

ASX Appendix 4E & Annual Financial Report

For the year ended 30 June 2020



ASX Appendix 4E and Annual Financial Report

**Newcrest Mining Limited
and Controlled Entities**

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**ASX APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Newcrest Mining Limited
Financial Year Ended 30 June 2020
ASX Code: NCM**

	30 June 2020 US\$ million	30 June 2019 US\$ million	Percentage increase/ (decrease)
Revenue	3,922	3,742	5%
Net profit attributable to members of the parent entity (‘Statutory Profit’)	647	561	15%

Dividend Information	Amount per share US cents	Amount franked per share US cents
Final dividend	17.5	17.5
Record date for determining entitlement to final dividend		24 August 2020
Date final dividend payable		25 September 2020

The Directors have determined to pay a final dividend for the year ended 30 June 2020 of US 17.5 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 26 August 2020 to 1 September 2020. No discount applies to the DRP. Shareholders have until 5pm AEST on 25 August 2020 to change their DRP election for the final dividend.

Net Tangible Assets	30 June 2020 US\$	30 June 2019 US\$
Net tangible assets per share	10.50	9.89

Business Acquisition

On 15 August 2019, Newcrest acquired a 70% interest in and operatorship of Red Chris in British Columbia, Canada. Refer to Note 32 to the Financial Statements for further details.

Business Divestment

On 4 March 2020, Newcrest completed the sale of its 75% interest in PT Nusa Halmahera Minerals, which operates the Gosowong mine (Gosowong) in Indonesia. Refer to Note 33 to the Financial Statements for further details.

Review of Results

Refer to the Operating and Financial Review.

Audit Report

The Financial Statements and Remuneration Report have been subject to audit.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Newcrest Mining Limited Group, comprising Newcrest Mining Limited ('the Company') and its controlled entities ('Newcrest' or 'the Group'), for the year ended 30 June 2020.

Directors

The Directors of the Company during the year ended 30 June 2020, and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire 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 year 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 year.

Consolidated Result

The profit after tax attributable to Newcrest shareholders ('Statutory Profit') for the year ended 30 June 2020 was US\$647 million (2019: US\$561 million).

Refer to the Operating and Financial Review for further details. The Operating and Financial Review forms part of this Directors' Report. The financial information in the Operating and Financial Review includes non-IFRS financial information. Explanations and reconciliations of non-IFRS financial information to the financial statements are included in Section 6 of the Operating and Financial Review.

Dividends

The following dividends of the Company were paid during the year:

- Final dividend for the year ended 30 June 2019 of US 14.5 cents per share, amounting to US\$111 million, was paid on 26 September 2019. This dividend was fully franked.
- Interim dividend for the year ended 30 June 2020 of US 7.5 cents per share, amounting to US\$58 million, was paid on 27 March 2020. This dividend was fully franked.

The Directors have determined to pay a final dividend for the year ended 30 June 2020 of US 17.5 cents per share, which will be fully franked. The dividend will be paid on 25 September 2020.

Significant Changes in the State of Affairs and Future Developments

Refer to the Operating and Financial Review for information on the significant changes in the state of affairs of the Group and for likely developments and future prospects of the Group.

Subsequent Events

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2020 of US 17.5 cents per share, which will be fully franked. The dividend will be paid on 25 September 2020. The total amount of the dividend is US\$143 million. This dividend has not been provided for in the 30 June 2020 financial statements.

There have been no other matters or events that have occurred subsequent to 30 June 2020 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Options

The Company does not have any unissued shares or unissued interests under option as at the date of this report, nor has it granted, or issued shares or interests under, any options during or since the end of the year. Refer to Note 35 for the number of Performance Rights over unissued ordinary shares at year end.

Non-Audit Services

During the year, Ernst & Young (external auditor to the Company), has provided other services in addition to the statutory audit, as disclosed in Note 37 to the financial statements. These services included:

- Assurance and agreed-upon-procedure services relating to transaction accounting services, sustainability assurance services and audited related assurance services.
- Non-audit services relating to sustainability services, tax and other due diligence services.

The Directors are satisfied that the provision of non-audit services provided by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these non-audit services do not compromise the auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- all non-audit services have been approved by the Audit and Risk Committee prior to engagement to ensure they did not impact on the impartiality and objectivity of the auditor;
- assurance and agreed-upon-procedure services were provided by the auditor based on their expertise, the service was either related to the audit or it was impracticable for another provider to perform the service; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Auditor Independence

A copy of the Auditor's Independence Declaration, as required by the *Corporations Act 2001*, is included after this report.

Currency

All references to dollars in the Directors' Report and the Financial Report are references to US dollars (\$) or US\$) unless otherwise specified.

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.

Environmental Regulation and Performance

The Managing Director reports to the Board on all significant safety, health and environmental incidents. The Board also has a Safety and Sustainability Committee which has oversight of the safety, health and environmental performance of the Group and meets at least four times per year.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted, including Australia, Papua New Guinea ('PNG'), Canada, Indonesia, USA, Chile, Ecuador and Fiji. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate environmental policies and standards.

The environmental laws and regulations that cover each of our sites, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land disturbance, waste and tailings management, and the potential impact upon flora and fauna. The Group releases an annual Sustainability Report in accordance with the Global Reporting Initiative that details our activities in relation to management of key environmental aspects.

The Group has an internal reporting system covering all sites. Environmental incidents are reported and assessed according to their environmental consequence and environmental authorities are notified where required and remedial action is undertaken.

Levels of environmental incidents are categorised based on factors such as spill volume, incident location (onsite or offsite) and environmental consequence. Incident numbers are based on four levels of actual environmental consequence including: 1 (Minor), 2 (Major), 3 (Critical), and 4 (Catastrophic). Level 1 Minor incidents are tracked and managed at a site level and are not reported in aggregate for the Group. The number of incidents reported by level based on actual environmental consequence for the 2020 financial year and 2019 comparative year is shown in the following table.

Category	Level 2	Level 3	Level 4
2020 - Number of incidents	6	0	0
2019 - Number of incidents	11	0	0

Indemnification and Insurance of Directors and Officers

Newcrest indemnifies each Director, Secretary and Executive Officer of Newcrest and its subsidiaries against any liability related to, or arising out of, the conduct of the business of Newcrest or its subsidiaries or the discharge of the Director's, Secretary's or Executive Officer's duties. These indemnities are given to the extent that Newcrest is permitted by law and its Constitution to do so. No payment has been made to indemnify any Director, Secretary and Executive Officer of the Company and its subsidiaries during or since the end of the financial year.

Newcrest maintains a Directors' and Officers' insurance policy which, subject to some exceptions, provides insurance cover to past, present or future Directors, Secretaries and Executive Officers of Newcrest and its subsidiaries. The Company has paid an insurance premium for the policy.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Information on Directors

Details of the Directors' qualifications, experience and special responsibilities are detailed below.

Peter Hay

Independent Non-Executive Chairman

LLB, FAICD

Mr Hay was appointed as Non-Executive Chairman of the Board in January 2014, after being appointed as a Non-Executive Director in August 2013. Mr Hay is also the Chairman of the Nominations Committee.

Skills, experience and expertise

Mr Hay has a strong background and breadth of experience in business, corporate law, finance and investment banking advisory work, with a particular expertise in relation to mergers and acquisitions. He has also had significant involvement in advising governments and government-owned enterprises. Mr Hay was a partner of the legal firm Freehills until 2005, where he served as Chief Executive Officer from 2000 and is a former member of the Australian Takeovers Panel.

Current Directorships/Appointments

Chairman of Australia Pacific Airports Corporation (from July 2019)

Chairman of Mutual Trust Pty Ltd (from 2020)

Director of Cormack Foundation (from 2005)

Member of AICD Corporate Governance Committee (from 2012)

Former Listed Directorships (last 3 years)

Chairman of Vicinity Centre (2015-2019)

Sandeep Biswas

Managing Director and Chief Executive Officer

BEng (Chem) (Hons), FAusIMM

Mr Biswas was appointed Managing Director and Chief Executive Officer effective 4 July 2014. He joined Newcrest in January 2014, as an Executive Director and Chief Operating Officer.

Skills, experience and expertise

Mr Biswas was previously Chief Executive Officer of Pacific Aluminium, a wholly owned subsidiary within the Rio Tinto group, which incorporated the bauxite, alumina, refining and smelting operations in Australia and New Zealand. He began his career with Mount Isa Mines, working in both Australia and Europe. Mr Biswas has also worked for Western Mining Corporation in Australia and Rio Tinto in Canada and Australia. He has experience in research, operations, business development and projects, across commodities including aluminium, copper, lead, zinc and nickel.

Other Current Directorships/Appointments

Vice Chairman of the Minerals Council of Australia (Vice Chairman since 2018, Director from 2014)

Director of the World Gold Council (from 2017)

Member of ICMM Council (from 2017)

Information on Directors (continued)

Gerard Bond

Finance Director and Chief Financial Officer

BComm, Chartered Accountant, Grad Dip App Fin & Investment, F Fin

Mr Bond was appointed to the Board as an Executive Director in February 2012, after joining Newcrest as Finance Director and Chief Financial Officer in January 2012.

Skills, experience and expertise

Mr Bond has experience in the global financial and resources industry with BHP Billiton, Coopers & Lybrand and Price Waterhouse. Prior to joining Newcrest, Mr Bond was with BHP Billiton for over 14 years where he held a number of senior executive roles in Europe and Australia including in Mergers and Acquisitions, Treasury, as Deputy CFO of the Aluminium business, CFO and then Acting President of the Nickel business, and as BHP Billiton's Head of Group Human Resources.

Other Current Directorships/Appointments

Alternate Director of the World Gold Council (from 2017)

Philip Aiken AM

Independent Non-Executive Director

BEng (Chemical), Advanced Management Program (HBS)

Mr Aiken was appointed to the Board in April 2013. He is Chairman of the Human Resources and Remuneration Committee and a member of the Safety and Sustainability Committee and the Nominations Committee.

Skills, experience and expertise

Mr Aiken has extensive Australian and international business experience, principally in the engineering and resources sectors. He was Group President Energy BHP Billiton, President BHP Petroleum, Managing Director BOC/CIG, Chief Executive of BTR Nylex and Senior Advisor Macquarie Capital (Europe).

Current Listed Directorships

Chairman of Balfour Beatty plc (from 2015)

Chairman of Aveva Group plc (from 2012)

Other Current Directorships/Appointments

Director of Gammon China Limited (Chairman during 2018, Director from 2019)

Business Ambassador, Business Events Sydney Pty Ltd (from 2016)

Chairman of Australia Day Foundation (from 2006)

Information on Directors (continued)

Roger Higgins

Independent Non-Executive Director

BE (Civil Engineering) (Hons), MSc (Hydraulics), PhD (Water Resources), Stanford Executive Program, FIEAust, FAusIMM

Dr Higgins was appointed as Non-Executive Director to the Board in October 2015. He is Chairman of the Safety and Sustainability Committee and a member of Human Resources and Remuneration Committee.

Skills, experience and expertise

Dr Higgins brings extensive experience leading mining companies and operations, and has deep working knowledge of Papua New Guinea as a current Non-Executive Director and a former Managing Director of Ok Tedi Mining Limited in Papua New Guinea. In his most recent executive position, Dr Higgins served as Senior Vice President, Copper at Canadian metals and mining company, Teck Resources Limited. Prior to this role he was Vice President and Chief Operating Officer with BHP Billiton Base Metals Customer Sector Group working in Australia and also held senior positions with BHP Billiton in Chile. He also holds the position of Adjunct Professor with the Sustainable Minerals Institute, University of Queensland.

Current Listed Directorships

Director of WorleyParsons Ltd (from 2019)

Chairman of Minotaur Exploration Limited (Director from 2016, Chairman from 2017)

Other Current Directorships/Appointments

Chair of the Advisory Board, PAX Republic (from 2019)

Director of Ok Tedi Mining Limited (from 2014)

Member of the Sustainable Minerals Institute Advisory Board, University of Queensland (from 2016)

Member of the Energy and Resources Advisory Board, University of Adelaide (from 2019)

Former Listed Directorships (last 3 years)

Director of Metminco Limited (2013 – 2019)

Xiaoling Liu

Independent Non-Executive Director

PhD (Extractive Metallurgy), BEng (Extractive Metallurgy), GAICD, FAusIMM, FTSE

Dr Liu was appointed to the Board in September 2015. She is a member of the Human Resources and Remuneration Committee, the Audit and Risk Committee and the Nominations Committee.

Skills, experience and expertise

Dr Liu has extensive executive experience in leading global mining and processing businesses. Her last executive role was as President and Chief Executive Officer of Rio Tinto Minerals based in Denver, where she ran integrated mining, processing and supply chain operations in the United States, Europe and Asia. Prior to her last executive role, Dr Liu held senior management and operational roles at Rio Tinto throughout her career including President – Primary Metal Pacific, Managing Director – Global Technical Services and General Manager Bell Bay Smelter.

Current Listed Directorships

Director of Incitec Pivot Limited (from 2019)

Director of South 32 Limited (from 2017)

Other Current Directorships/Appointments

Chancellor of Queensland University of Technology (from 2020)

Member of the Australian Academy of Technological Sciences and Engineering (from 2017)

Former Listed Directorships (last 3 years)

Director of Iluka Resources Limited (2016—2019)

Information on Directors (continued)

Vicki McFadden

Independent Non-Executive Director
BComm, LLB

Ms McFadden was appointed as Non-Executive Director of the Board in October 2016. She is Chairman of the Audit and Risk Committee and a member of the Human Resources and Remuneration Committee.

Skills, experience and expertise

Ms McFadden is an experienced company director and has broad experience in several roles as member or chairman of audit and risk committees. Ms McFadden has an extensive background in finance and law. She is a former investment banker with considerable expertise in corporate finance transactions, having served as Managing Director of Investment Banking at Merrill Lynch in Australia and as a Director of Centaurus Corporate Finance and a former President of the Australian Takeovers Panel.

Current Listed Directorships

Chairman of The GPT Group (from 2018)
Director of Tabcorp Holdings Limited (from 2017)

Other Current Directorships/Appointments

Director of Allianz Australia Ltd (from 2020)
Director of The Myer Family Investments Pty Ltd (from 2011)

Peter Tomsett

Independent Non-Executive Director
BEng (Mining) (Hons), MSc (Mineral Production Management), GAICD

Mr Tomsett was appointed as a Non-Executive Director of the Board in September 2018. He is a member of the Audit and Risk Committee and Safety and Sustainability Committee.

Skills, experience and expertise

Mr Tomsett has extensive and deep gold mining and international business experience as both an executive and non-executive director of a broad range of mining companies listed on the Australian, Toronto, New York and London stock exchanges. His last executive role was as the President and Chief Executive Officer of global gold and copper company, Placer Dome Inc, where he worked for 20 years in project, operational and executive roles.

He has been the Chairman and Managing Director of Kidston Gold Mines Ltd and the Non-Executive Chairman of Equinox Minerals Ltd and Silver Standard Resources Inc. He has also held numerous other Board positions in mining, energy and construction companies and associations including as a Director of OZ Minerals Ltd, Acacia Mining plc, Talisman Energy Inc, North American Energy Partners Inc, Africo Resources Ltd, World Gold Council, Minerals Council of Australia, and International Council for Mining and Metals.

Former Listed Directorships (last 3 years)

Director of OZ Minerals Ltd (2017-2018)

Information on Company Secretary and Deputy Company Secretary

Francesca Lee

Chief Legal, Risk and Compliance Officer

BComm, LLB (Hons), LLM, Grad. Dip. CSP, AGIA, GAICD

Ms Lee joined Newcrest as General Counsel and Company Secretary in March 2014. She was General Counsel and Company Secretary of OZ Minerals Limited from 2008 until 2014, and its antecedent companies from 2003. Ms Lee has more than 30 years' experience working across various senior legal and commercial roles within the mining industry including BHP Billiton, Rio Tinto Limited and Comalco Limited, including as General Manager Internal Audit and Risk at Rio Tinto Limited. She also spent several years as Vice President Structured Finance with Citibank Limited.

Ms Lee was a member of the Australian Government Takeovers Panel from 2009 until March 2015, a Director of Cabrini Australia Limited (from 2020) and a director of AMMA – Australian Resources & Energy Group (from 2019).

Subsequent to year end, Ms Lee has resigned as Company Secretary and Maria Sanz Perez was appointed as Company Secretary of Newcrest, with effect from 31 July 2020.

