
| Silver - Bullion | 2 | 2 |
| Silver - Concentrate | 6 | 5 |
| **Total silver revenue** | 8 | 7 |
| **Total revenue** [1] | **1,790** | **1,730** |
| **(b) Cost of Sales** | | |
| Site production costs | 911 | 889 |
| Royalties | 57 | 52 |
| Realisation | 21 | 18 |
| Inventory movements | (36) | (27) |
| | 953 | 932 |
| Depreciation and amortisation | 289 | 335 |
| **Total cost of sales** | **1,242** | **1,267** |
| **(c) Corporate Administration Expenses** | | |
| Corporate costs | 43 | 40 |
| Corporate depreciation | 8 | 7 |
| Share-based payments | 6 | 6 |
| **Total corporate administration expenses** | **57** | **53** |
| **(d) Other Income/(Expenses)** | | |
| Net foreign exchange gain/(loss) | - | 18 |
| Net fair value gain/(loss) on gold and copper derivatives and fair value movements on concentrate receivables | 17 | 3 |
| Other | 4 | (2) |
| **Total other income/(expenses)** | **21** | **19** |

[1] Total revenue for the period ended 31 December 2019 comprises of revenue from contracts with customers of US$1,823 million and gold hedge losses of US$33 million.

## 4. Income and Expenses (continued)

| | | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| (e) | **Finance Costs** | | |
| | Interest on loans | 47 | 47 |
| | Interest on leases | 1 | - |
| | Facility fees and other costs | 7 | 9 |
| | | 55 | 56 |
| | Discount unwind on provisions | 4 | 5 |
| | **Total finance costs** | **59** | **61** |

| | | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|---|
| (f) | **Depreciation and Amortisation** | | |
| | Included in: | | |
| | Cost of sales depreciation | 289 | 335 |
| | Corporate depreciation | 8 | 7 |
| | **Total depreciation and amortisation expense** | **297** | **342** |

## 5. Significant Items

| | Pre-Tax US$m | Tax US$m | After tax US$m |
|---|---|---|---|
| **Period ended 31 December 2019** | | | |
| Write-down of property, plant and equipment [(1)] | 20 | - | 20 |
| Write-down of tax assets [(1)] | - | 37 | 37 |
| **Total significant items** | **20** | **37** | **57** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interest | | | 13 |
| Owners of the parent | | | 44 |
| | | | **57** |

**Period ended 31 December 2018**
There were no significant items for the period ended 31 December 2018.

(1) Represents a write-down of non-current assets at Gosowong, following the classification of Gosowong as held for sale. Refer to Note 16 for further details.

## 6. Income Tax Expense

| | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|
| **Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement** | | |
| **Accounting profit before tax** | **389** | **348** |
| Income tax expense calculated at 30% | 117 | 104 |
| *Adjustments on Significant items [(1)]:* | | |
| Write-down of property, plant and equipment | 6 | |
| Write-down of tax assets | 37 | - |
| | 43 | - |
| Non-deductible exploration | 4 | 4 |
| Tax effect of loss from equity accounted investments | 5 | - |
| Other items | (3) | 3 |
| **Income tax expense per the Income Statement** | **166** | **111** |

(1) Represents a write-down of non-current assets at Gosowong, following the classification of Gosowong as held for sale. Refer to Note 16 for further details.

## 7. Notes to the Consolidated Statement of Cash Flows

| | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|
| **(a) Operating cash flows arising from changes in:** | | |
| Trade and other receivables | (12) | (42) |
| Inventories | (26) | (49) |
| Trade and other payables | (24) | (20) |
| Provisions | (24) | (23) |
| Other assets and liabilities | 3 | 19 |
| **Change in working capital** | **(83)** | **(115)** |

| | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|
| **(b) Cash and cash equivalents** | | |
| Cash and cash equivalents | 666 | 1,035 |
| Cash held for sale [(1)] | 25 | - |
| **Total cash and cash equivalents** | **691** | **1,035** |

(1) Represents cash and cash equivalents which were classified as held for sale as at 31 December 2019 relating to Gosowong. Refer to Note 16.

