



NEWCREST
MINING LIMITED

Tax Contribution Report 2017



Message from our Chief Financial Officer

I am pleased to present the Tax Contribution Report for Newcrest for the Financial Year 2017. Newcrest acknowledges the important role that tax transparency plays in improving community confidence in the tax system and improving the environment for tax reform.

We recognise that Newcrest's long-term success is tied strongly to the contributions we make in the countries in which we operate. Our vision is to be a Miner of Choice and that involves paying our fair share of taxes in a timely fashion. Our policy is to comply with all tax obligations in our jurisdictions and to maintain a constructive and respectful relationship with tax authorities. Newcrest does not engage in aggressive tax practices and regularly reviews its governance and compliance practices.

In this regard, we continue to support the Australian Government's initiative on enhancing tax transparency and are pleased to share this report with the community. It supplements our annual Sustainability Report which outlines our economic, environmental, social and governance performance in detail. In addition, this report seeks to elaborate our tax position for the financial year ending 30 June 2017 (FY17) whilst highlighting the taxes and royalties paid in Australia and globally.

We hope this publication, and similar reports by other businesses, contributes to a basis for robust and well-informed community debate on the role of taxes and the need for tax reform.



Gerard Bond

Finance Director and Chief Financial Officer





About Newcrest

Newcrest Mining Limited is the largest gold producer listed on the Australian Securities Exchange (ASX) and one of the largest gold producers in the world. During FY17, our mining operations were located in Australia, Papua New Guinea, Indonesia and Côte d'Ivoire. On 13 December 2017, Newcrest sold its interest in its Côte d'Ivoire mines.

Newcrest has a proud history of exploration, discovery, development and operation of gold mines. We focus on long-term value creation with an emphasis on three key value drivers: maintaining low costs, growing reserves and production and using capital efficiently. The Company is committed to sustainable practice – operating with integrity and transparency, maintaining a safe environment for our people, operating and developing mines in line with good environmental management, and building lasting relationships with the communities in which we operate.

Our principal activities

Newcrest's principal activities are exploration, mine development, mine operations and the sale of gold bullion and gold/ copper concentrate.

Financial Year 2017 results

Newcrest reported a full year profit after income tax of \$319 million⁽¹⁾ in FY17, underpinned by annual production of 2.381 million ounces of gold and 84 thousand tonnes of copper.

All operating sites contributed positive free cash flow.

More details are available in our 2017 Annual Report, which is available on our [website](#).

Our reporting currency

All financial data presented in this report is quoted in US dollars unless otherwise stated.

(1) On a 100% basis including non-controlling interests.

Our operating assets as at 30 June 2017



Cadia

Located in central west New South Wales, 25 kilometres south-west of Orange and 250 kilometres west of Sydney, Cadia has one of the deepest panel caves in the world and is 100 percent owned by Newcrest.



Lihir

One of the world's largest gold deposits, Lihir is 100 percent owned by Newcrest and located on the island of Niolam which is part of the Lihir group of islands, 900 kilometres north-east of Port Moresby in the New Ireland Province of Papua New Guinea (PNG).



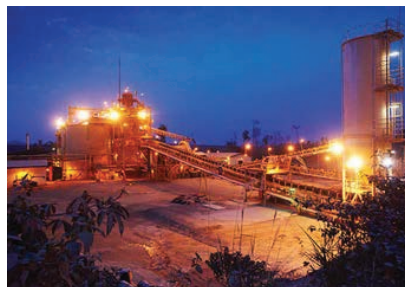
Telfer

The Telfer gold-copper mine is located in the Great Sandy Desert in Western Australia, approximately 400 kilometres south-east of Port Hedland, and is 100 percent owned by Newcrest.



Gosowong

Located on Halmahera Island, Indonesia, Gosowong is operated by PT Nusa Halmahera Minerals which is owned by Newcrest (75 percent interest) and PT Aneka Tambang (25 percent interest).



Bonikro

Located approximately 250 kilometres north west of Abidjan in Côte d'Ivoire, Bonikro was a gold mine 89.89 percent owned by Newcrest.



Our global search for new gold/copper mines



Newcrest had ongoing brownfield exploration programs in and around our operating mines. At Cadia, resource definition and target generation exploration were undertaken during FY17. Exploration at Telfer was focused on resource growth around the underground operation. At Gosowong, exploration focused on incremental resource growth around the existing operations and new discoveries within the region.

Newcrest also evaluated two major prospects with significant metal endowments at Wafi-Golpu in Papua New Guinea and Namosi in Fiji.

The company continues to search for and explore for new greenfields regions that have the potential to deliver the next generation of discoveries. The growth pipeline increased with a number of new exploration projects in Australia, Papua New Guinea, West Africa and South America commencing during the year.



Our Tax Policy and governance

Newcrest's tax strategy is to support Newcrest's global business through proactive tax advice, efficient tax compliance and active management of tax risks and disputes.

In delivering its strategy, it is Newcrest's policy to:

- Pay all tax it is legally obliged to pay, as and when it becomes payable;
- Fully comply with relevant tax laws in all jurisdictions in which it has a tax presence;
- Proactively manage tax reviews, audits and litigation while maintaining constructive and respectful relationships with revenue authorities;
- Implement and maintain an effective control environment in relation to identified tax risks; and
- Identify, monitor, document and, where possible, mitigate tax risks in relation to key transactions and operations.

Tax Risk Management Framework

Newcrest also has a robust Tax Risk Management Framework, the purpose of which is to:

- Appropriately manage tax considerations that arise in the course of Newcrest's business; and
- Provide a framework for due consideration by the relevant levels of management (including the Board).