Claire Hannon

Deputy Company Secretary

BSc, LLB (Hons), Grad. Dip. App Fin, GAICD

Ms Hannon joined Newcrest in January 2013 as Corporate Counsel in the legal team. She was appointed as an additional Company Secretary in August 2015. Prior to joining Newcrest, Ms Hannon worked as a lawyer in the Melbourne office of Ashurst and the London office of Clifford Chance, specialising in mergers and acquisitions and corporate law.

Directors' Interests

As at the date of this report, the interest of each Director in the shares and rights of Newcrest Mining Limited were:

Director	Number of Ordinary Shares	Nature of Interest	Number of Rights Over Ordinary Shares ⁽¹⁾	Nature of Interest
Peter Hay	56,318	Direct and Indirect	-	-
Sandeep Biswas	524,482	Direct and Indirect	527,150	Direct
Gerard Bond	155,541	Direct and Indirect	129,220	Direct
Philip Aiken AM	18,411	Indirect	-	-
Roger Higgins	13,675	Indirect	-	-
Xiaoling Liu	14,172	Indirect	-	-
Vickki McFadden	11,272	Indirect	-	-
Peter Tomsett	21,172	Indirect	-	-

(1) Represents Sandeep Biswas' and Gerard Bond's unvested performance rights granted pursuant to the Company's Long Term Incentive plans in the 2018, 2019 and 2020 financial years respectively.

DIRECTORS' REPORT

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings		Committees of the Board									
			Audit & Risk		Human Resources & Remuneration		Safety & Sustainability		Nominations		Special Board Committees ⁽¹⁾	
			A	B	A	B	A	B	A	B	A	B
Peter Hay	17	17	-	-	-	-	-	-	3	3	6	6
Sandeep Biswas	17	17	-	-	-	-	-	-	-	-	6	6
Gerard Bond	17	17	-	-	-	-	-	-	-	-	6	6
Philip Aiken AM	17	17	-	-	7	7	4	4	3	3	-	-
Roger Higgins	17	17	-	-	7	7	4	4	-	-	-	-
Xiaoling Liu	15 ⁽²⁾	17	6	6	6 ⁽²⁾	7	-	-	3	3	-	-
Vicki McFadden	17	17	6	6	7	7	-	-	-	-	6	6
Peter Tomsett	17	17	6	6	-	-	4	4	-	-	-	-

Column A - Indicates the number of meetings attended whilst a Director/Committee member.

Column B - Indicates the number of meetings held whilst a Director/Committee member.

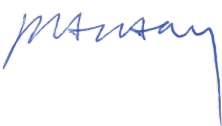
- (1) These are out of session Committee meetings and include meetings of the Board Executive Committee and other Committees established from time to time to deal with ad-hoc matters delegated to the relevant Committee by the Board. The membership of such special Committees may vary.
- (2) Meetings missed were out of session meetings held on short notice which the Director was unable to attend due to prior commitments.

Details of the functions and memberships of the Committees of the Board are presented in Newcrest's Corporate Governance Statement.

Remuneration Report

The Remuneration Report is set out in Section D and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Directors.



Peter Hay
Chairman



Sandeep Biswas
Managing Director and Chief Executive Officer

14 August 2020
Melbourne



**Building a better
working world**

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

As lead auditor for the audit of the financial report of Newcrest Mining Limited for the financial year ended 30 June 2020, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Trent van Veen' in a cursive style.

Trent van Veen
Partner
14 August 2020

To assist readers to better understand the financial performance of the underlying operating assets of Newcrest, the financial information in this Operating and Financial Review 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 Operating and Financial Review is quoted in US\$ and the prior period represents the 12 months ended 30 June 2019.

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

1. SUMMARY OF RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2020¹

Key points

- Statutory profit² of \$647 million, 15% higher than the prior period
- Underlying profit³ of \$750 million, 34% higher than the prior period
- All-In Sustaining Cost³ (“AISC”) of \$862 per ounce, 17% higher than the prior period
- All-In Sustaining Cost margin³ of \$668 per ounce, \$137 per ounce higher than the prior period
- Cash flow from operating activities of \$1,471 million, 1% lower than the prior period
- Acquired 70% ownership and operatorship of Red Chris on 15 August 2019
- Divested interest in Gosowong on 4 March 2020
- Acquired Fruta del Norte finance facilities on 30 April 2020
- Free cash flow³ of negative \$621 million, though was positive \$670 million before M&A activity
- Gold production of 2.2 million ounces, 13% lower than the prior period
- Copper production of 138 thousand tonnes, 30% higher than the prior period
- Net debt of \$624 million, leverage ratio of 0.3 times and a gearing ratio of 6.8% as at 30 June 2020
- Full year dividends declared for FY20 of US25 cents per share (fully franked), including a final dividend determined of US17.5 cents per share to be paid in September 2020

OPERATING AND FINANCIAL REVIEW

			For the 12 months ended 30 June			
			2020	2019	Change	Change %
Group production - gold	11	oz	2,171,118	2,487,739	(316,621)	(13%)
- copper		t	137,623	105,867	31,756	30%
Revenue		US\$m	3,922	3,742	180	5%
EBITDA	3	US\$m	1,835	1,670	165	10%
EBIT	3	US\$m	1,191	924	267	29%
Statutory profit	2	US\$m	647	561	86	15%
Underlying profit	3	US\$m	750	561	189	34%
Cash flow from operating activities		US\$m	1,471	1,487	(16)	(1%)
Free cash flow*	3	US\$m	(621)	804	(1,425)	(177%)
EBITDA margin	3	%	46.8	44.6	2.2	5%
EBIT margin	3	%	30.4	24.7	5.7	23%
All-In Sustaining Cost	3	US\$/oz	862	738	124	17%
All-In Sustaining margin	3	US\$/oz	668	531	137	26%
Realised gold price		US\$/oz	1,530	1,269	261	21%
Realised copper price		US\$/lb	2.57	2.78	(0.21)	(8%)
Average exchange rate		AUD:USD	0.6715	0.7156	(0.0441)	(6%)
Average exchange rate		PGK:USD	0.2927	0.2983	(0.0056)	(2%)
Closing exchange rate		AUD:USD	0.6863	0.7013	(0.0150)	(2%)
Cash and cash equivalents		US\$m	1,451	1,600	(149)	(9%)
Net debt		US\$m	624	395	229	58%
Net debt to EBITDA	3	times	0.3	0.2	0.1	50%
Gearing		%	6.8	4.9	1.9	39%
ROCE	3	%	13.8	11.2	2.6	23%
Interest coverage ratio	3	times	22.7	24.2	(1.5)	(6%)
Total equity		US\$m	8,613	7,631	982	13%

* Free cash flow in the current period includes the payment for the acquisition of Red Chris (70% ownership) of \$769 million⁹, the acquisition of Fruta del Norte finance facilities of \$460 million¹⁰, further investments in Lundin Gold of \$79 million, net proceeds from divestment of Gosowong of \$20 million⁸ and payment of \$3 million for an interest in Antipa Minerals Ltd.

Full year results

Newcrest's focus on being a safe, low-cost and long-life major gold producer was underpinned by another twelve-month period free of fatalities or life-changing injuries. Early and considered actions by Management in response to the COVID-19 pandemic were implemented across all Newcrest sites and offices in the period. As a result of the precautionary measures implemented Newcrest had no confirmed cases of COVID-19 and managed to minimise the adverse impact of the pandemic on its operating performance in the 2020 financial year. In addition, a A\$20 million Community Support Fund designed to assist Newcrest's local communities with the challenges associated with the COVID-19 pandemic was established and announced on 7 April 2020, from which disbursements have been made in the current period.

Concurrent with seeking to safely maximise output from existing assets, Newcrest continued to optimise its existing portfolio and 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 Columbia, Canada. A further \$79 million was invested to increase Newcrest's shareholding in Lundin Gold from 27.1% to 32%.

On 30 April 2020, Newcrest acquired the financing facilities in respect of Lundin Gold's Fruta del Norte mine, further increasing Newcrest's direct exposure to the cash flows generated by this Tier 1 asset. Newcrest also finalised the sale of its 75% interest in the Gosowong mine in Indonesia on 4 March 2020, for a total consideration of \$90 million⁸.

On 15 October 2019 the Newcrest Board 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 an increase in nameplate capacity of the process plant to 33mtpa. Newcrest also increased its interest to 40% of the Havieron project, a high-grade orebody located approximately 45km east of Telfer which has the potential to extend the operational life of Telfer.

To fund the acquisition of the Fruta del Norte financing facilities and other future growth options, Newcrest successfully completed an equity raising of A\$1.2 billion in May and June 2020. In May 2020, Newcrest issued US\$1.15 billion of long-term debt at coupons much lower than the existing corporate bonds which were largely repurchased with the proceeds. The combination of this funding activity and strong underlying free cash flow has allowed Newcrest to strengthen its balance sheet and smooth and extend its debt maturity profile.

Newcrest's lower production volumes compared to the prior period reflects lower production from Lihir, the expected decline in feed grade at Cadia, the divestment of Gosowong and the execution of Telfer's 1.4 train strategy (announced in August 2019).

Statutory profit was \$647 million in the current period. The Statutory profit includes significant items (after non-controlling interests) of \$103 million which represents the non-cash write-down of assets relating to the divestment of Gosowong, transaction and integration costs in relation to major M&A activity, and one-off finance costs arising from the early repayment of existing corporate bonds.

Underlying profit of \$750 million was \$189 million higher than the prior period driven by a higher realised gold price, higher copper production at Cadia and Telfer, 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 gold sales resulting from lower production, a lower realised copper price, higher operating costs at Cadia and Lihir, increased income tax expense as a result of the Company's improved profitability and losses recognised on investments in associates in the current period.

The average realised gold price in the current period of \$1,530 per ounce was 21% higher than the prior period and the average realised copper price of \$2.57 per pound was 8% lower than the prior period.

Gold production¹¹ of 2.2 million ounces was 13% lower than the prior period, reflecting lower gold head grade milled at Cadia and Lihir, lower mill throughput at Telfer with the change to the 1.4 train strategy, and the divestment of Gosowong. This decrease in gold production was partially offset by the acquisition of Red Chris, record high annual mining and mill throughput at Cadia, higher grade at Telfer and the inclusion of 16,422 ounces of attributable gold production from Newcrest's 32% interest in the Fruta del Norte mine.

Copper production of 138 thousand tonnes was 30% higher than the prior period, primarily driven by production from the newly acquired Red Chris, and higher production from Cadia and Telfer.

Newcrest's AISC of \$862 per ounce in the current period was 17% higher than the prior period. The increase in AISC per ounce reflects lower production and resulting sales, higher site operating costs with the addition of Red Chris and increased maintenance costs at Lihir and Cadia, higher sustaining capital expenditure associated with the addition of Red Chris, and the impact of a lower realised copper price. This was partially offset by the increase in copper sales with the inclusion of Red Chris and higher copper sales at Cadia and Telfer 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 per ounce increased by 26% from the prior period as a result of a higher realised gold price.

Cashflow from operating activities of \$1,471 million was broadly unchanged from the prior period, as the benefit of higher gold prices, increased copper sales volumes and the weaker Australian dollar in the current period was more than offset by lower gold sales volumes, the impact of a lower realised copper price, higher operating costs, higher net working capital outflow and higher income tax payments.

Free cash flow of negative \$621 million includes the payment for the acquisition of Red Chris (70% ownership) of \$769 million⁹, payment for the acquisition of the Fruta del Norte finance facilities of \$460 million¹⁰, an additional investment in Lundin Gold of \$79 million (increasing Newcrest's ownership to 32%), payment of \$3 million for an interest in Antipa Minerals and net proceeds of \$20 million⁸ in relation to the divestment of Gosowong.

Excluding the growth investments and divestment activity mentioned above, Free cash flow before M&A activity³ was \$670 million. Adjusting the prior period to exclude M&A-related activity of the same nature results in the current period Free cash flow before M&A activity being \$208 million or 24% lower than the prior period, due to increased major capital project expenditure (primarily relating to the development of PC2-3 at Cadia) and increased exploration expenditure (with drilling at Havieron, exploration activity at Red Chris and the acquisition of GJ Copper-Gold Property in British Columbia).

Capital structure

Across May and June 2020, Newcrest successfully raised A\$1.2 billion of equity through a A\$1.0 billion placement to institutional investors and a A\$200 million Share Purchase Plan. The funds raised were used to fund the US\$460 million purchase of the Fruta del Norte finance facilities, with the remainder directed to funding Newcrest's organic growth options such as the commencement of declines at both Havieron and Red Chris.

On 13 May 2020, Newcrest issued US\$1.15 billion of senior unsecured notes, comprising 10-year bonds totalling US\$650 million (maturing in 2030) and 30-year bonds totalling US\$500 million (maturing in 2050). The proceeds from the new bonds were used to repay all of the Company's notes due in 2021 and to repay all but \$380 million of the notes due in 2022.

The combined transactions have ensured that Newcrest's balance sheet remains strong, smooths and extends Newcrest's weighted average debt maturity profile to ~16 years (previously ~7 years) and secures long term debt funding at coupons much lower than the existing corporate bonds.

Newcrest's net debt at 30 June 2020 was \$624 million. This comprises \$2,013 million of capital market debt, lease liabilities of \$58 million and \$4 million relating to a loan acquired through the acquisition of Red Chris, less \$1,451 million of cash.

At 30 June 2020, Newcrest had \$3,451 million of liquidity coverage, comprising \$1,451 million of cash and \$2,000 million in committed undrawn bilateral bank debt 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 30 June 2020	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	0.3	0.2
Gearing ratio	Below 25%	6.8%	4.9%
Cash and committed undrawn bank facilities	At least \$1.5bn, of which ~1/3 is in the form of cash	\$3.45bn (\$1.45bn cash)	\$3.60bn (\$1.6bn cash)

Telfer gold hedging

No new hedging in relation to Telfer was undertaken in the current period.

The total outstanding volume and prices of gold hedged for future years at Telfer and in total for Newcrest is:

Financial Year Ending	Gold Ounces Hedged	Average Price A\$/oz
30 June 2021	216,639	1,864
30 June 2022	204,615	1,902
30 June 2023	137,919	1,942
Total	559,173	1,897

Telfer is a large scale; low grade mine and its profitability and cash flow are both very sensitive to the realised Australian dollar gold price. The above hedges help support investment in future cutbacks and mine development.

The current period included 204,794 ounces of Telfer gold sales hedged at an average price of A\$1,729 per ounce, representing a net revenue loss of \$82 million for the current period.

At 30 June 2020, based on gold forward curves, the unrealised mark-to-market loss on these hedges was \$266 million.

Dividend

Newcrest's dividend policy seeks to balance financial performance and capital commitments with a prudent leverage and gearing level for the Company. 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 targets 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 US15 cents per share on a full year basis.

Having regard to the above mentioned considerations, the Newcrest Board has determined that a final fully franked dividend of US17.5 cents per share will be paid on Friday, 25 September 2020. The record date for entitlement is Monday, 24 August 2020. The financial impact of the final dividend amounting to \$143 million has not been recognised in the Consolidated Financial Statements for the year. The Company's Dividend Reinvestment Plan remains in place.

Including the interim dividend of US7.5 cents per share, total dividends in respect of the 2020 financial year amount to US25 cents per share.

OPERATING AND FINANCIAL REVIEW

Guidance^{5,6,7}

Subject to market and operating conditions, Newcrest provides the following guidance for FY21.

The production guidance numbers for FY21 assume no COVID-19 related interruptions. However, the AISC expenditure guidance for FY21 includes an estimate of additional costs associated with managing the business in a COVID-19 context (including on matters such as flights, transport, rosters, leave, screening and testing, and disbursements from the Community Support Fund) in the order of \$30-40 million. This compares with the estimate of an additional ~\$20 million of AISC spend to have been incurred on COVID-19 related matters in the current period.