## 8. Dividends

| | 31 Dec 19 US$m | 31 Dec 18 US$m |
|---|---|---|
| **(a) Dividends declared and paid** | | |
| The following dividend was paid during the half year: | | |
| Final ordinary dividend for the 2019 financial year: | | |
| 14.5 cents per share (fully franked), paid 26 September 2019 | 111 | - |
| Final ordinary dividend for the 2018 financial year: | | |
| 11.0 cents per share (fully franked), paid 5 October 2018 | - | 84 |
| | **111** | **84** |

Participation in the dividend reinvestment plan reduced the cash amount paid to US$102 million (31 December 2018: $77 million).

### (b) Dividend proposed and not recognised as a liability

Subsequent to the reporting period, the Directors have determined to pay an interim dividend for the half year ended 31 December 2019 of US 7.5 cents per share, which will be fully franked. The dividend will be paid on 27 March 2020. The total amount of the dividend is US$58 million.

## 9. Impairment of Non-Financial Assets

In accordance with the Group's accounting policies and processes, the Group evaluated each cash generating unit ('CGU') as at 31 December 2019 to determine whether there were any indications of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is performed.

After consideration of the potential indicators which could impact the valuation of the CGUs at 31 December 2019, and excluding CGU's held for sale (refer Note 16), the Group concluded that there were no impairment or impairment reversal indicators for Newcrest's remaining CGUs as at 31 December 2019.

With the exception of gold price and discount rate assumptions, there were no other changes in the key economic assumptions applied in the impairment testing as at 31 December 2019 from those used for impairment testing as at 30 June 2019. The table below provides details of the changed assumptions as at 31 December 2019:

| | As at 31 December 2019 | | | |
|---|---|---|---|---|
| **Assumptions** | **FY2020** | **FY2021** | **FY2022** | **Long term FY2023+** |
| Gold (US$ per ounce) | $1,400 | $1,350 | $1,300 | $1,250 |
| Discount rate (%) | USD Assets: 5.75%<br>AUD Assets: 4.50% | | | |

The gold price assumption was previously $1,250 per ounce for all future years. The change in this assumption has been made with reference to external market forecasts. The discount rate assumption for CGUs with an Australian dollar functional currency was previously 4.75%. The change in this assumption is predominantly as a result of decreases in AUD government bond rates.

It should be noted that significant judgements and assumptions are required in making estimates of a CGU's recoverable amount. This is particularly so in the assessment of long life assets. The projected cash flows used in recoverable amount valuations are subject to variability in key assumptions including, but not limited to, the forward profile and long-term level of gold, copper and metal prices; currency exchange rates; discount rates; production profiles; and operating and capital costs.

A change in one or more of the assumptions used in these estimates could result in a change in a CGU's recoverable amount, as outlined in Note 12 of the Group's 30 June 2019 financial report.

## 10. Net Debt

| | Note | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|---|
| Other loans | (a) | 7 | - |
| **Total current borrowings** | | **7** | **-** |
| Corporate bonds | (b) | 2,000 | 2,000 |
| Less: capitalised transaction costs on facilities | | (5) | (5) |
| **Total non-current borrowings** | | **1,995** | **1,995** |
| **Total borrowings** | | **2,002** | **1,995** |
| Lease liabilities (current) | | 19 | - |
| Lease liabilities (non-current) | | 35 | - |
| **Total lease liabilities** | | **54** | **-** |
| **Total debt** | | **2,056** | **1,995** |
| Cash and cash equivalents | | (666) | (1,600) |
| Cash held for sale [1] | 16 | (25) | - |
| **Total cash and cash equivalents** | | **(691)** | **(1,600)** |
| **Net debt** | | **1,365** | **395** |

[1] Represents cash and cash equivalents which were classified as held for sale as at 31 December 2019 relating to Gosowong

### (a) Other loans

Other loans represent interest-bearing liabilities acquired as part of the Red Chris acquisition. Refer to Note 17. This facility matures in November 2020 and has an interest rate of 3.8%.

### (b) Corporate bonds

In each of November 2011 and October 2012, Newcrest issued US$1,000 million in US dollar corporate bonds (notes). The notes were sold in accordance with Rule 144A and Regulation S of the Securities Act of the United States. The notes consist of:

| Maturity | Coupon Rate | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|---|
| November 2021 | 4.45% | 750 | 750 |
| October 2022 | 4.20% | 750 | 750 |
| November 2041 | 5.75% | 500 | 500 |
| | | **2,000** | **2,000** |

## 10. Net Debt (continued)

### (c) Bilateral bank debt facilities

The Group has bilateral bank debt facilities of US$2,000 million (30 June 2019: US$2,000 million) with 13 (30 June 2019: 13) banks. These are committed unsecured revolving facilities, individually negotiated and documented with each bank but with similar terms and conditions.