Newcrest has a strong risk management culture which enables all risks, including tax risks, to be evaluated, deliberated on and communicated with our stakeholders. Newcrest has a skilled and diverse Board which monitors tax risks.

At all times, Newcrest operates within the tax laws that apply to it.



Our Income Taxes - Financial Year 2017

Newcrest operates and accounts for taxes in a number of jurisdictions around the world. The wholly-owned Australian subsidiaries of Newcrest are part of an Australian tax consolidated group, of which Newcrest Mining Limited is the head entity.

Reconciliation of accounting profit to income tax expense

	Global group ⁽¹⁾	Australian tax consolidated group ⁽²⁾
	FY17 \$m	FY17 \$m
Accounting profit before tax	483	232
Intra-group transactions		
Dividends from wholly owned foreign subsidiaries	-	(7)
Impairment	-	108
Other	-	-
Adjusted accounting profit before tax	483	333
Income Tax Expense calculated at 30%	145	100
- Loss on business divestment	3	-
- Net investment hedge loss	7	-
- Write down of non-current assets	4	-
- Other	5	-
	19	-
Income Tax Expense	164	100
Effective tax rate	34%	30%

The effective tax rate is calculated as income tax expense divided by the adjusted accounting profit before tax. The adjusted accounting profit before tax for the Australian tax consolidated group reflects accounting profit after reducing dividends from wholly-owned foreign subsidiaries and accounting impairments that are not subject to tax under Australian tax rules. The income tax expense rate for the Australian tax consolidated group is 30% which is in line with the Australian corporate tax rate.

(1) Based on Newcrest Mining Limited 2017 Annual Report. Profit before tax has been reported on a 100% basis including non-controlling interests

(2) Profit before tax based on lodged 2017 Australian consolidated income tax return.

Income Taxes - Financial Year 2017 (continued)

Reconciliation of income tax expense to income tax payable

	Global group ⁽¹⁾	Australian tax consolidated group ⁽²⁾
	FY17 \$m	FY17 \$m
Income Tax Expense	164	100
Timing differences recognised in deferred tax		
- Property, plant & equipment ⁽³⁾	(82)	(24)
- Other ⁽⁴⁾	11	(26)
- Carry forward losses utilised ⁽⁵⁾	(28)	(25)
Total timing differences	(99)	(75)
Income Tax Payable	65	25

- (1) Based on Newcrest's 2017 Annual Report. Profit before tax has been reported on a 100% basis including non-controlling interests.
- (2) Profit before tax based on lodged 2017 Australian consolidated income tax return.
- (3) As is standard across the mining industry, Newcrest's major timing difference arises from the differences in depreciation of fixed assets between accounting and tax.
- (4) 'Other' adjustments primarily relate to taxation of realised foreign exchange gains/losses and changes in provision balances.
- (5) The Australian tax consolidated group utilised carry forward tax losses from prior periods in FY17. Whilst the Newcrest Australian tax consolidated group has a pool of carry-forward tax losses, the rate of utilisation of these tax losses to offset future taxable income is low due to the application of Australian tax law.

Taxes Paid - Financial Year 2017

Newcrest is proud of the economic, fiscal and social contribution it makes to the communities and countries in which it operates through a range of taxes, royalties and levies.

The table below is a summary of the key taxes paid in FY17 by Newcrest across the jurisdictions in which it operates:

	Australia FY17 \$m	PNG FY17 \$m	Indonesia FY17 \$m	Côte d'Ivoire FY17 \$m	Americas FY17 \$m	Total FY17 \$m
Corporate tax	11 ⁽¹⁾	- ⁽²⁾	21	- ⁽³⁾	1	33
Mining royalties	48	22	3	6	-	78
Employee taxes	79	38	6	5	-	127
Other taxes and levies ⁽⁴⁾	10	12	3	2	-	28
Total Taxes	148	72	33	13	1	266

- (1) The tax paid in Australia in FY17 (US\$11m) relates to the corporate tax liability for FY16 and monthly tax instalments paid. The corporate tax liability in respect of FY17 (US\$25m) was paid in FY18 on lodgement of the 2017 income tax return.
- (2) Newcrest's PNG operations did not pay any corporate tax in FY17 due to the application of tax depreciation on capital investments and tax credits available.
- (3) Newcrest's Côte d'Ivoire operations did not pay any tax in FY17 due to the application of carry forward tax losses and tax incentives.
- (4) Other taxes and levies cover a range of taxes such as withholding taxes, Customs, rates and levies.

International dealings

In FY17 Newcrest operated mines in four countries, with growth opportunities in several others.

The following is a summary of the key international related party transactions for Newcrest in FY17:

- **Intra-group Services** – Back-office and technical services provided by Newcrest from Australia to related parties in Fiji, Indonesia, PNG and Côte d'Ivoire.
- **Captive Insurance** – Insurance premiums charged between Newcrest and a related party in Singapore. The captive insurance company is managed by an independent third party insurance broker, derives a modest profit and is subject to Australian tax under the Australian controlled foreign company rules.
- **Intercompany loans** – Various loans between Newcrest and related parties in PNG and Côte d'Ivoire.

Newcrest maintains appropriate documentation in relation to its related party dealings and the dealings are conducted in a manner consistent with Australian and international tax and transfer pricing laws. Newcrest does not operate any marketing hubs in foreign jurisdictions.

The above related party dealings do not have a material impact on Newcrest's Australian taxable income.