Production guidance for the 12 months ending 30 June 2021^{5,7}

Cadia	- gold	koz	680 – 760
	- copper	kt	95 – 105
Lihir	- gold	koz	720 – 820
Telfer	- gold	koz	360 – 420
	- copper	kt	10 – 20
Red Chris	- gold	koz	45 – 55
	- copper	kt	25 – 30
Fruta del Norte ^(a)	- gold	koz	95 – 110
Group production	- gold	moz	1,950 – 2,150
	- copper	kt	135 – 155

Cost, capital, exploration and depreciation guidance for the 12 months ending 30 June 2021^{5,6,7}

US\$m	Cadia	Lihir	Telfer	Red Chris	Fruta del Norte ^(a)	Havieron	Other ^(b)	Group
All-In Sustaining Cost ^(c)	50 – 130	940 – 990	510 – 570	80 – 115	81 – 85		130 – 140	1,800 – 1,950
Capital expenditure								
- Production stripping ^(c)	-	135 - 150	-	35 – 55			-	170 – 200
- Sustaining capital ^(c)	90 - 100	80 – 90	50 – 55	65 – 75			25 – 30	310 - 350
- Major projects (non-sustaining)	380 - 420	130 – 180	-	30 – 40		35 - 45	5	580 – 690
Total Capital expenditure	470 – 520	345 - 420	50 - 55	130 - 170		35 - 45	25 - 35	1,060 - 1,240
Exploration expenditure								115 – 125
Depreciation and amortisation (including depreciation of production stripping)								610 - 650

(a) The Fruta del Norte guidance represents Newcrest's 32% interest in the annualised production and AISC for Fruta del Norte based on Lundin Gold's market release on 5 July 2020. This release estimated gold production for the second half of calendar year 2020 to be in the range of 150koz to 170koz at an AISC of \$770/oz to \$850/oz

(b) Other includes \$5 million of major project expenditure (non-sustaining) in relation to Wafi-Golpu

(c) Production stripping and sustaining capital shown above are included in AISC

OPERATING AND FINANCIAL REVIEW

Review of Operations⁷

For the 12 months ended 30 June 2020

		Cadia	Lihir	Telfer	Goso-wong ⁸	Red Chris ⁹	Fruta del Norte ¹¹	Other	Group
Operating									
Production									
Gold	koz	843	776	393	103	39	16	-	2,171
Copper	kt	96	-	16	-	25	-	-	138
Silver	koz	575	30	164	106	110	-	-	983
Sales									
Gold	koz	849	761	391	104	37	-	-	2,143
Copper	kt	96	-	16	-	24	-	-	137
Silver	koz	578	30	164	112	76	-	-	958
Financial									
Revenue	US\$m	1,802	1,196	579	160	185	-	-	3,922
EBITDA ⁴	US\$m	1,301	465	103	44	63	-	(141)	1,835
EBIT ⁴	US\$m	1,138	170	19	11	16	-	(163)	1,191
Net assets	US\$m	2,638	4,242	(24)	-	836	-	921	8,613
Operating cash flow ⁴	US\$m	1,286	468	116	30	57	-	(486)	1,471
Investing cash flow ⁴	US\$m	(295)	(235)	(65)	(19)	(75)	-	(1,403)	(2,092)
Free cash flow [*]	US\$m	991	233	51	11	(18)	-	(1,889)	(621)
AISC	US\$m	136	918	501	132	63	-	98	1,848
	US\$/oz	160	1,206	1,281	1,264	1,703	-	-	862
AISC Margin	US\$/oz	1,370	324	249	225 ⁽¹²⁾	(173)	-	-	668

* Free cash flow for 'Other' includes other investing activities of \$1,291 million (comprising the acquisition of a 70% interest in Red Chris of \$769 million⁹, the acquisition of Fruta del Norte finance facilities of \$460 million¹⁰, further investments in Lundin Gold of \$79 million, net proceeds from the divestment of Gosowong of \$20 million⁸ and \$3 million investment in Antipa Minerals Ltd), income tax paid of \$282 million, net interest paid of \$96 million, exploration expenditure of \$84 million, corporate costs of \$83 million, other capital expenditure of \$30 million, and working capital movements of \$24 million.

For the 12 months ended 30 June 2019

		Cadia	Lihir	Telfer	Goso-wong	Red Chris	Fruta del Norte	Other	Group
Operating									
Production									
Gold	koz	913	933	452	190	-	-	-	2,488
Copper	kt	91	-	15	-	-	-	-	106
Silver	koz	554	32	212	207	-	-	-	1,005
Sales									
Gold	koz	914	965	451	199	-	-	-	2,529
Copper	kt	91	-	15	-	-	-	-	106
Silver	koz	554	32	212	211	-	-	-	1,008
Financial									
Revenue	US\$m	1,630	1,229	627	256	-	-	-	3,742
EBITDA	US\$m	1,134	516	108	63	-	-	(151)	1,670
EBIT	US\$m	946	180	(28)	(4)	-	-	(170)	924
Net assets	US\$m	2,503	4,308	(9)	246	-	-	583	7,631
Operating cash flow	US\$m	1,141	483	126	56	-	-	(319)	1,487
Investing cash flow	US\$m	(176)	(182)	(118)	(27)	-	-	(180)	(683)
Free cash flow [*]	US\$m	965	301	8	29	-	-	(499)	804
AISC	US\$m	121	855	565	219	-	-	105	1,865
	US\$/oz	132	887	1,253	1,099	-	-	-	738
AISC Margin	US\$/oz	1,137	382	16	170	-	-	-	531

* Free cash flow for 'Other' comprises net interest paid of \$86 million, income tax paid of \$165 million, other investing activities of \$74 million (including further investments in Lundin Gold and Sol Gold and net proceeds of \$20 million following the divestment of Séguela), corporate costs of \$88 million, capital expenditure of \$44 million, exploration expenditure of \$58 million and net of favourable working capital movements of \$16 million.

1. All figures in this Report relate to businesses of the Newcrest Mining Limited Group ('Newcrest' or 'the Group') for the 12 months ended 30 June 2020 ('current period') compared with the 12 months ended 30 June 2019 ('prior period'), except where otherwise stated. All references to 'the Company' are to Newcrest Mining Limited.
2. Statutory profit 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.
 - 'ROCE' is 'Return on capital employed' and is calculated as EBIT expressed as a percentage of average total capital employed (net debt and total equity).
 - 'Interest coverage ratio' is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).
 - '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, tax and intercompany transactions.
 - 'Free Cash Flow before M&A activity' is 'Free Cash Flow' excluding acquisitions, investments in associates and divestments.
 - 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, ROCE and Interest coverage ratio 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. During the current period Newcrest adopted AASB 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, AASB 117. Refer to Notes 2(b) and 22 of the consolidated financial statements for further details.
5. 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, particularly in the current economic environment with the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. 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.
6. The guidance stated assumes weighted average copper price of \$2.70 per pound, AUD:USD exchange rate of 0.68 and CAD:USD exchange rate of 0.74 for FY21.
7. All data relating to operations is shown at 100%, with the exception of Red Chris which is shown at 70% and Fruta del Norte which is shown at 32%. Prior to divestment, Newcrest owned 75% of Gosowong through its holding in PT Nusa Halmahera Minerals, an incorporated joint venture.
8. Newcrest finalised the sale of its 75% interest in Gosowong on 4 March 2020 ('divestment date'). Production and financial outcomes for the current period represent Newcrest's period of ownership to the divestment date. In the current period, net proceeds of \$20 million were received with a further \$30 million payable in 18 months post transaction completion.
9. The payment of \$769 million represents the cash consideration paid for the 70% interest in the Red Chris mine. The consideration of \$769 million is shown net of debt and working capital adjustments acquired on completion. Refer to Note 32(b) of the consolidated financial statements for further details.
10. The payment of \$460 million represents the cash consideration paid for the acquisition of the Gold prepay agreement, the Stream Credit facility and the Offtake agreement in respect of Lundin Gold Inc's Fruta del Norte mine.
11. Group gold production in the current period includes 16,422 ounces from the Fruta del Norte mine (owned and operated by Lundin Gold) of which Newcrest has a 32% interest. Due to the negligible impact of Fruta del Norte's AISC on Newcrest's FY20 AISC, it has been excluded from Newcrest's calculation. Newcrest accounts for its 32% interest using the equity accounting method. Refer to Note 31(b) of the consolidated financial statements for further details.
12. AISC margin determined using the March 2020 YTD realised gold price of \$1,489 per ounce.

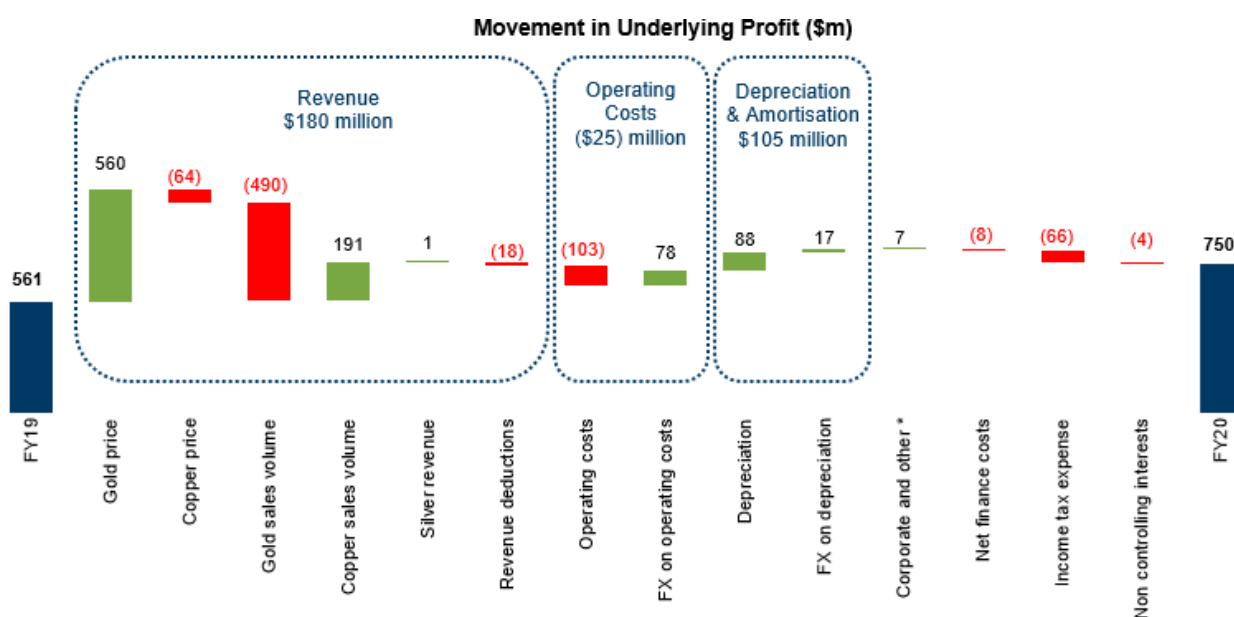
2. DISCUSSION AND ANALYSIS OF OPERATIONS AND THE INCOME STATEMENT

2.1. Profit overview

Statutory profit was \$647 million in the current period, \$86 million (or 15%) higher than the prior period. The Statutory profit includes significant items (after non-controlling interests) of \$103 million which represents the write-down of assets relating to the divestment of Gosowong, transaction and integration costs in relation to major M&A activity, and one-off finance costs arising from the early repayment of existing corporate bonds.

Underlying profit of \$750 million was \$189 million (or 34%) higher than the prior period primarily driven by a higher realised gold price, higher copper production at Cadia and Telfer, 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 gold sales driven by lower production, lower realised copper price, higher operating costs at Cadia and Lihir, increased income tax expense as a result of the Company's improved profitability and losses recognised on investments in associates in the current period.

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change%
Gold revenue	3,278	3,208	70	2%
Copper revenue	778	651	127	20%
Silver revenue	16	15	1	7%
Less: treatment and refining deductions	(150)	(132)	(18)	(14%)
Total revenue	3,922	3,742	180	5%
Operating costs ⁴	(1,946)	(1,921)	(25)	(1%)
Depreciation and amortisation ⁴	(622)	(727)	105	14%
Total cost of sales⁴	(2,568)	(2,648)	80	3%
Corporate administration expenses	(117)	(120)	3	3%
Exploration expense	(64)	(70)	6	9%
Share of associates losses	(37)	(18)	(19)	(106%)
Other income	55	38	17	45%
Net finance costs ⁴	(102)	(94)	(8)	(9%)
Income tax expense	(338)	(272)	(66)	(24%)
Non-controlling interests	(1)	3	(4)	(133%)
Underlying profit	750	561	189	34%



OPERATING AND FINANCIAL REVIEW

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

2.2. Revenue

Total sales revenue for the current period of \$3,922 million included deductions for treatment and refining costs of \$150 million. Excluding the deductions, total gross sales revenue increased by \$198 million (or 5%) compared to the prior period. Newcrest's sales revenue continues to be predominantly attributable to gold, being 83% of total net sales revenue in the current period (85% in the prior period).

US\$m

Total gross revenue for 12 months ended 30 June 2019		3,874
<i>Changes in revenues from volume:</i>		
Gold	(490)	
Copper	191	
Silver	(1)	
Total volume impact		(300)
<i>Change in revenue from price:</i>		
Gold	560	
Copper	(64)	
Silver	2	
Total price impact		498
Total gross revenue for 12 months ended 30 June 2020		4,072
Less: treatment and refining deductions		(150)
Total net revenue for 12 months ended 30 June 2020		3,922

Gold revenue in the current period of \$3,238 million included deductions for gold treatment and refining costs of \$40 million. Excluding these deductions, total gold revenue increased by 2% compared to the prior period, driven by a 21% increase in the realised gold price (\$1,530 per ounce in the current period compared to \$1,269 per ounce in the prior period) and additional ounces following the acquisition of Red Chris. This was partially offset by lower levels of production from Lihir, Cadia and Telfer and the divestment of Gosowong in the current period.

Copper revenue in the current period of \$670 million included deductions for copper treatment and refining costs of \$108 million. Excluding these deductions, total copper revenue increased by 20% compared to the prior period, driven by the additional copper production following the acquisition of Red Chris and higher levels of copper production at Cadia and Telfer. This was partially offset by an 8% reduction in the realised copper price (\$2.57 per pound in the current period compared to \$2.78 per pound in the prior period).

Silver revenue in the current period of \$14 million included deductions for silver treatment and refining costs of \$2 million.

2.3. Cost of sales

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Site production costs ⁴	1,779	1,739	40	2%
Royalties	119	113	6	5%
Treatment and realisation	48	37	11	30%
Inventory movements	-	32	(32)	(100%)
Operating costs	1,946	1,921	25	1%
Depreciation and amortisation ⁴	622	727	(105)	(14%)
Cost of sales⁴	2,568	2,648	(80)	(3%)

Cost of sales of \$2,568 million was \$80 million (or 3%) lower than the prior period. Site production costs of \$1,779 million were \$40 million higher than the prior period, primarily relating to the addition of Red Chris operating costs and increased maintenance costs at Lihir and Cadia. This increase in costs was offset by the favourable impact on operating costs from the weaker Australian dollar against the US dollar, lower mining and ore treatment activity at Telfer and the divestment of Gosowong in the current period.

The increase in royalties, treatment and refining costs for bullion, and realisation costs including freight for bullion and concentrate primarily reflect higher gold revenues driven by the higher realised gold price and the addition of Red Chris costs.

Inventory movements in the current period reflect relatively constant levels at 30 June, compared to a drawdown of inventory in the prior period. Gosowong was divested in the current period which contributed to the lower period end inventory levels, though COVID-19 necessitated an increase in certain inventory items at Lihir and Telfer amounting to approximately \$20m.

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

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

The table below shows indicative currency exposures on operating costs by site for the current period:

	USD	AUD	PGK	IDR	CAD
Cadia	15%	85%	-	-	-
Telfer	10%	90%	-	-	-
Lihir	25%	35%	40%	-	-
Gosowong	10%	5%	-	85%	-
Red Chris	10%	-	-	-	90%
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. Corporate, Exploration and Other items

US\$m	For the 12 months ended 30 June	
	2020	2019
Corporate administration expenses	(117)	(120)
Exploration expense	(64)	(70)
Share of associates losses	(37)	(18)
Other income	55	38
Corporate, Exploration and Other items	(163)	(170)

Corporate administration expenses of \$117 million in the current period comprised corporate costs of \$83 million, depreciation of \$22 million and equity-settled share-based payments of \$12 million. Corporate administration expenses are \$3 million (or 3%) lower than the prior period primarily due to a weaker Australian dollar reducing AUD denominated costs.

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Exploration expenditure of \$64 million was expensed in the current period, \$6 million (or 9%) lower than the prior period. This decrease was primarily driven by the higher level of capitalisation of exploration expenditure in the current period, particularly relating to Havieron.

Share of losses of associates of \$37 million represents Newcrest's share of losses incurred by its equity accounted associates, comprising Lundin Gold, Sol Gold, Azucar Minerals and Antipa Minerals.

Other income of \$55 million comprised:

US\$m	For the 12 months ended 30 June	
	2020	2019
Net fair value gain on gold derivatives	49	12
Net fair value gain on copper derivatives	15	2
Net foreign exchange gain/(loss)	(6)	29
Net fair value movement on Fruta del Norte finance facilities	1	-
Other items	(4)	(5)
Other income	55	38

In the current period, Newcrest ceased its program of hedging the copper and gold price movement impacts during the quotational period. 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 changes in commodity prices during the quotational period for the sale of concentrate.