The facilities are on normal terms and conditions and include certain financial covenants. Interest is based on LIBOR plus a margin, which varies amongst the lenders. As at 31 December 2019 and 30 June 2019 these facilities were undrawn.

The maturity date profile of these facilities is shown in the table below:

| Facility Maturity (financial year ending) | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|
| June 2022 | 1,076 | 1,076 |
| June 2024 | 924 | 924 |
| | **2,000** | **2,000** |

### (d) Financing facilities

The Group has access to the following unsecured financing arrangements at the reporting date.

| | Facility Utilised (1) US$m | Facility Unutilised US$m | Facility Limit US$m |
|---|---|---|---|
| **31 December 2019** | | | |
| Corporate bonds | 2,000 | - | 2,000 |
| Bilateral bank debt facilities | - | 2,000 | 2,000 |
| Other loans | 7 | - | 7 |
| | **2,007** | **2,000** | **4,007** |
| **30 June 2019** | | | |
| Corporate bonds | 2,000 | - | 2,000 |
| Bilateral bank debt facilities | - | 2,000 | 2,000 |
| | **2,000** | **2,000** | **4,000** |

(1) As at 31 December 2019, the corporate bonds were at fixed interest rates and the other loans at variable interest rates. (30 June 2019: 100% fixed rates).

## 10. Net Debt (continued)

### (e) Movement in debt

Movement in total debt during the half year was as follows:

| Debt | 31 Dec 2019 US$m | 30 Jun 2019 US$m |
|---|---|---|
| Opening balance | 1,995 | 1,993 |
| Adjustment: Lease liabilities recognised as a result of adopting AASB16 Leases on 1 July 2019 | 53 | - |
| **Adjusted opening balance** | **2,048** | **1,993** |
| *Movements:* | | |
| Acquisitions – Lease liabilities (Note 17) | 7 | - |
| Acquisitions – Other loans (Note 17) | 33 | - |
| Payment of lease principal | (15) | - |
| Payment of other loans | (26) | - |
| Non-cash movements [(1)] | 9 | 2 |
| **Net movement** | **8** | **2** |
| **Closing balance** | **2,056** | **1,995** |

(1) Represents non-cash movements in lease liabilities (including additions, modifications and terminations), amortisation of transaction costs and foreign exchange movements during the period.

## 11. Gearing Ratio

The gearing ratio at the reporting date was as follows:

| | Note | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|---|
| Net debt | 10 | 1,365 | 395 |
| Equity | | 7,698 | 7,631 |
| Total capital (Net debt and equity) | | **9,063** | **8,026** |
| **Gearing ratio** | | **15.1%** | **4.9%** |

The gearing ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.

## 12. Financial Instruments

### (a) Financial Assets and Financial Liabilities

The following table discloses the carrying amounts of each class of financial assets and financial liabilities at balance date (excluding assets held for sale), classified between amortised cost, fair value through profit or loss and fair value through other comprehensive income ('OCI'). Refer to Note 16 for assets held for sale.

| 31 Dec 19 | Amortised cost | Fair Value through profit or loss[1] | Fair Value through OCI [2] | Total |
|---|---|---|---|---|
| | US$m | US$m | US$m | US$m |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 666 | - | - | 666 |
| Trade and other receivables | 34 | 99 | - | 133 |
| Other financial assets – current | - | - | 3 | 3 |
| Other financial assets – non-current | - | 9 | 101 | 110 |
| | **700** | **108** | **104** | **912** |
| **Financial Liabilities** | | | | |
| Trade and other payables | 410 | - | - | 410 |
| Borrowings – current | 7 | - | - | 7 |
| Borrowings – non-current | 1,995 | - | - | 1,995 |
| Lease liabilities – current | 19 | - | - | 19 |
| Lease liabilities – non-current | 35 | - | - | 35 |
| Other financial liabilities – current | - | - | 59 | 59 |
| Other financial liabilities – non-current | - | - | 98 | 98 |
| | **2,466** | **-** | **157** | **2,623** |

| 30 Jun 19 | Amortised cost | Fair Value through profit or loss[1] | Fair Value through OCI [2] | Total |
|---|---|---|---|---|
| | US$m | US$m | US$m | US$m |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 1,600 | - | - | 1,600 |
| Trade and other receivables | 43 | 92 | - | 135 |
| Other financial assets – current | - | 4 | - | 4 |
| Other financial assets – non-current | - | 9 | 90 | 99 |
| | **1,643** | **105** | **90** | **1,838** |
| **Financial Liabilities** | | | | |
| Trade and other payables | 444 | - | - | 444 |
| Borrowings | 1,995 | - | - | 1,995 |
| Other financial liabilities – current | - | 16 | 43 | 59 |
| Other financial liabilities – non-current | - | - | 64 | 64 |
| | **2,439** | **16** | **107** | **2,562** |