The net foreign exchange loss in the current period primarily relates to the restatement of US dollar denominated cash and foreign denominated financial assets and liabilities held by the Group's Australian subsidiaries.

2.5. Net finance costs⁴

Net finance costs of \$102 million were \$8 million (or 9%) higher than the prior period with lower interest rates received on cash holdings over the current period and a marginal increase in interest expense associated with a temporary drawdown on the bilateral bank loan facilities in the current period.

US\$m	For the 12 months ended 30 June	
	2020	2019
Interest received	15	26
Interest on Fruta del Norte facilities	4	-
Finance income	19	26
Interest on loans	(97)	(94)
Interest on leases	(2)	-
Facility fees and other costs	(15)	(17)
Discount unwind provisions	(7)	(9)
Finance costs	(121)	(120)
Net finance costs	(102)	(94)

2.6. Income tax

Income tax on Statutory profit was \$350 million, resulting in an effective tax rate of 36% which is higher than the Australian company tax rate of 30% primarily due to the \$44 million write-down of Gosowong assets following the classification as 'held for sale' as at 31 December 2019 and the non-deductible share of losses in associates.

Income tax on Underlying profit was \$338 million. The resulting effective tax rate of 31% is higher than the Australian company tax rate of 30% primarily as a result of the non-deductible share of losses in associates.

2.7. Significant items

Significant items totalling a net expense of \$103 million (after non-controlling interest) were recognised in the current period, comprising:

- Write-down of tax assets and property, plant and equipment relating to the divestment of Gosowong;
- One-off finance costs arising from the early repayment of Newcrest's \$750m of corporate bonds which were due in November 2021 and \$370 million of corporate bonds which were due in late October 2022; and
- Transaction and integration costs in relation to major M&A activity (being the acquisition of Fruta del Norte financing facilities, the divestment of Gosowong and certain integration costs associated with Red Chris).

There were no significant items reported in the prior period.

US\$m	For the 12 months ended 30 June 2020		
	Pre-Tax	Tax	After-Tax
Items by nature			
Write-down of property, plant and equipment at Gosowong	20	-	20
Write-down of Gosowong tax assets	-	37	37
Major transaction & integration costs	15	(4)	11
Debt extinguishment and other finance costs	69	(21)	48
Total	104	12	116
Attributable to:			
Non-controlling interest			13
Owners of the parent			103
Total			116

3. DISCUSSION AND ANALYSIS OF CASH FLOW

Free cash flow of negative \$621 million includes payments for the following:

- acquisition of the interest in Red Chris for \$769 million⁹,
- acquisition of the Fruta del Norte finance facilities for \$460 million¹⁰,
- an additional investment in Lundin Gold increasing Newcrest's ownership to 32%, for \$79 million,
- acquisition of an interest in Antipa Minerals for \$3 million, and
- net proceeds of \$20 million⁸ in relation to the divestment of Gosowong.

Excluding growth investments and the divestment activity mentioned above, 'Free cash flow before M&A activity' was \$670 million, which is \$208 million or 24% lower than the prior period. With cash flow from operating activities broadly unchanged year on year, the decrease in 'Free cash flow before M&A activity' is primarily driven by increased investment in major capital projects and a higher level of total exploration expenditure.

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Cash flow from operating activities ⁴	1,471	1,487	(16)	(1%)
Production stripping and sustaining capital expenditure	(422)	(378)	(44)	(12%)
Major capital expenditure	(273)	(153)	(120)	(78%)
Total capital expenditure	(695)	(531)	(164)	(31%)
Reclassification of capital leases ⁴	4	-	4	
Exploration and evaluation expenditure	(113)	(78)	(35)	(45%)
Receipts from Fruta del Norte finance facilities ¹⁰	1	-	1	
Proceeds from sale of property, plant and equipment	2	-	2	
Free cash flow (before M&A activity)³	670	878	(208)	(24%)
Acquisition payment for a 70% interest of Red Chris ⁹	(769)	-	(769)	
Acquisition of Fruta del Norte finance facilities ¹⁰	(460)	-	(460)	
Payment for investment in Lundin Gold	(79)	(10)	(69)	(690%)
Payment for investment in SolGold	-	(18)	18	100%
Proceeds from sale of Gosowong, net of cash divested ⁸	20	-	20	
Proceeds from sale of Sèguèla	-	20	(20)	(100%)
Payments for other investments	(3)	(66)	63	95%
Free cash flow	(621)	804	(1,425)	(177%)

3.1. Cash at the end of the period

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Cash flow from operating activities ⁴	1,471	1,487	(16)	(1%)
Cash flow related to investing activities ⁴	(2,092)	(683)	(1,409)	(206%)
Free cash flow	(621)	804	(1,425)	(177%)
Cash flow related to financing activities ⁴	463	(157)	620	395%
Net movement in cash	(158)	647	(805)	(124%)
Cash at the beginning of the period	1,600	953	647	68%
Effects of exchange rate changes on cash held	9	-	9	
Cash at the end of the period	1,451	1,600	(149)	(9%)

3.2. Cash flow from operating activities

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
EBITDA ⁴	1,835	1,670	165	10%
Add: Exploration expenditure written-off	64	70	(6)	(9%)
Add: Other non-cash items or non-operating items	(4)	1	(5)	(500%)
Sub-total	1,895	1,741	154	9%
<i>Working capital movements*</i>				
Receivables	(96)	(51)	(45)	(88%)
Inventories	(11)	(5)	(6)	(120%)
Payables and provisions	63	36	27	75%
Other assets and liabilities	(2)	17	(19)	(112%)
Net working capital movements	(46)	(3)	(43)	(1,433%)
Net interest paid	(96)	(86)	(10)	(12%)
Income taxes paid	(282)	(165)	(117)	(71%)
Net cash inflow from operating activities⁴	1,471	1,487	(16)	(1%)

* Includes adjustments for non-cash items.

Cash inflow from operating activities of \$1,471 million was \$16 million (or 1%) lower than the prior period. Lower gold sales volumes from Lihir, Telfer and Cadia, higher income tax payments, a lower realised copper price, the divestment of Gosowong and timing of working capital movements all combined to more than offset a higher realised gold price, higher copper production and associated sales, the inclusion of Red Chris and the benefit of a weaker Australian dollar against the US dollar.

3.3. Cash flow from investing activities

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Production stripping				
Telfer	32	67	(35)	(52%)
Lihir	94	63	31	49%
Red Chris	21	-	21	
Total production stripping	147	130	17	13%
Sustaining capital expenditure				
Cadia	94	95	(1)	(1%)
Telfer	24	39	(15)	(38%)
Lihir	85	76	9	12%
Gosowong	13	22	(9)	(41%)
Red Chris	42	-	42	
Corporate	17	16	1	6%
Total sustaining capital	275	248	27	11%
Major projects (non-sustaining)				
Cadia	203	81	122	151%
Telfer	-	2	(2)	(100%)
Lihir	56	42	14	33%
Red Chris	1	-	1	
Wafi-Golpu	10	28	(18)	(64%)
Havieron	3	-	3	
Total major projects (non-sustaining) capital	273	153	120	78%
Total capital expenditure	695	531	164	31%
Reclassification of capital leases ⁴	(4)	-	(4)	
M&A activity				
Acquisition payment for a 70% interest of Red Chris ⁹	769	-	769	
Acquisition of Fruta del Norte finance facilities ¹⁰	460	-	460	
Payment for investments in Lundin Gold	79	10	69	690%
Payment for investment in SolGold	-	18	(18)	(100%)
Proceeds from sale of Gosowong, net of cash divested ⁸	(20)	-	(20)	
Proceeds from sale of Sèguèla	-	(20)	20	100%
Payments for other investments	3	66	(63)	(95%)
Total M&A activity	1,291	74	1,217	1,645%
Receipts from Fruta del Norte finance facilities ¹⁰	(1)	-	(1)	
Exploration and evaluation expenditure	113	78	35	45%
Proceeds from sale of property, plant and equipment	(2)	-	(2)	
Net cash outflow from investing activities⁴	2,092	683	1,409	206%

Cash outflow from investing activities of \$2,092 million was \$1,409 million higher than the prior period reflecting the following payments:

- \$769 million⁹ for the acquisition of Red Chris,
- \$460 million¹⁰ for the acquisition of Fruta del Norte finance facilities,

OPERATING AND FINANCIAL REVIEW

- \$79 million investment in Lundin Gold, increasing Newcrest's ownership to 32%,
- higher major project capital expenditure with the Cadia Expansion Project (Stage 1) commencing during the current period,
- additional production stripping and sustaining capital associated with the inclusion of Red Chris, and
- increased exploration activity, with drilling at Havieron and Red Chris and the acquisition of GJ Copper-Gold Property in British Columbia.

Capital expenditure of \$695 million in the current period comprised:

- Production stripping of \$147 million, which was 13% higher than the prior period primarily driven by an increase in production stripping activity 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 and 3 completed in the prior period).
- Sustaining capital expenditure of \$275 million, which was \$27 million higher than the prior period due to 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), partially offset by lower spend at Telfer and the divestment of Gosowong in the current period.
- Major project, or non-sustaining capital expenditure of \$273 million, primarily related to:
 - Cadia – increased spend was primarily associated with the Cadia Expansion Project (Stage 1), with work commencing on PC2-3 development in the current period, and the Cadia Molybdenum Plant;
 - Lihir - major projects in the period included the seepage barrier feasibility study, pit cooling and throughput related projects; and
 - Wafi-Golpu – with the lower capital expenditure in the current period reflecting a reduced work program following permitting delays. Expenditure in the current period includes general maintenance of the site, community programs, environmental monitoring and redundancy costs.

Exploration activity of \$113 million was \$35 million (or 45%) higher than the prior period, comprising the following:

\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Expenditure by nature				
Greenfield	84	50	34	68%
Brownfield	6	6	-	0%
Resource definition	23	22	1	5%
	113	78	35	45%
Expenditure by region				
Australia	59	27	32	119%
Indonesia	4	7	(3)	(43%)
Papua New Guinea	1	5	(4)	(80%)
West Africa	-	6	(6)	(100%)
North America	31	13	18	138%
Latin America	17	20	(3)	(15%)
	113	78	35	45%

In the current period, Newcrest continued its search for new discoveries with greenfield exploration activity undertaken in Australia, Canada, USA, Ecuador and Chile. Activity was focused in and around fertile gold/copper districts including the Paterson Province (Western Australia), Golden Triangle of British Columbia (Canada), Tanami (Northern Territory/Western Australia), Jarbidge (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 and the acquisition of the GJ Copper-gold property in British Columbia in the current period.

3.4. Cash flow from financing activities

US\$m	For the 12 months ended 30 June			
	2020	2019	Change	Change %
Net proceeds from equity raising	771	-	771	
Net proceeds from corporate bonds	14	-	14	
Repayment of other loans	(29)	-	(29)	
Repayment of lease principal ⁴	(27)	-	(27)	
Payment for treasury shares	(25)	(26)	1	4%
Dividends paid to members of the parent entity	(154)	(131)	(23)	(18%)
Dividend paid to non-controlling interests	(23)	-	(23)	
Other financing costs	(64)	-	(64)	
Net cash inflow/(outflow) from financing activities⁴	463	(157)	620	395%

Cash inflow from financing activities of \$463 million, was a net increase in cash inflow of \$620 million from the prior period.

Financing activities of \$463 million for the current period comprised:

- Net proceeds from equity raising reflects proceeds from the A\$1.0 billion placement to institutional investors in May 2020, and the A\$200m share purchase plan (SPP) completed in June 2020, less costs;
- Net proceeds from corporate bonds of \$14 million reflects the net impact of \$1.15 billion of new long-term bond issuances and the repurchase of existing near-term bond maturities net of fees incurred, undertaken to maintain a strong balance sheet, securing long-term debt at coupons lower than the existing bonds and to smooth and extend the debt maturity profile;
- Repayment of \$29 million of other loans assumed from Red Chris;
- Payment for treasury shares of \$25 million represents shares purchased on market to satisfy obligations under employee share-based payment plans;
- Dividends paid to Newcrest shareholders of \$154 million;
- 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 owned Gosowong); and
- Other financing costs of \$64 million reflects the early repayment costs of repurchasing existing corporate bonds.

4. REVIEW OF OPERATIONS
4.1. Cadia

Measure		For the 12 months ended 30 June			
		2020	2019	Change	Change %
Operating					
Total ore mined	tonnes '000	30,178	28,779	1,399	5%
Total material mined	tonnes '000	30,178	28,779	1,399	5%
Total material milled	tonnes '000	29,347	29,302	45	0%
Gold head grade	grams/tonne	1.14	1.24	(0.10)	(8%)
Gold recovery	%	78.6	78.4	0.2	0%
Gold produced	ounces	843,338	912,777	(69,439)	(8%)
Copper produced	tonnes	96,042	90,841	5,201	6%
Silver produced	ounces	574,594	553,764	20,830	4%
Gold sales	ounces	848,959	914,017	(65,058)	(7%)
Copper sales	tonnes	96,437	91,010	5,427	6%
Silver sales	ounces	577,650	553,707	23,943	4%
Financial					
Revenue	US\$m	1,802	1,630	172	11%
Cost of Sales ⁴ (including depreciation)	US\$m	664	684	(20)	(3%)
Depreciation ⁴	US\$m	163	188	(25)	(13%)
EBITDA ⁴	US\$m	1,301	1,134	167	15%
EBIT ⁴	US\$m	1,138	946	192	20%
Operating cash flow ⁴	US\$m	1,286	1,141	145	13%
Sustaining capital	US\$m	94	95	(1)	(1%)
Non-sustaining capital	US\$m	203	81	122	151%
Total capital expenditure	US\$m	297	176	121	69%
Free cash flow	US\$m	991	965	26	3%
All-In Sustaining Cost	US\$m	136	121	15	12%
All-In Sustaining Cost	US\$/oz	160	132	28	21%

Gold production of 843,338 ounces was 8% lower than the prior period reflecting an 8% decrease in gold grade milled. The decrease in grade is in line with expected grades for the current period.

The mine produced in excess of 30 million tonnes of ore, achieving a record high annual mined tonnes from Cadia East and a 5% improvement on the prior period. This increase in mined ore was principally the result of an increase in the conveying rate. In the final three months of the current period, the mine achieved a record for mined tonnes at a volume equivalent to 31.8 million tonnes per annum.

In the current period total material milled was 29.3 million tonnes, consistent with the prior period. As previously reported at the half year, lower tonnes were milled in the first half of the current period principally due to extended downtime of the Concentrator 1 SAG mill following the identification (through routine inspections) of a preventative maintenance opportunity. In the final three months of the current period, a record annualised mill throughput rate of 34.2 million tonnes per annum was achieved, with no planned maintenance activities undertaken during this period.

EBIT of \$1,138 million was 20% higher than the prior period. This represented the cumulative benefit of an 11% increase in revenue and a 3% reduction in cost of sales (including depreciation). The increase in revenue was driven by a 21% higher realised gold price and higher volume of copper sales which together more than offset the lower volume of gold sales and the impact of a lower realised copper price.

Cost of sales (including depreciation) was lower due to a lower depreciation charge associated with lower production in the current period as well as a weaker Australian dollar positively impacting Australian dollar denominated operating costs (including depreciation) This was partially offset by an increase in Australian dollar denominated costs primarily associated with unplanned maintenance activity.

AISC of \$160 per ounce was \$28 per ounce higher than the prior period. This reflected the cumulative impact of the 12% increase in the absolute AISC spend and a 7% decrease in gold sales in the current period. The increase in the absolute AISC spend was primarily due to a decrease in by-product credits (due to the lower copper price more than offsetting the higher copper volumes), higher Australian dollar denominated costs primarily associated with unplanned maintenance and an increase in royalty payments associated with the higher revenue generation. These increases in AISC spend were only partially offset by the favourable impact of a weaker Australian dollar.

Free cash flow of \$991 million was 3% higher than the prior period. This reflects the 15% higher earnings (EBITDA) partially offset by a 69% increase in capital expenditure. The key drivers of increased capital expenditure in the current period are Stage 1 of the Cadia Expansion Project (primarily PC2-3 development) and the Cadia Molybdenum Plant.

4.2. Lihir

Measure		For the 12 months ended 30 June			
		2020	2019	Change	Change %
Operating					
Total ore mined	tonnes '000	12,030	14,775	(2,745)	(19%)
Total material mined	tonnes '000	30,085	31,057	(972)	(3%)
Total material milled	tonnes '000	13,798	13,350	448	3%
Gold head grade	grams/tonne	2.38	2.86	(0.48)	(17%)
Gold recovery	%	73.6	76.0	(2.4)	(3%)
Gold produced	ounces	775,978	932,784	(156,806)	(17%)
Silver produced	ounces	29,520	32,017	(2,497)	(8%)
Gold sales	ounces	760,724	964,553	(203,829)	(21%)
Silver sales	ounces	29,520	32,017	(2,497)	(8%)
Financial					
Revenue	US\$m	1,196	1,229	(33)	(3%)
Cost of Sales ⁴ (including depreciation)	US\$m	1,026	1,049	(23)	(2%)
Depreciation ⁴	US\$m	295	336	(41)	(12%)
EBITDA ⁴	US\$m	465	516	(51)	(10%)
EBIT ⁴	US\$m	170	180	(10)	(6%)
Operating cash flow ⁴	US\$m	468	483	(15)	(3%)
Production stripping	US\$m	94	63	31	49%
Sustaining capital	US\$m	85	76	9	12%
Non-sustaining capital	US\$m	56	42	14	33%
Total capital expenditure	US\$m	235	181	54	30%
Free cash flow	US\$m	233	301	(68)	(23%)
All-In Sustaining Cost	US\$m	918	855	63	7%
All-In Sustaining Cost	US\$/oz	1,206	887	319	36%

Gold production of 775,978 ounces was 17% lower than the prior period, driven by a decrease in gold grade milled and lower gold recovery.

Total ore mined was lower in the current period due to the completion of mining in Phase 9 in early 2019 and ex-pit ore now being primarily sourced from Phase 14 in the current period. The strip ratio also increased as the mine transitions towards the Kapit pit. Total material mined was in line with the prior period due to increased waste movement in Phase 15 which will enable access to Phase 15 ore in FY21.

Gold head grade was 17% lower than the prior period. The lower volume of ex-pit ore required a higher ratio of lower grade stockpiled ore (relative to mined ore) being delivered to the process plant, lowering overall processed grade for the year.

Gold recovery was 3% lower primarily due to a higher proportion of stockpile ore feed and reduced autoclave throughput as the higher levels of clay in the stockpile feed created materials handling issues and increased viscosity which affects oxygen transfer in the autoclaves. The lower autoclave throughput in turn required an increase in ore flotation, reducing overall recovery rates in the current period.

Clay levels associated with Argillic ores and stockpile material is higher than previously anticipated as mining progresses to the Kapit orebody. Processing performance of the higher ratio of stockpile ore during the current period triggered a reassessment of feed blend impact on future plant throughput and recovery. A pit optimisation study is currently underway to look at options to further improve the ore presentation to the processing plant. The pit optimisation study is also reviewing opportunities to improve grade presentation to the mill by bringing forward grade along with optimising the integration of the seepage barrier project to the mine schedule.

The higher strip ratios will continue into FY21 and FY22 and the processing plant feed is expected to continue to have high levels of stockpile material and Argillic ores.

The seepage barrier feasibility study is forecast to be completed by the end of FY21 (subject to COVID-19 constraints). The extended timing for the completion of the study is due to delays to the ground investigation trials as a result of COVID-19 related travel restrictions. The feasibility study has identified an opportunity to access Kapit ore earlier through the realignment of the seepage barrier. This realignment could also create an opportunity to access additional gold resources towards the end of the mine life which would have been sterilised with the original alignment of the seepage barrier. This is likely to result in an increase in capital costs which are yet to be finalised as part of the study.

Additionally, improvement programs are underway to address the impact of clays on the materials handling system and the ability of the autoclaves to better handle ore with higher clay levels. The materials handling improvements include optimising the feed blend to the crushers, along with modifications to transfer chutes to reduce blockages. The autoclave improvements are focussing on slurry densities, oxygen management and projects that improve front and back end temperatures of the autoclaves.

EBIT of \$170 million was \$10 million (or 6%) lower than the prior period due to lower sales volumes and higher operating costs. This was partially offset by a higher realised gold price and lower depreciation. Depreciation in the current period was \$41 million (or 12%) lower primarily due to a decrease in ore mined resulting in lower depreciation of production stripping assets and the lower sales volumes. Higher cost of sales (excluding depreciation) was primarily driven by increased maintenance costs (reflecting the transition to a bi-annual shut-down strategy and higher costs in relation to the mobile fleet).

AISC of \$1,206 per ounce, was \$319 per ounce higher (or 36%) than the prior period, primarily reflecting lower gold sales, higher operating costs and increased sustaining capital in the current period.

Free cash flow of \$233 million for the current period was \$68 million (or 23%) lower than the prior period, driven by lower production and associated sales volumes and increased operating and capital expenditure. This was partially offset by a higher realised gold price and favourable movements in working capital. The key drivers of increased capital expenditure in the current period were the higher levels of waste movement in Phase 15, the seepage barrier feasibility study, pit cooling and throughput-related projects.

4.3. Telfer

Measure		For the 12 months ended 30 June			
		2020	2019	Change	Change %
Operating					
Total ore mined	tonnes '000	17,481	21,923	(4,442)	(20%)
Total material mined	tonnes '000	55,107	59,581	(4,474)	(8%)
Total material milled	tonnes '000	16,209	22,734	(6,525)	(29%)
Gold head grade	grams/tonne	0.90	0.72	0.18	25%
Gold recovery	%	81.3	83.4	(2.1)	(3%)
Gold produced	ounces	393,164	451,991	(58,827)	(13%)
Copper produced	tonnes	16,278	15,025	1,253	8%
Silver produced	ounces	163,500	211,869	(48,369)	(23%)
Gold sales	ounces	391,339	450,791	(59,452)	(13%)
Copper sales	tonnes	16,283	15,047	1,236	8%
Silver sales	ounces	163,500	211,869	(48,369)	(23%)
Financial					
Revenue	US\$m	579	627	(48)	(8%)
Cost of Sales ⁴ (including depreciation)	US\$m	560	655	(95)	(15%)
Depreciation ⁴	US\$m	84	136	(52)	(38%)
EBITDA ⁴	US\$m	103	108	(5)	(5%)
EBIT ⁴	US\$m	19	(28)	47	168%
Operating cash flow ⁴	US\$m	116	126	(10)	(8%)
Production stripping	US\$m	32	67	(35)	(52%)
Sustaining capital	US\$m	24	39	(15)	(38%)
Non-sustaining capital	US\$m	-	2	(2)	(100%)
Total capital expenditure	US\$m	56	108	(52)	(48%)
Free cash flow	US\$m	51	8	43	538%
All-In Sustaining Cost	US\$m	501	565	(64)	(11%)
All-In Sustaining Cost	US\$/oz	1,281	1,253	28	2%

Gold production of 393,164 ounces was 13% lower than the prior period, due to lower milled tonnes and lower recovery, partially offset by higher head grade. Mill throughput was 29% lower due to the deliberate change in mill operating strategy (announced in August 2019) to a reduced rate utilising ~1.4 of the two trains' capacity and targeting higher feed grade to improve margin.

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

Notwithstanding lower revenue resulting from lower gold production and sales volumes and a lower realised copper price, EBIT was higher due to a higher realised gold price, lower site costs reflecting the lower mining and ore treatment activity and a weaker Australian dollar, lower depreciation and higher copper sales volumes. A portion of Telfer's gold sales were subject to hedges which adversely impacted its revenue by \$82 million.

AISC of \$1,281 per ounce was marginally higher than the prior period due to lower gold sales, a lower realised copper price and an increase in unit operating costs, partially offset by lower sustaining capital expenditure, the benefit of a weaker Australian dollar, lower production stripping activity and higher copper sales.

Free cash flow of \$51 million was \$43 million higher than the prior period due to a higher realised gold price, lower site costs reflecting the lower mining and ore treatment activity and a weaker Australian dollar, lower capital expenditure and higher copper sales. This was partially offset by lower gold sales volumes and a lower realised copper price.

4.4. Gosowong^{7,8}

Measure		For the 12 months ended 30 June			
		2020	2019	Change	Change %
Operating					
Total ore mined	tonnes '000	469	690	(221)	(32%)
Total material mined	tonnes '000	533	808	(275)	(34%)
Total material milled	tonnes '000	478	708	(230)	(32%)
Gold head grade	grams/tonne	7.10	8.77	(1.67)	(19%)
Gold recovery	%	94.7	95.0	(0.3)	(0%)
Gold produced	ounces	103,282	190,186	(86,904)	(46%)
Silver produced	ounces	105,874	206,857	(100,983)	(49%)
Gold sales	ounces	104,449	199,285	(94,836)	(48%)
Silver sales	ounces	111,788	210,587	(98,799)	(47%)
Financial					
Revenue	US\$m	160	256	(96)	(38%)
Cost of Sales (including depreciation)	US\$m	148	260	(112)	(43%)
Depreciation	US\$m	33	67	(34)	(51%)
EBITDA	US\$m	44	63	(19)	(30%)
EBIT	US\$m	11	(4)	15	(375%)
Operating cash flow	US\$m	30	56	(26)	(46%)
Sustaining capital	US\$m	13	22	(9)	(41%)
Free cash flow	US\$m	11	29	(18)	(62%)
All-In Sustaining Cost	US\$m	132	219	(87)	(40%)
All-In Sustaining Cost	US\$/oz	1,264	1,099	165	15%

On 31 January 2020, Newcrest announced that it had agreed to sell its interest in Gosowong to PT Indotan Halmahera Bangkit, for consideration comprising:

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

The economic effective date for the Gosowong divestment was 31 December 2019.

The above results include production and financial performance up until the transaction completion date of 4 March 2020.

4.5. Red Chris^{7,9}

Measure		For the 12 months ended 30 June			
		2020	2019	Change	Change %
Operating					
Total ore mined	tonnes '000	7,052	-	-	-
Total material mined	tonnes '000	19,332	-	-	-
Total material milled	tonnes '000	5,847	-	-	-
Gold head grade	grams/tonne	0.39	-	-	-
Gold recovery	%	51.8	-	-	-
Gold produced	ounces	38,933	-	-	-
Copper produced	tonnes	25,302	-	-	-
Silver produced	ounces	109,943	-	-	-
Gold sales	ounces	37,271	-	-	-
Copper sales	tonnes	24,432	-	-	-
Silver sales	ounces	75,727	-	-	-
Financial					
Revenue	US\$m	185	-	-	-
Cost of Sales ⁴ (including depreciation)	US\$m	169	-	-	-
Depreciation ⁴	US\$m	47	-	-	-
EBITDA ⁴	US\$m	63	-	-	-
EBIT ⁴	US\$m	16	-	-	-
Operating cash flow ⁴	US\$m	57	-	-	-
Production stripping	US\$m	21	-	-	-
Sustaining capital	US\$m	42	-	-	-
Non-Sustaining capital	US\$m	1	-	-	-
Total capital expenditure	US\$m	64	-	-	-
Free cash flow	US\$m	(18)	-	-	-
All-In Sustaining Cost	US\$m	63	-	-	-
All-In Sustaining Cost	US\$/oz	1,703	-	-	-

On 15 August 2019 Newcrest acquired a 70% interest in and operatorship of the Red Chris mine and surrounding tenements in British Columbia, Canada.

Following acquisition, the Newcrest Safety Transformation Plan was implemented with improvements in TRIFR delivered over the current period, drilling activity commenced together with investment in capital projects and a number of operational improvement initiatives to improve the site's future operational performance.

The production and financial outcomes above represent Newcrest's 70% ownership for the period from 15 August 2019 to 30 June 2020.

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 BALANCE SHEET

5.1. Net assets and total equity

Newcrest had net assets and total equity of \$8,613 million as at 30 June 2020.

US\$m	As at 30 June		Change	Change %
	2020	2019		
Assets				
Cash and cash equivalents	1,451	1,600	(149)	(9%)
Trade and other receivables	305	135	170	126%
Inventories	1,573	1,573	-	0%
Other financial assets	546	103	443	430%
Current tax asset	1	32	(31)	(97%)
Property, plant and equipment	8,809	7,816	993	13%
Goodwill	17	-	17	
Other intangible assets	24	33	(9)	(27%)
Deferred tax assets	65	60	5	8%
Investment in associates	386	333	53	16%
Other assets	65	152	(87)	(57%)
Total assets	13,242	11,837	1,405	12%
Liabilities				
Trade and other payables	(520)	(444)	(76)	(17%)
Current tax liability	(23)	(176)	153	87%
Borrowings	(2,017)	(1,995)	(22)	(1%)
Other financial liabilities	(274)	(123)	(151)	(123%)
Provisions	(623)	(524)	(99)	(19%)
Lease liabilities ⁴	(58)	-	(58)	
Deferred tax liabilities	(1,114)	(944)	(170)	(18%)
Total liabilities	(4,629)	(4,206)	(423)	(10%)
Net assets	8,613	7,631	982	13%
Equity				
Equity attributable to owners of the parent	8,613	7,567	1,046	14%
Non-controlling interests	-	64	(64)	(100%)
Total equity	8,613	7,631	982	13%

During the current period Newcrest successfully completed an equity raising which consisted of:

- a A\$1 billion placement to institutional investors in May 2020 (approximately 39.1 million new shares); and
- A\$200 million share purchase plan in June 2020 (approximately 7.8 million new shares)

The issue price of new shares under both the placement and share purchase plan was A\$25.60 per new share.

In addition, on 13 May 2020, Newcrest issued US\$1.15 billion of senior unsecured notes, comprising 10-year bonds totalling US\$650 million (maturing in 2030) and 30-year bonds totalling US\$500 million (maturing in 2050). The proceeds from the new bonds were used to repay all of the Company's notes due in 2021 and to repay all but \$380 million of the notes due in 2022.

5.2. Financial metrics

5.2.1. Net debt and gearing

Net debt (comprising total borrowings less cash and cash equivalents) of \$624 million at 30 June 2020 was \$229 million (or 58%) higher than the prior period. All of Newcrest's debt is US dollar denominated.

The gearing ratio (net debt as a proportion of net debt and total equity) as at 30 June 2020 was 6.8%. This is an increase from 4.9% as at 30 June 2019, reflecting the negative free cash flow during the current period due to investments such as the acquisition of Red Chris, the additional interest in Lundin Gold, progression of the Cadia Expansion Project and Cadia Molybdenum Plant, and higher levels of exploration expenditure at Red Chris and Havieron.

Components of the movement in net debt and gearing are outlined in the table below.

US\$m	2020	2019	Change	Change %
Corporate bonds - unsecured	2,030	2,000	30	2%
Other loans ¹³	4	-	4	
Capitalised transaction costs on facilities	(17)	(5)	(12)	(240%)
Total borrowings	2,017	1,995	22	1%
Lease liabilities ⁴	58	-	58	
Total debt	2,075	1,995	80	4%
Less cash and cash equivalents	(1,451)	(1,600)	149	9%
Net debt	624	395	229	58%
Total equity	8,613	7,631	982	13%
Net debt and total equity	9,237	8,026	1,211	15%
Gearing (net debt / net debt and total equity)	6.8%	4.9%	1.9	39%

¹³ Represents interest-bearing liabilities acquired as part of the Red Chris acquisition.

5.2.2. Leverage Ratio and Interest Coverage Ratio

Newcrest's net debt to EBITDA (leverage ratio) remains comfortably within the target of being less than 2 times EBITDA on a trailing 12 month basis. As at 30 June 2020 it had increased to 0.3 times (compared to 0.2 times at 30 June 2019) due to higher net debt as a result of the negative free cash flow associated with growth investments in the current period.

US\$m	As at 30 June			
	2020	2019	Change	Change %
Net debt	624	395	229	58%
EBITDA (trailing 12 months)	1,835	1,670	165	10%
Net debt to EBITDA (times)	0.3	0.2	0.1	50%

Newcrest's interest coverage ratio decreased marginally to 22.7 times as at 30 June 2020 as a result of lower interest rates on cash holdings decreasing interest income in the current period, notwithstanding the increase in EBITDA.

\$m	For the 12 months ended 30 June	
	2020	2019
EBITDA	1,835	1,670
Less facility fees and other costs	(15)	(17)
Less discount unwind on provisions	(7)	(9)
Adjusted EBITDA	1,813	1,644
Net interest expense	102	94
Less facility fees and other costs	(15)	(17)
Less discount unwind on provisions	(7)	(9)
Net interest payable	80	68
Interest Coverage Ratio	22.7	24.2

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Interest Coverage Ratio is calculated as EBITDA adjusted for facility fees and discount unwind on provisions, divided by net interest payable (i.e. interest expense adjusted for facility fees, discount unwind on provisions and interest capitalised).