(1) Primarily relates to concentrate receivables.
(2) Relates to fuel hedges and Telfer AUD gold hedges and other equity investments.

## 12. Financial Instruments (continued)

### (a) Financial Assets and Financial Liabilities (continued)

The Group's financial assets and liabilities which are measured at fair value on a recurring basis, are categorised as Level 2 measurements with the exception of the contingent consideration asset of US$9 million (Other financial assets – non-current) which is categorised as Level 3 measurement. These measurement levels are defined by IFRS 13 *Fair Value Measurement*.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Valuation inputs include forward curves, discount curves and underlying spot and future prices.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not observable market data (unobservable inputs).

### (b) Fair Value of Financial Instruments carried at Amortised Cost

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value, except as detailed in the following table:

| | Carrying amount | | Fair value [1] | |
|---|---|---|---|---|
| **Financial Assets/(Liabilities)** | **31 Dec 19 US$m** | **30 Jun 19 US$m** | **31 Dec 19 US$m** | **30 Jun 19 US$m** |
| **Borrowings:** | | | | |
| Fixed rate debt: | | | | |
| - Corporate Bonds | 1,995 | 1,995 | 2,184 | 2,145 |

(1) The fair value is a level 2 valuation. Fair values of the Group's fixed rate borrowings are determined by using discounted cash flow models that use discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

## 13. Issued Capital

### (a) Movements in Issued Capital

| | 31 Dec 19 US$m | 30 Jun 19 US$m |
|---|---|---|
| Opening balance | 11,641 | 11,656 |
| Shares repurchased and held in treasury (1) | (14) | (26) |
| Shares issued – dividend reinvestment plan | 9 | 11 |
| **Closing balance** | **11,636** | **11,641** |

### (b) Number of Issued Ordinary Shares

| | Number of Ordinary Shares | |
|---|---|---|
| | Half year ended 31 Dec 19 | Year ended 30 Jun 19 |
| Comprises: | | |
| • Shares held by the public | 767,151,783 | 766,613,683 |
| • Treasury shares | 1,691,431 | 1,861,708 |
| **Total issued capital** | **768,843,214** | **768,475,391** |
| **Movement in issued ordinary shares** | | |
| Opening number of shares | 766,613,683 | 766,608,812 |
| Shares issued under: | | |
| • Shares repurchased and held in treasury (1) | (593,157) | (1,709,425) |
| • Share plans (2) | 763,434 | 981,719 |
| • Dividend reinvestment plan | 367,823 | 732,577 |
| Closing number of shares | **767,151,783** | **766,613,683** |
| **Movement in treasury shares** | | |
| Opening number of shares | 1,861,708 | 1,134,002 |
| • Purchases | 593,157 | 1,709,425 |
| • Issued pursuant to share plans | (763,434) | (981,719) |
| **Closing number of shares** | **1,691,431** | **1,861,708** |

(1) During the period ended 31 December 2019, the Newcrest Employee Share Plan Trust ('Trust') purchased a total of 593,157 (30 June 2019: 1,709,425) ordinary fully paid Newcrest shares at an average price of A$34.87 (US$23.66) per share (30 June 2019: average price of A$20.95 (US$14.87) per share). The shares were purchased on-market to be held by the Trustee on behalf of the Trust to satisfy the future entitlements of the holders of performance rights (and any other rights to acquire shares) under Newcrest's current and future employee incentive schemes.

(2) Represents rights exercised under the Company's share-based payments plans and executive service agreements.

## 14. Contingent Liabilities

### (a) Income Tax Matters – Indonesia

In prior years, the Indonesian Taxation Office ('ITO') completed tax audits and issued amended assessments to PT Nusa Halmahera Minerals ('PT NHM') for the 2010 to 2016 financial years. The principal issue raised in these amended assessments was the income tax rate applicable under the Gosowong Contract of Work ('CoW'). Newcrest owns 75% of Gosowong through its holding in PT NHM.