5.2.3. Liquidity coverage

Newcrest had \$3,451 million of cash and committed undrawn bank facilities as at 30 June 2020.

US\$m	Facility utilised	Available liquidity	Facility limit
As at 30 June 2020			
Cash and cash equivalents	n/a	1,451	n/a
Bilateral bank debt facilities	-	2,000	2,000
Coverage	-	3,451	2,000
As at 30 June 2019			
Cash and cash equivalents	n/a	1,600	n/a
Bilateral bank debt facilities	-	2,000	2,000
Coverage	-	3,600	2,000

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), Free cash flow before M&A activity, 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 3.3;
- 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.

Profit after tax attributable to Newcrest shareholders US\$m	For the 12 months ended 30 June 2020			
	Before Tax and Non-controlling interest	Tax	Non-controlling interest	After tax and Non-controlling interest
Statutory profit	997	(350)	-	647
Write-down of Gosowong tax assets	-	37	(8)	29
Write-down of property, plant and equipment at Gosowong	20	-	(5)	15
Major transaction and integration costs	15	(4)	-	11
Debt extinguishment and other finance costs	69	(21)	-	48
Underlying profit	1,101	(338)	(13)	750

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

6.2. Reconciliation of Underlying profit to EBIT and EBITDA

US\$m	For the 12 months ended 30 June	
	2020	2019
Underlying profit	750	561
Non-controlling interests	1	(3)
Income tax expense	338	272
Net finance costs	102	94
EBIT	1,191	924
Depreciation and amortisation	644	746
EBITDA	1,835	1,670

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.

	Reference	For the 12 months ended 30 June			
		2020		2019	
		US\$m	US\$/oz	US\$m	US\$/oz
Gold sales (koz)		2,143		2,529	
Cost of sales	6.3.1	2,568	1,199	2,648	1,047
Depreciation and amortisation	6.3.2	(622)	(291)	(727)	(288)
By-product revenue	6.3.3	(684)	(319)	(569)	(225)
Gold concentrate treatment and refining deductions		40	19	35	14
Corporate costs	6.3.4	80	37	90	36
Sustaining exploration	6.3.7	13	6	14	5
Sustaining leases ⁴		27	13	-	-
Production stripping and underground mine development	6.3.5	140	65	115	46
Sustaining capital expenditure	6.3.6	270	126	248	98
Rehabilitation accretion and amortisation		16	7	11	5
All-In Sustaining Costs		1,848	862	1,865	738
Growth and development expenditure	6.3.4	15	8	11	4
Non-sustaining capital expenditure ¹⁴	6.3.6	272	127	153	60
Non-sustaining exploration	6.3.7	100	46	64	26
Non-sustaining leases ⁴		2	1	-	-
All-In Cost		2,237	1,044	2,093	828

¹⁴. 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, Cadia Molybdenum Plant and the seepage barrier feasibility study, pit cooling and throughput related projects at Lihir.

6.3.1. Cost of sales⁴

US\$m	For the 12 months ended 30 June	
	2020	2019
Cost of sales as per Note 5(b) of the consolidated financial statements	2,568	2,648

6.3.2. Depreciation and amortisation

US\$m	For the 12 months ended 30 June	
	2020	2019
Depreciation and amortisation per Note 5(b) of the consolidated financial statements	622	727

6.3.3. By-product revenue

US\$m	For the 12 months ended 30 June	
	2020	2019
Copper concentrate sales revenue	778	651
Copper concentrate treatment and refining deductions	(108)	(96)
Total copper sales revenue per Note 5(a) of the consolidated financial statements	670	555
Silver sales revenue	16	15
Silver concentrate treatment and refining deductions	(2)	(1)
Total silver sales revenue per Note 5(a) of the consolidated financial statements	14	14
Total By-product revenue	684	569

6.3.4. Corporate costs

US\$m	For the 12 months ended 30 June	
	2020	2019
Corporate administration expenses per Note 5(c) of the consolidated financial statements	117	120
Less: Corporate depreciation	(22)	(19)
Less: Growth and development expenditure	(15)	(11)
Total Corporate costs	80	90

6.3.5. Production stripping and underground mine development

US\$m	For the 12 months ended 30 June	
	2020	2019
Underground mine development	(7)	(15)
Production stripping per the consolidated financial statements	147	130
Total production stripping and underground mine development	140	115

6.3.6. Capital expenditure

US\$m	For the 12 months ended 30 June	
	2020	2019
Payments for property, plant and equipment per consolidated financial statements	143	230
Assets under construction, development and feasibility expenditure per consolidated financial statements	386	153
Information systems development per consolidated financial statements	15	18
Total capital expenditure	544	401
Sustaining capital expenditure per 3.3 of the Operating and Financial Review	275	248
Non-sustaining capital expenditure per 3.3 of the Operating and Financial Review	273	153
Capitalised Leases per 3.3 of the Operating and Financial Review	(4)	-
Total capital expenditure	544	401
Sustaining capital expenditure related to integration (reclassified to Growth and development)	(2)	-
Total capital expenditure per 6.3 of the Operating and Financial Review	542	401

6.3.7. Exploration expenditure

US\$m	For the 12 months ended 30 June	
	2020	2019
Exploration and evaluation expenditure per consolidated financial statements	113	78
Sustaining exploration (per 6.3 of the Operating and Financial Review)	13	14
Non-sustaining exploration (per 6.3 of the Operating and Financial Review)	100	64
Total exploration expenditure	113	78

6.4. Reconciliation of Return on Capital Employed (ROCE)

ROCE is "Return on Capital Employed" and is reported by Newcrest to provide greater understanding of the underlying business performance of its operations and the Group. ROCE is calculated as EBIT before significant items expressed as a percentage of average total capital employed (net debt and total equity).

\$m	For the 12 months ended 30 June	
	2020	2019
EBIT	1,191	924
Total capital (net debt and total equity) – as at 30 June 2018	-	8,502
Total capital (net debt and total equity) – as at 30 June 2019	8,026	8,026
Total capital (net debt and total equity) – as at 30 June 2020	9,237	-
Average total capital employed	8,632	8,264
Return on Capital Employed	13.8%	11.2%

7. RISKS

Newcrest’s mission is to safely deliver superior returns to our stakeholders from finding, developing and operating gold/copper mines. In pursuit of this, Newcrest is focused on the following five pillars and fulfilling the associated aspirations by the end of calendar year 2020:

- Safety and Sustainability: Zero fatalities and industry leading Total Recordable Injury Frequency Rate
- People: First quartile Organisation Health
- Operating Performance: First quartile Group AISC per ounce
- Technology and Innovation: Five breakthrough successes
- Profitable Growth: Exposure to five Tier One orebodies and two to four Tier 2 orebodies

Newcrest’s business, operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond Newcrest’s reasonable control. Set out below are matters which Newcrest has assessed as having the potential to have a material impact on the business, operating and/or financial results and performance and fulfilment of the aspirations of the Group. These matters may arise individually, simultaneously or in combination.

The matters identified below are not necessarily listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Newcrest’s business. Additional risks and uncertainties not presently known to Management and the Board, or that Management and the Board currently believe to be immaterial or manageable, may adversely affect Newcrest’s business.

Newcrest has a Risk Management Framework and process in place to identify those risks that may have a material impact on the Group. Material Risks are documented and monitored with the implementation of preventative and mitigating processes and controls. Mitigating processes and controls are designed to minimise the adverse impact on Newcrest should a risk or uncertainty materialise. Implemented processes and controls may not eliminate the risk or the potential impact entirely. Further, Newcrest’s business, operating and/or financial results and performance may be materially impacted should any such actions and controls fail or be disrupted.

Further information on Newcrest’s approach to risk management is set out in Newcrest’s Corporate Governance Statement.

External Risks	
Fluctuations in external economic drivers	<p>External economic drivers (including macroeconomic, metal prices, exchange rates and costs)</p> <p>Market price of gold and copper</p> <p>Newcrest’s revenue is principally derived from the sale of gold and copper based on prevailing market prices. Fluctuations in gold prices can occur due to numerous factors beyond Newcrest’s control, including macroeconomic and geopolitical factors (such as financial and banking stability, global and regional political events and policies including monetary policy easing, inflation and changes in inflationary expectations, interest rates including negative interest rate environments, global economic growth expectations, and actual or expected gold purchases and/or sales by central banks), speculative positions taken by investors or traders, changes in demand for gold (including gold used in fabrication such as for design, jewellery and other industrial uses, and changes due to product substitution), changes in supply for gold from production, divestment and scrap, as well as gold hedging and de-hedging by gold producers. Fluctuations in copper prices can occur due to numerous factors beyond Newcrest’s control, including the worldwide balance of copper demand and supply, rates of global economic growth, the rate of development of new mines, trends in industrial production and conditions in the electricity, housing and automotive industries, all of which correlate with demand for copper, economic growth and political conditions in China, which has become the largest consumer of refined copper in the world, and other major developing economies, speculative investment positions in copper and copper futures, the availability and cost of substitute materials, currency exchange rate fluctuations, and availability and cost</p>

of appropriate smelting and refining arrangements and recovery rate through the smelting and refining processes.

Newcrest is predominantly an unhedged producer, although Newcrest has hedges over a portion of Telfer's future planned gold production for FY21 to FY23. Telfer is a large scale, low grade mine and its profitability and cash flow are both very sensitive to the realised Australian dollar gold price.

Lower gold and / or copper prices may adversely affect Newcrest's financial condition and performance.

Foreign exchange rate fluctuations

Given the geographic spread of Newcrest's operations, earnings and cash flows are exposed to multiple currencies, including a portion of spend at each operation being denominated in the local currency. The relative movement of these currencies (particularly the Australian dollar) against the US dollar may have a significant impact on Newcrest's financial results and cash flows, which are reported in US dollars.

The presentation currency of the Group is the US dollar. Newcrest's parent entity and all Australian entities use the Australian dollar as their functional currency, and Red Chris uses the Canadian dollar as its functional currency. All other entities, including Lihir, use the US dollar as their functional currency. Newcrest does not hedge its foreign exchange revenue or operating expenses to the US dollar although it may hedge certain major capital expenditures to the functional currency of the project or operation and it maintains its debt in US dollar-denominated loans.

Increased costs, capital and commodity inputs

Operating costs are subject to variations due to a number of factors, some of which are specific to a particular mine site, including changing ore characteristics and metallurgy, changes in the ratio of ore to waste as the mine plan follows the sequence of extracting the ore body, surface and underground haulage distances, underground geotechnical conditions and level of sustaining capital invested to maintain operations.

In addition, operating costs and capital expenditure are, to a significant extent, driven by external economic conditions impacting the cost of commodity inputs consumed in extracting and processing ore (including but not limited to, electricity, water, fuel, chemical reagents, explosives, tyres and steel), and labour costs associated with those activities. Newcrest currently hedges a portion of its expected fuel requirements. Other input costs are generally not hedged. Where it considers appropriate, Newcrest does enter into short term, medium term or evergreen contracts at fixed prices or fixed prices subject to price rise and fall mechanisms.

Examples of impacts

Actual or forecasted lower metal prices, and/or adverse movements in exchange rates and/or adverse movements in operating costs may:

- change the economic viability of mining operations, particularly higher cost mining operations, which may result in decisions to alter production plans or the suspension or closure of mining operations;
- reduce the market value of Newcrest's gold or copper inventory and Newcrest's estimates of Mineral Resources and Ore Reserves;
- result in Newcrest curtailing or suspending its exploration activities, with the result that depleted Ore Reserves may not be replaced and/or unmined Ore Reserves or Mineral Resources may not be mined;
- affect Newcrest's future operating activities and financial results through changes to proposed project developments; and
- result in changes in the estimation of the recoverable amount of Newcrest's assets when assessing potential accounting impairment of those assets.

Newcrest looks to manage the impact of adverse movements in these factors by seeking to be a relatively low-cost gold producer, maintaining a strong balance

sheet, and having sufficient liquid funds and committed undrawn bank facilities available to meet the Group's financial commitments.

Holding all other factors constant, examples of estimated potential financial impacts in the 2020 Financial Year of metal prices and exchange rates are approximately as follows:

Element	Change	Impact on	Estimated Impact
Realised gold price	+/--\$10/oz	Revenue	+/--\$20m
Realised copper price	+/--\$0.05/lb	Revenue	+/--\$14m
AUD:USD exchange rate	+/--A\$0.01	EBIT	-/+-\$17m

Political events, Government actions, changes in law and regulation and inability to maintain title

Political events, actions by governments and tax authorities

Newcrest has exploration, development and production activities that are subject to political, economic, social, regulatory and other risks and uncertainties.

These risks and uncertainties are unpredictable, vary from country to country and include but are not limited to law and order issues (including varying government capacity to respond), political instability, civil unrest, rebellion and civil society opposition, expropriation and/or nationalisation, changes in government ownership levels in projects, fraud, bribery and corruption, restrictions on repatriation of cash, earnings or capital, land ownership disputes and tenement access issues, disputes with local communities, renegotiation or nullification of existing concessions, licences, permits and contracts, the occurrence of health infections and diseases and the imposition of international sanctions or border closures, each of which could have a significant impact on Newcrest.

There is also a risk that governments could review laws, legislative decisions (such as the grant of tenements), contractual arrangements or amend government policy, without notice or industry consultation. If, in one or more of Newcrest's countries of operations, we were not able to obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue our operations under conditions or contracts or within timeframes that make such plans and operations economic, or if legal, ownership, fiscal (including royalties and duties), banking and exchange controls (including controls pertaining to the holding of cash and remittance of profits and capital to the parent company), employment, environmental and social laws and regimes were to change, our operating results and financial condition could be materially impacted.

These risks have become more prevalent in recent years, and in particular there has been an increasing social and political focus on:

- the revenue derived by governments and other stakeholders from mining activities, which has resulted in announced reviews of the policy regimes applicable to mining in a number of the jurisdictions in which Newcrest has interests (including Papua New Guinea); and
- national control of and benefit from natural resources, with proposed reforms regarding government or landowner participation in mining activities, limits on foreign ownership of mining or exploration interests and/or forced divestiture (with or without adequate compensation), and a broad reform agenda in relation to mining legislation, environmental stewardship and local business opportunities and employment.
- Environmental, Social and Governance (ESG) credentials for the mining industry in general and particularly for issues relevant to civil society that could create unrest, suspension of mining operations or materially damage reputation.

In Papua New Guinea (PNG), there is a political focus on future policy directions, including in relation to the extractives sector. Potential policy changes could include changes to the existing Mining Act, the level and manner of local equity participation in

projects, taxation regimes, changes to banking and foreign exchange controls, and/or changes in controls pertaining to the holding of cash and remittance of profits and capital to the parent company.

On 24 April 2020 the PNG Government announced that the Special Mining Lease for the Porgera mining operation would not be renewed. The PNG Government has stated that the decision relates to alleged issues specifically related to environmental damages claims and resettlement at the Porgera mine and has no bearing on any other operations, including Lihir, or advanced exploration projects, including Wafi-Golpu. The PNG Prime Minister stated that Wafi-Golpu remained one of the Government's priority projects for development.

More recently, the PNG Government has taken preliminary steps to introduce a production sharing regime for the mining sector by publishing a proposed new organic law in the National Gazette on 16 July 2020. The proposed organic law requires the approval of a two thirds majority of Parliament and, if passed in its current form, purports to transfer ownership of minerals from the PNG State to State owned entities who would then be responsible for negotiating mineral production sharing arrangements. As drafted, the proposed organic law will not apply to Lihir, but could potentially apply to Wafi-Golpu if a mining lease or mining development contract is not in place before the effective date for the proposed organic law, which the PNG Prime Minister has indicated is intended to be 2025.

There is also the potential for legal challenges to the Wafi-Golpu permitting process as it progresses towards completion, including by provincial governments, landowner groups and civil society organisations. For example, permitting negotiations for Wafi-Golpu were suspended in May 2019 due to a court stay order in a judicial review application brought by the Governor of Morobe Province against the State of PNG in relation to a Memorandum of Understanding (MOU) between the State of PNG and the Wafi-Golpu Joint Venture (WGJV) signed in December 2018. These proceedings (and stay order) were dismissed by the National Court in February 2020 and the Governor appealed the matter to the Supreme Court. On 16 May 2020 the PNG Prime Minister and the Governor announced that they had reached agreement on the future permitting timeframe for the Wafi-Golpu project and that the Governor would withdraw the appeal. However, to date the appeal has not been formally withdrawn. If the Governor's appeal or other legal challenges to the permitting process are pursued the Wafi-Golpu permitting process may be adversely impacted.