PT NHM disagreed with the ITO interpretation and objected to these assessments but had paid the amounts assessed to mitigate future penalties. The Indonesian Tax Court has issued verdicts for all the years of disputed assessments, issuing favourable verdicts in 3 years (2010, 2011 and 2016 financial years) and verdicts unfavourable to PT NHM in 4 years (2012, 2013, 2014 and 2015 financial years). The Tax Court decisions were appealed (2010, 2011 and 2013 financial years) or are appealable (2012, 2014, 2015 and 2016 financial years) by PT NHM or the ITO to the Indonesian Supreme Court.

PT NHM received favourable Supreme Court verdicts in relation to disputes for the 2010 and 2011 financial years. The Supreme Court rulings are final. PT NHM is awaiting the verdict for the 2013 financial year. As all the disputed taxes have been paid in respect of the years under dispute, PT NHM is not liable to any further tax payments for these years.

PT NHM has also continued to apply its own interpretation of the income tax rate applicable under the CoW to the 2017 and 2018 financial years. If the ITO issues disputed assessments as in the prior years, PT NHM will likely receive an assessment for an additional tax payment of US$15m.

Pursuant to the amendment to the CoW signed on 25 June 2018, PT NHM will be subject to the prevailing corporate tax rate, which is the tax rate currently applied by PT NHM. On that basis, there should be no further dispute on the income tax rate applicable to PT NHM for income tax years after 25 June 2018.

As at 31 December 2019, Gosowong has been classified as held for sale. Refer to Note 16 for further details. The Group considers it has made adequate provision in relation to the taxation liabilities of PT NHM.

### (b) Other Matters

In addition to the above matter, companies in the Group are recipients of, or defendants in, certain claims, proceedings and/or complaints made, commenced or threatened. In the opinion of the Directors, all such matters are of such a kind, or involve such amounts, that they are not anticipated to have a material effect on the financial position of the Group if disposed of unfavourably or are at a stage which does not support a reasonable evaluation of the likely outcome of the matter.

### (c) Bank Guarantees

The Group has provided a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at the reporting date is US$68 million (30 June 2019: US$62 million).

## 15. Leases Accounting Policy

Set out below are the new accounting policies of the Group upon adoption of AASB 16 *Leases*, which have been applied from the date of initial application. Refer to Note 2(c)(i) for further information regarding the adoption of AASB 16.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are presented in property, plant and equipment and are subject to impairment assessment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease components are separately identified to non-lease components of contracts where applicable.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value asset recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 16. Assets and Liabilities Held for Sale

On 31 January 2020, Newcrest signed an agreement to sell 100% of Newcrest Singapore Holdings Pte Ltd (‘NSH’) which owns a 75% interest in PT Nusa Halmahera Minerals (‘PT NHM’), which operates the Gosowong mine (Gosowong) in Indonesia, and 100% of PT Puncakbaru Jayatama (‘PT PJ’), which employs exploration personnel in Indonesia, to PT Indotan Halmahera Bangkit (‘Indotan’) for consideration comprising:

- US$ 5 million cash deposit paid on execution of the sale and purchase agreement
- US$ 55 million cash payable on transaction completion
- US$ 30 million deferred cash payable 18 months after completion

Economic ownership transfers on 31 December 2019 with completion occurring after satisfaction of the conditions precedent. Conditions precedent relate to a 30 calendar day notification period to employees and other formalities associated with the transaction.

The sale of NSH follows a strategic review of the asset by Newcrest and to comply with the amended Gosowong Contract of Work which required Newcrest to sell down to at least 49% of PT NHM by 30 June 2020.

The assets and liabilities of Gosowong and PT PJ have been classified as held for sale with effect from 31 December 2019. The carrying value of Gosowong was compared to its fair value less costs to sell and this resulted in a write-down of non-current assets of US$57 million after taking into account the sales proceeds less transaction costs. The write-down attributable to Newcrest for its 75% interest in Gosowong is $44 million.

The carrying value of the assets and liabilities held for sale at the reporting date was as follows:

| | 31 Dec 2019 US$m |
|---|---|
| **Assets** | |
| Cash and cash equivalents | 25 |
| Receivables | 25 |
| Inventories | 36 |
| Property, plant and equipment | 31 |
| Current and non-current tax assets | 67 |
| Other assets | 20 |
| **Total Assets** (1) | **204** |
| | |
| **Liabilities** | |
| Trade and other payables | 33 |
| Provisions | 59 |
| **Total Liabilities** | **92** |
| | |
| **Net Assets Held for Sale** | **112** |
| | |
| **Attributable to:** | |
| Non-controlling interest (25%) | 28 |
| Owners of the parent (75%) | 84 |
| | **112** |

(1) Total assets is inclusive of a US$57 million write-down to property, plant and equipment and tax assets as per Note 5. Of this amount, US$13 million is attributable to non-controlling interest.

## 17. Red Chris Acquisition

On 15 August 2019, the Group completed the acquisition of a 70% interest in Red Chris with TSX-listed Imperial Metals Corporation, following the signing of an Asset Purchase Agreement ('APA') in March 2019.

The Red Chris mine is a copper-gold porphyry with an operating open-pit. The acquired property comprises 23,142 hectares of land with 77 mineral tenures in British Columbia, Canada.

The acquisition was structured via an unincorporated arrangement. The Group has operatorship of Red Chris pursuant to the Red Chris Joint Venture Agreement ('JVA'). Under the JVA, the Group has rights to its share of the assets and obligations for its share of the liabilities of the arrangement rather than a right to a net return.

The Group has recognised its interest in assets and liabilities, revenue from the sale of its share of the output by the unincorporated arrangement, and associated expenses. All such amounts have been measured in accordance with the terms of the JVA, which is in proportion to the Group's 70% interest in the arrangement. These amounts have been recorded in the Group's financial statements on the appropriate lines.

### (a) Provisional Fair Values

Given the timing of the acquisition, further work is required to determine the final fair values of the assets acquired and the liabilities assumed, including the finalisation of the debt and working capital adjustment. The finalisation of these fair values will be completed within 12 months of the acquisition date, at the latest.

Details of the provisional fair values at the date of acquisition are set out below:

| Assets and Liabilities Acquired | Note | Provisional Fair Value |
|---|---|---|
| | | US$m |
| Receivables | (i) | 1 |
| Inventories | (i) | 28 |
| Property, plant and equipment | | 813 |
| Deferred tax assets | | 10 |
| **Total assets** | | **852** |
| Trade and other payables | (i) | (25) |
| Debt – Lease liabilities | (i) | (7) |
| Debt – Other interest-bearing liabilities | (i) | (33) |
| Provisions | | (9) |
| Deferred tax liabilities | | (30) |
| **Total liabilities** | | **104** |
| **Fair value of identifiable net assets** | | **748** |
| Goodwill on acquisition | (ii) | 20 |
| **Fair value of net assets** | | **768** |

(i) Balances are subject to a debt and working capital adjustment which will be completed in the second half of the financial year.

(ii) The goodwill reflects the requirement to record deferred tax balances for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in the business combination. Goodwill is not deductible for tax purposes.

## 17. Red Chris Acquisition (continued)

### (b) Consideration

The consideration payable was US$804 million, and this is subject to customary adjustments for certain debt (assumed equipment loans and other interest-bearing liabilities) and for working capital. The cash paid at completion was as follows:

| Consideration | 15 Aug 2019 US$m |
|---|---|
| Consideration payable | 804 |
| Less: Estimated debt and working capital at completion [1] | (30) |
| **Cash consideration paid on 15 August 2019** | **774** |

[1] Estimated debt and working capital balance is subject to adjustment which will be completed in the second half of the financial year. A change to the estimated debt and working balance will result in a change to the cash consideration.

### (c) Other information

Refer to Note 3 *Segment Information* for details of the segment result of Red Chris for the period 15 August 2019 to 31 December 2019.

In accordance with a resolution of the Directors of Newcrest Mining Limited, we state that:

In the opinion of the Directors:

(a) The half year financial statements and notes are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and

(ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes thereto are in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

On behalf of the Board

Peter Hay
Chairman

Sandeep Biswas
Managing Director and Chief Executive Officer

13 February 2020
Melbourne

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working world

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# Independent Auditor's Review Report to the Members of Newcrest Mining Limited

## Report on the Half Year Financial Report

### Conclusion

We have reviewed the accompanying half year financial report of Newcrest Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' Responsibility for the Half Year Financial Report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Ernst & Young

Trent van Veen
Partner

Matthew Honey
Partner

Melbourne
13 February 2020