In Canada, the nature and extent of First Nations rights and title remains the subject of active debate, claims and litigation, particularly in British Columbia where the Red Chris mine is located. First Nations in British Columbia have made claims in respect of aboriginal rights and title to substantial portions of land and water in the province. Some of these claims are made outside of Treaty and other processes. The effect of such claims on any particular area of land will not be determinable until the exact nature of historical use, occupancy and rights to such property have been clarified by a decision of the Canadian courts or definition in a treaty. First Nations in British Columbia are seeking settlements with respect to these claims, including compensation from governments, and the effect of these claims cannot be estimated at this time. The federal and provincial governments in Canada have been seeking to negotiate settlements with aboriginal groups throughout British Columbia in order to resolve many of these claims. Although none of these claims have impacted the Red Chris mine, the issues surrounding aboriginal title and rights are not likely to be resolved in the near future.

In Ecuador, a relatively new large-scale mining jurisdiction, policies and regulations are evolving amid a broader debate on the benefits and impacts of mining. Potential future legal challenges around community consent and seeking to restrict mining activities in Ecuador present a risk to the mining industry. There is a risk that Government positions on these matters may change adversely for the mining industry following the Presidential and parliamentary elections scheduled for 2021.

There can be no certainty as to what changes might be made to relevant law or policy in the jurisdictions where the Group has current or potential future interests, or the

impact that any such changes may have on Newcrest's ability to own and operate its mining and related interests and to otherwise conduct its business in those jurisdictions.

Changes in law and regulation and inability to maintain title

Newcrest's current and future mining operations, development projects and exploration activities are subject to various laws, policies and regulations and to obtaining and maintaining the necessary titles, authorisations, permits and licences, and associated land access arrangements with landowners and local communities and various layers of Government, which authorise those activities under the relevant law (**Authorisations**). In addition, Newcrest is subject to law and regulation as a listed entity in Australia and Papua New Guinea.

Changes in law, policies or regulations, or to the manner in which they are interpreted or applied to Newcrest may have the potential to materially impact the value of a particular operation, development project, exploration assets or the Group as a whole. Failure to comply with legal requirements may result in Newcrest being subject to enforcement actions with potentially material consequences, such as financial penalties, suspension of operations and forfeiture of assets.

In a number of jurisdictions where Newcrest has existing interests, the legal framework is becoming increasingly complex, onerous and subject to change. Changes in laws, policies or regulation, or to the manner in which they are interpreted or applied, may result in material additional expenditure, taxes or costs, restrictions on the movement of funds, or interruption to, or operation of, Newcrest's activities. Disputes arising from the application or interpretation of applicable laws, policies or regulations in the countries where Newcrest operates could also adversely impact Newcrest's operations, development projects, exploration assets, financial performance and/or value.

There can be no guarantee that Newcrest will be able to successfully obtain and maintain the necessary Authorisations or obtain and maintain the necessary Authorisations on terms acceptable to Newcrest, or that renewal of existing Authorisations will be granted in a timely manner or on terms acceptable to Newcrest, or that Newcrest will be in a position to comply with all conditions that are imposed. Authorisations held by or granted to Newcrest may also be subject to challenge by third parties which, if successful, could impact on Newcrest's exploration, development and/or mining and/or processing activities.

Although Newcrest believes it has taken reasonable measures to acquire the rights needed to undertake its operations, develop its projects and undertake other activities as currently conducted, some risk exists that some titles and access rights may be defective. No assurance can be given that such claims are not subject to unregistered, undetected or other claims or interests which could be materially adverse to Newcrest or its operations. While Newcrest has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. Surface access issues have the potential to result in the delay of planned exploration programs, development projects and/or changes in the nature or scale of existing operations and these delays may be significant. Newcrest expects that it will be able to resolve these issues if and as they arise, however, there can be no assurance that this will be the case and future acquisitions, relocation benefits and legal and related costs may be material, which may impact Newcrest's ability to effectively operate in relevant geographic areas.

Changes to taxation and royalty laws

Newcrest has operations and conducts business in multiple jurisdictions, and it is subject to the taxation and royalty laws and regulations of each such jurisdiction. These laws and regulations are complicated and subject to change. Newcrest may also be subject to review, audit and assessment in the ordinary course of its operations. Changes in taxation and/or royalty laws and regulations or the results of audits and assessments could result in higher taxes and/or royalties being payable, require payment of taxes and/or royalties due from previous years or result in significant penalties on any assessed and unpaid taxes and/or royalties, which could adversely

affect Newcrest's profitability. Taxes may also adversely affect Newcrest's ability to effectively repatriate earnings and otherwise deploy its assets.

Climate Change

Newcrest has exposure to a range of climate change risks related to the transition to a lower-carbon economy including political, policy and legal developments; technology; reputation; and increased capital costs, cost of inputs and raw materials, access to external funding and insurances.

Gold and copper mining operations are energy intensive and in the short term, Newcrest expects to continue to rely heavily on fossil fuels. However, Newcrest is seeking opportunities to improve its energy efficiency to reduce direct mining and processing costs and is assessing options to use renewable power generation and low emission technologies to reduce its greenhouse gas emissions intensity.

In 2019, the Board approved Newcrest's climate change policy and the progressive implementation of the Taskforce on Climate-Related Financial Disclosure (TCFD) framework for reporting on climate related aspects in its Sustainability Report. Newcrest continues to take steps to manage its risks and build resilience to climate change, as well as to position itself for new opportunities.

In order to manage risks associated with policy and legal developments and to inform its investments, Newcrest has adopted a protocol for applying shadow carbon prices of US\$25/tonne and US\$50/tonne CO₂-e in the period to 2030 for jurisdictions where there are no regulated carbon prices. Using the two carbon prices will enable a range of sensitivities to be considered for future investments. Newcrest has also set a 2030 target to reduce its operational greenhouse gas emissions intensity by 30% against the 2018 baseline.

Newcrest's operating sites are vulnerable to potential physical climate impacts. As part of its risk management framework, Newcrest considers potential risks that may be caused by changes in climate, mainly at an operating site level. For example, extreme weather events have the potential to damage infrastructure, disrupt operations and delay production and delivery of products to market. Newcrest is working with experts to better understand physical threats from climate change at its current and planned operating sites and to put in place adaptation plans to ensure that these risk factors are considered in the design criteria for site operations and infrastructure. Newcrest is also undertaking regional climate modelling to support risk assessments by sites related to the physical impacts of climate change.

There are no assurances that Newcrest will be able to reduce its costs or to identify such technologies that will suit its purposes. In addition, the use of renewable power generation and low emission technologies may impact Newcrest's competitive position, its operating and financial results, and its financial condition.

Financial Risks

Capital and Liquidity

Newcrest has designed its capital structure to seek to have sufficient liquidity available to meet the Group's financial commitments. Newcrest has a range of debt facilities with external financiers including unsecured committed bilateral bank debt facilities and corporate unsecured senior notes (or 'bonds') and has structured these facilities to have varying maturities so that its refinancing obligations are staggered. Newcrest anticipates expenditures over the next several years in connection with the development of new projects, maintenance and expansion of existing projects, activities to facilitate mining of orebodies, along with sustaining capital expenditure across operations, and, potentially, the acquisition of new projects. Newcrest may be unable to generate sufficient operating earnings or raise additional capital to meet ongoing operating or capital expenditure requirements.

Newcrest may from time to time draw down under its available debt facilities or seek additional external funding such as through asset divestitures, further equity or debt issues or additional bank debt, or it may need to defer expenditure. Newcrest's ability to service its current funding arrangements and to raise and service any additional funding or to meet conditions applicable to current or future funding arrangements is a function of a number of factors, including (without limitation), macroeconomic conditions, funding market conditions, future gold and copper prices, Newcrest's credit

rating, Newcrest's operational and financial performance, and cash flow and debt position at the time. Newcrest's ability to access external funding on an efficient basis may be constrained by a dislocation in these markets at the time of planned issuance.

If Newcrest is unable to meet its financial obligations or is unable to obtain additional financing on acceptable terms, its business, operating and financial condition and results may be adversely affected.

Counterparty credit risk

Newcrest is exposed to counterparties defaulting on their payment obligations which may adversely affect Newcrest's financial condition and performance. Newcrest limits its counterparty credit risk in a variety of ways.

Bank credit risk on funds held for investment is reduced through maximum investment limits being applied to banks and financial institutions based on their credit ratings. Where possible, Newcrest holds funds for investment with banks or financial institutions with credit ratings of at least A- (S&P) equivalent and in countries rated at least A- (S&P) equivalent. Due to banking and foreign exchange regulations in some of the countries in which Newcrest operates, funds may be held in countries or with banks or financial institutions with lower credit ratings. Newcrest only enters into derivative financial instruments with banks or financial institutions with credit ratings of at least BBB (S&P) equivalent.

All concentrate customers who wish to trade on credit terms are subject to credit risk analysis. Bullion is largely sold on a spot price basis to minimise credit exposure. Gold bullion customers are usually our lending banks and are currently rated by S&P at A+ or better.

Newcrest is exposed to counterparty risk arising from a potential failure of an insurer on Newcrest's panel in the event of a valid claim. Newcrest limits its insurer counterparty risk by diversification of insurers across the Newcrest portfolio and insures with insurance companies with a credit rating of at least A- (S&P) equivalent where possible.

Newcrest is also exposed to counterparty default and credit risk through two of its recent strategic transactions. In April 2020, Newcrest acquired for \$460 million the gold prepay and stream facilities and an offtake agreement in respect of Lundin Gold Inc.'s Fruta del Norte mine (the **Facilities**), details of which are located on Newcrest's website. In January 2020, Newcrest announced the divestment of its interest in Gosowong to PT Indotan Halmahera Bangkit (Indotan), for total consideration of \$90 million, of which \$30 million becomes payable in 18 months from the date of completion (being 4 March 2020). There can be no certainty that Lundin Gold Inc. will be able to service the Facilities, nor that Indotan will make payment for the remaining consideration for Gosowong.

Uninsured Risk

Newcrest maintains a range of insurance policies to assist in mitigating the impact of events which could have a significant adverse effect on its operations and profitability. Newcrest's insurance policies carry deductibles and limits which will lead to Newcrest not recovering the full monetary impact of an insured event. Newcrest's insurances do not cover all potential risks associated with its business. Newcrest may elect not to insure or to self-insure against certain risks, such as where insurance is not available, where the premium associated with insuring against the risk is considered excessive, or if the risk is considered to have a low likelihood of eventuating. The occurrence of events for which Newcrest is not insured may adversely affect its cash flows and overall profitability.

Asset impairments, write-downs and restructure costs

In accordance with Newcrest's accounting policies and processes, the carrying amounts of all non-financial assets are reviewed yearly and half-yearly to determine whether there is an indicator of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each cash generating unit (CGU) is estimated using its fair value less costs of disposal.

Significant judgments and assumptions are required in making estimates of fair value. This is particularly relevant in the assessment of long-life assets. The CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold

prices, currency exchange rates, discount rates, production profiles and operating and capital costs. An adverse change in one of more of the assumptions used to estimate fair value could result in a reduction in a CGU's fair value. Life of mine ("LOM") production and operating and capital cost assumptions are based on Newcrest's latest budget, quarterly forecast and/or longer-term LOM plans. The projections include expected cost improvements, reflecting Newcrest's objectives to maximise free cash flow, optimise and reduce activity, apply technology, improve capital and labour productivity and remove high cost gold ounces from the production profile.

No assurance can be given as to the absence of significant impairment charges in future periods, including as a result of further operational reviews, a change in any of the underlying valuation assumptions, or a deterioration in market or operating conditions. If future impairment losses are incurred, Newcrest's earnings and fiscal position in the period in which it records the loss could be materially adversely impacted.

Strategic Risks

Failure to discover new ore reserves or to enhance and realise new ore reserves

Exploration, project evaluation and project development

Newcrest's current and future business, operating and financial performance and results are impacted by the discovery of new mineral prospects and actual performance of developing and operating mines and process plants, which may differ significantly from estimates determined at the time the relevant project was approved for development. Newcrest's current or future development activities may not result in expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than anticipated or may not be profitable at all.

Newcrest's ability to sustain or increase its current level of production in the future is in part dependent on the success of its exploration and acquisition activities in replacing gold and copper reserves depleted by production, the development of new projects and the expansion of existing operations. The risks associated with sustaining or increasing production through acquisition is increased by the level of competition over these development opportunities. Additionally, in the last decade, the time from discovery to production has increased significantly as a result of a variety of factors, including increases in capital requirements, social and environmental considerations, cultural heritage requirements, economic conditions, remote locations, and the complexity and depth of ore bodies.

Mine development and expansion projects require significant expenditures during the development phase before production is possible. Projects are subject to the completion of successful concept, pre-feasibility and feasibility studies, social and environmental assessments, issuance of necessary governmental permits and availability of adequate financing.

Expansion projects may rely on the operating history at the existing operation to estimate production and operating costs but there cannot be certainty that results will be the same for the expansion. Particularly for development projects, estimates of proven and probable Ore Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of production and cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, and other modifying factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

In the absence of exploration success, or additions to Newcrest's mineral inventory to support future operations through development activities, expansions or acquisitions, Newcrest will be unable to replace Ore Reserves and Mineral Resources depleted by operations.

Exploration and project evaluation

Exploration activities are speculative in nature and often require substantial expenditure on exploration surveys, drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material.

Even if significant mineralisation is discovered it may take additional time and further financial investment to determine whether Ore Reserves and/or Mineral Resources exist to support a development decision and to obtain necessary ore body knowledge to assess the technical and economic viability of mining projects. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including metal prices, foreign exchange rates, the required return on capital, regulatory requirements, tax regimes and future cost of development and mining operations.

Competition to replace reserves

Newcrest evaluates potential acquisition and development opportunities for mineral deposits, exploration or development properties and operating mines. Newcrest's decision to acquire or develop these properties is based on a variety of factors, including historical Newcrest operating results, estimates and assumptions regarding the extent and quality of mineralisation, resources and reserves, assessment of the potential for further discoveries or growth in resources and reserves, development and capital costs, cash and other operating costs, expected future commodity prices, projected economic returns, fiscal and regulatory frameworks, evaluations of existing or potential liabilities associated with the relevant assets and how these factors may change in future. Other than historical operating results (if applicable), these factors are uncertain and could have an impact on revenue, cash and other operating results, as well as the process used to estimate Mineral Resources and Ore Reserves.

Resources and reserves

Mineral Resources and Ore Reserves estimates are necessarily imprecise and involve subjective judgements regarding a number of factors including (but not limited to) grade distribution and/or mineralisation, the ability to economically extract and process the mineralisation, future commodity prices, exchange rates, operating costs, transport costs, capital expenditures, royalties and other costs. Such estimates relate to matters outside Newcrest's reasonable control and involve geological interpretation and statistical analysis which may subsequently prove to be unreliable or flawed.

Newcrest's annual Mineral Resources and Ore Reserves statement (most recently issued on 13 February 2020) is based upon a number of factors, including, without limitation, actual resource exploration drilling and production results, geological interpretations, historical production performance, mining dilution and ore loss, metallurgical recovery, economic assumptions (such as future commodity prices and exchange rates) and operating and other costs. Variability in these factors may result in reductions in Newcrest's Mineral Resources and Ore Reserves estimates, which could adversely affect the life-of-mine plans and may impact upon the value attributable to Newcrest's mineral inventory and/or the assessment of realisable value of one or more of Newcrest's assets and/or depreciation expense. Mineral Resources and Ore Reserves restatements could negatively affect Newcrest's operating and financial results, as well as its prospects.

No assurance can be given that the Mineral Resources or Ore Reserves referred to in this document will be recovered at the quality or yield presented or that downgrades of reserves and resources will not occur, and there is no assurance that inferred Mineral Resource estimates, or even Measured and Indicated Mineral Resource estimates, are capable of being directly reclassified as Ore Reserves under the JORC Code. The inclusion of Mineral Resource estimates should not be regarded as a representation that these amounts can be converted to Ore Reserves or economically exploited, and investors are cautioned not to place reliance on Mineral Resource estimates, particularly Inferred Mineral Resource estimates.

The estimates of Mineral Resources for the Red Chris deposit are qualifying foreign estimates under the ASX Listing Rules reported in accordance with the National Instrument 43-101 by Imperial Metals Corporation. The estimates are not reported in

accordance with the JORC Code. Competent persons have not done sufficient work to classify the qualifying foreign estimates as Mineral Resources in accordance with the JORC Code. It is uncertain, that following evaluation and further exploration, the foreign estimates will be able to be reported as Mineral Resources in accordance with the JORC Code or that the quantity of Mineral Resources estimated in accordance with the JORC Code will be equal or greater than the foreign estimates.

Joint venture risk**Joint venture arrangements**

Newcrest has joint venture interests, including its interests in Wafi-Golpu in Papua New Guinea, the Red Chris mine in Canada, the Havieron Project in Western Australia and the Namosi project in Fiji. These operations are subject to the risks normally associated with the conduct of joint ventures which include (but are not limited to) disagreement with joint venture partners on how to develop and operate the mines or projects efficiently, inability of joint venture partners to meet their financial and other joint venture commitments and particular risks associated with entities where a sovereign state holds an interest, including the extent to which the state intends to engage in project decision making and the ability of the state to fund its share of project costs. The existence or occurrence of one or more of these circumstances or events may have a negative impact on Newcrest's future business, operating and financial performance and results, and/or value of the underlying asset.

Inability to make or to integrate new acquisitions**New acquisitions**

Newcrest's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any such acquisitions could have an adverse effect on its business, operating results and financial condition. Business combinations and acquisitions entail a number of risks including the integration of acquisitions to realise synergies, unanticipated costs and liabilities, inability to realise targeted upsides, unanticipated issues that impact operations and inability to realise any anticipated synergies or other expected benefits. Newcrest may also be liable for the acts or omissions of previous owners of the acquired business or otherwise exposed to liabilities that were unforeseen or greater than anticipated. These and other factors may result in reductions in the Mineral Resources and Ore Reserves estimates for the acquired business, and/or impact upon the value attributable to or derived from the acquired business.

Operational Risks**Operational failures or catastrophes and natural hazards**

Newcrest's mining operations are subject to operating risks and hazards including (without limitation) geotechnical, geothermal and hydrogeological challenges, unanticipated ground conditions, failure of tailings facilities, industrial incidents, infrastructure and equipment under-performance or failure, shortage of material supplies or other supply chain failures, transportation and logistics issues in relation to Newcrest's workforce and equipment, underperformance of key suppliers or contractors, natural events and environmental incidents, climate change factors, health and safety related incidents, and interruptions and delays due to community and/or security issues. The occurrence of any of these risks or hazards could impact the operating performance of Newcrest's operations including through increased costs, and decreased production, and result in a material adverse impact on Newcrest's production, cash flows or financial condition.

An increase in worldwide or regional demand for critical resources such as drilling equipment, processing equipment, key consumables and skilled labour may cause unanticipated cost increases and delays in delivery times, thereby impacting Newcrest's operating costs, capital expenditures and production schedules.

A key operational risk for Newcrest is the availability and price of fuel, power and water to support mining and mineral processing activities. Large amounts of power and large volumes of water are used in the extraction and processing of minerals and metals. Apart from Cadia, our properties are located in remote, undeveloped areas and the availability of infrastructure and key inputs, such as water and power, at a reasonable cost, cannot be assured. Power and water are integral requirements for exploration,

development and production facilities on mineral properties. Even a temporary interruption of power or water supply could materially affect an operation. There is no guarantee that we will secure power, water and access rights to land going forward or on reasonable terms.

The state of New South Wales remains impacted by a severe drought. Cadia has implemented significant water saving efficiency measures and continues to pursue further water saving initiatives in the plant and optimisation of onsite bores and other water sources. Recent rainfall in the region and the purchase of water licences on the water trading market has resulted in improved levels of water being captured in on site storage facilities. Newcrest's latest internal modelling indicates that Cadia should have enough water to avoid any water-related production interruption for at least the next two years. However, beyond that period and if rainfall around Cadia remains at historic lows and the drought persists, production at Cadia may be impacted.

The storage of tailings and other by-products from mining at Newcrest's operations poses a risk to the safety of employees and surrounding communities and environment if the integrity of those structures is affected. Tailings storage facilities are progressively constructed throughout the life of an operation and remain in place after mine closure. Should there be a failure in the integrity of a tailings facility, there is a risk that tailings material may release from the facility and cause material harm to people and the environment. Such an occurrence could severely damage Newcrest's reputation and standing. It may also subject Newcrest to material regulatory action, penalties and claims, and may lead to the suspension or disruption of Newcrest's operations and projects.

Some of Newcrest's operations are in areas known to be seismically active and are subject to the risks of earthquakes and related risks of tidal surges and tsunamis, which are difficult to predict. Some of Newcrest's operations may also experience other specific operating challenges relating to ground conditions, seismic activity and rock temperature.

Newcrest faces particular geotechnical, geothermal and hydrogeological challenges, in particular due to the trend toward more complex deposits, deeper and larger pits, and the use of deep, bulk underground mining techniques. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical, geothermal and hydrogeological impacts.

There are a number of risks and uncertainties associated with the block cave mining methods being applied by Newcrest at its Cadia operations and elsewhere. Risks include that a cave may not propagate as anticipated, excessive air gaps may form during the cave propagation, unplanned ground movement may occur due to changes in stresses released in the surrounding rock, or mining induced seismicity is larger or more frequent than anticipated. Excessive water ingress, disturbance and the presence of fine materials may also give rise to unplanned release of material of varying properties and/or water through drawbells.

The success of Newcrest at some of its operations depends, in part, upon the implementation of Newcrest's engineering solutions to particular geotechnical, hydrogeological and geothermal conditions. At Lihir, for example, significant removal of both groundwater and sea water inflow and geothermal control is required before and during mining.

A failure to safely resolve any unexpected problems relating to these conditions at a commercially reasonable cost may result in damage to infrastructure or equipment and/or injury to personnel and may adversely impact upon continuing operations, project development decisions, exploration investment decisions, Mineral Resource and Ore Reserves estimates and the assessment of the recoverable amount of Newcrest's assets.

No assurances can be given that unanticipated adverse geotechnical, geothermal and hydrogeological conditions will not occur in the future or that such events will be detected in advance. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, injury or death of employees or third parties, government investigations, increased monitoring costs, remediation costs, loss of ore

and other impacts, which could cause one or more of Newcrest's projects or operations to be less profitable than currently anticipated and could result in a material adverse effect on Newcrest's operating results and financial position.

Information technology and cyber risk

Newcrest's operations are supported by and dependent on information technology (IT) systems, consisting of infrastructure, networks, applications, and service providers. Newcrest could be subject to network and systems interference or disruptions from a number of sources, including, without limitation, security breaches, cyber-attacks and system defects. The impact of IT systems interference or disruption could include production downtime, operational delays, destruction or corruption of data, disclosure of personnel private or commercially sensitive information and data breaches, and although disaster recovery plans are in place for all of Newcrest's major sites and critical IT systems, any such disruptions could have a material impact on Newcrest's business, operations or financial condition and performance.

Failure to attract and retain key employees and effectively manage industrial relations issues

Newcrest seeks to attract and retain employees and third-party contractors with the appropriate skills and experience necessary to continue to operate its business. A loss of key personnel or a failure to attract appropriately skilled and experienced personnel could affect its operations and financial condition. There can be no assurance that Newcrest will be able to attract and retain suitably qualified and experienced local or national personnel, or that persons trained by Newcrest will be retained in the future. Newcrest values its people and has policies, procedures and frameworks in place to mitigate this risk. Newcrest focuses on diversity and inclusion in the workplace and developing its people at all levels.

Unions are present and have a legal right to represent eligible employees at Cadia and Telfer. There are ongoing proceedings involving Red Chris regarding Union certification of the Red Chris site. If the certification is granted, it would require us to negotiate a collective bargaining agreement with the United Steelworkers Union in respect of eligible Red Chris mine employees.

Newcrest may be impacted by industrial relations issues in connection with its employees and the employees of Newcrest's contractors and suppliers. Any such activity, which could occur at any of Newcrest's sites in any locations could cause production delays, increased labour costs, adversely impact Newcrest's ability to meet its production forecasts and have a material impact on Newcrest's business operations or financial condition and performance.

In a number of jurisdictions where Newcrest has mining and related interests, there are also local requirements, contractual obligations and expectations regarding the extent to which local and national persons and businesses are directly engaged in the mining and related activities which may result in disruptions to Newcrest's activities where relevant requirements, obligations and/or expectations are not met. There can be no assurance that disruptions will not occur in the future which may have an adverse effect on Newcrest's business. Similarly, there can be no assurance that Newcrest will be able to engage competent and suitably experienced local businesses or attract and retain suitably qualified and experienced local or national personnel, or that persons trained by Newcrest will be retained in the future.

Reliance on contractors

Some aspects of Newcrest's production, development and exploration activities are conducted by contractors. As a result, Newcrest's business, operating and financial performance and results may be negatively impacted by the availability and performance of these contractors and their financial strength. The material risks associated with contractors at Newcrest's sites includes the risk of the contractor or its sub-contractors being involved in a safety or environmental incident and the potential for interruption to Newcrest's operations due to a contractor becoming insolvent.

Risks associated with gold dore and mineral concentrates

Newcrest produces gold dore which is currently delivered to a gold refinery in Australia with associated risks including penalties from producing dore outside of the contractual specifications, theft and fluctuating transportation charges.

Transportation of the dore is also subject to numerous risks including delays in delivery of shipments, terrorism and weather conditions. Sales of gold dore may also be adversely impacted by delays and disruption at Newcrest's operations or the operations

of one or more of the receiving refineries and consequent declarations of force majeure at Newcrest's or its buyer's operations.

In addition to gold dore, Newcrest produces mineral concentrates which are exported by ocean vessels to smelters, located predominantly in Asia, with associated risks including fluctuating smelter charges, marine transportation charges and inland freight charges. Transportation of the concentrate is also subject to numerous risks including delays in delivery of shipments, terrorism, loss of or reduced access to export ports, weather conditions and environmental liabilities in the event of an accident or spill. Sales of concentrate may also be adversely impacted by disruption at Newcrest's operations or the operations of one or more of the receiving smelters and consequent declarations of force majeure at Newcrest's or buyer's operations. Additionally, the quality of mineral concentrates, including the presence of impurities and deleterious substances, is subject to restrictions on import which vary across jurisdictions and may impact upon the saleability or price realised for the mineral concentrate.

Governance and Compliance Risk

Corporate culture and business conduct

Newcrest's reputation and licence to operate is dependent upon ongoing responsible, lawful and ethical business conduct. Failure to do so can result in serious consequences, ranging from public allegations of misbehaviour and reputational damage through to fines, regulatory intervention or investigation, temporary or permanent loss of licences, litigation and/or loss of business. Newcrest's management, standards, policies, controls and training instil and reinforce a culture across the organisation whereby employees are encouraged to act lawfully and ethically, in a socially-responsible manner. Mandatory training and communications in relation to key policies including, but not limited to, the Code of Conduct, Anti-Bribery and Corruption Policy, continuous disclosure and insider trading prohibitions is provided to personnel in high risk roles to promote an understanding of Newcrest's legal obligations and acceptable business conduct. The Legal Governance Compliance team has been established to implement a group wide framework and compliance programs to ensure that adequate controls and procedures are in place to mitigate against potential risks in relation to key risk areas, including Anti-Bribery and Corruption, Fraud, Conflicts of Interest, Privacy and Sanctions. However, there is a risk that Newcrest employees or contractors will fail to adhere to group policies, standards, and procedures that provide guidance on ethical and responsible business conduct and drive legal compliance, which could have a material adverse impact on financial performance, financial condition and prospects, as well as Newcrest's reputation. Reputational loss may lead to increased challenges in developing and maintaining community and landowner relations, decreased investor confidence and negative impacts on Newcrest's ability to operate and advance its projects, which also may adversely impact Newcrest's financial performance, financial condition and prospects.

Legal proceedings, investigations and disputes

Legal proceedings, investigations and disputes (including tax audits and disputes) could have a material adverse effect on Newcrest's financial condition and its financial and operating results. Newcrest engages in activities that can result in substantial injury or damage, which may expose it to legal proceedings, investigations and disputes in the ordinary course of its business regarding personal injury and wrongful death claims, labour and landowner disputes, as well as commercial disputes with customers, suppliers and service providers. Also, the tax authorities in the jurisdictions in which Newcrest operates could dispute tax positions held by it based on changes in law, jurisprudence, policy or interpretation. Newcrest may also be found liable for the wrongful acts or omissions of its contractors or service providers.

Legal proceedings, investigations and disputes (including tax audits and disputes) have the potential to negatively impact upon Newcrest's business, operating and financial performance and results. Regardless of the ultimate outcome of such proceedings, investigations and disputes, and whether involving regulatory action or civil or criminal claims, there may be a material adverse impact on Newcrest as a result of the associated costs (some of which may not be recoverable) and management time.

The notes to Newcrest's Financial Statements provide details regarding certain current and potential litigation involving Newcrest. These assessments and estimates made by

Newcrest of claims and legal proceedings are based on the information available to management at the time and involve significant management judgment. Adverse outcomes in such legal proceedings in excess of the amounts that Newcrest has provided for, or changes in management's evaluations or predictions about the proceedings, could have a material adverse effect on its financial condition and operating results.

Anti-bribery and anti-corruption laws

Newcrest may be subject to potential fraud, bribery, corruption and money laundering risks associated with the business in jurisdictions where it operates. Australian, Canadian, Papua New Guinean, United States and other anti-fraud, anti-bribery, anti-corruption and anti-money laundering laws, conventions, regulations, and enforcement procedures, and corresponding compliance obligations, have become more stringent in recent years. Failure to comply with applicable legal and regulatory requirements and to maintain appropriate management and internal control frameworks to address such compliance risks often carry substantial penalties and impose obligations and controls to prevent bribery by others on Newcrest's behalf. There can be no assurances that Newcrest's internal controls will always protect it from reckless or other inappropriate acts committed by its intermediaries, associates, directors, officers, employees or agents. Violations of these laws, or allegations of such violations, could expose it to potential fines, penalties and other civil and/or criminal litigation and have a material adverse effect on its business, financial position and performance and reputation.

Health, Safety and Sustainability

COVID-19

Newcrest's business and operations, and that of its suppliers and customers, may be adversely affected by the novel coronavirus (2019-nCoV, or "COVID-19") pandemic or other similar pandemics.

The outbreak of communicable diseases and other adverse public health developments, could adversely affect Newcrest's business operations and/or the businesses of its customers and suppliers which consequently could have a material adverse effect on Newcrest's business, financial condition and results of operations, particularly if such outbreaks and developments are inadequately controlled.

COVID-19 has spread globally and has become a global pandemic (declared 11 March 2020), causing significant disruption across a number of geographies, industries and markets, including global supply chain disruptions and shortages.

Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 pandemic on Newcrest's business (or on the operations of other businesses on which it relies), and there is no guarantee that Newcrest's efforts to address the adverse impacts of COVID-19 will be effective. The impact to date has included periods of significant volatility in financial, commodities and other markets. This volatility, if it continues, could have an adverse impact on Newcrest's people, communities, suppliers or otherwise on its business, financial condition and results of operations. Actions by Australian and foreign governments to address the pandemic, including travel bans and business closures, may also have a significant adverse effect on the markets in which Newcrest conducts business.

Our operations have been impacted as a result of the pandemic. For instance, in March 2020, we announced a temporary suspension to flying personnel to Lihir as a precaution due to heightened concerns surrounding COVID-19. Any further or prolonged disruptions relating to COVID-19 or any other adverse public health developments could materially and adversely affect our supply chains and/or labour force (and that of our suppliers). The extent to which COVID-19 will impact Newcrest's business and its financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus, the severity of the disease, the duration of the pandemic, the actions that may be taken by various governmental authorities in response to the pandemic, the impact on contracts and agreements to which Newcrest is a party, the impact on the markets in which Newcrest operates and the global economy generally. For example, Newcrest is required to observe COVID-related government controls and to date these have included travel restrictions across national borders and sometimes within countries. We are actively

considering various scenarios up to and including voluntary or mandated full or partial suspension of operations in response to external factors. Our Business Continuity Planning also considers how to return to normal operations as restrictions ease, or are planned to ease, in some jurisdictions.

On March 22, 2020, Lundin Gold Inc (**Lundin Gold**), in which we own an equity interest, announced that it had temporarily suspended operations at its Fruta del Norte mine in Ecuador amid growing concerns regarding the spread of COVID-19. On 5 July 2020 Lundin Gold announced that it had recommenced operations. An extended period of suspension, depending on the length, could have an adverse impact on Newcrest's investment in Lundin Gold and the return on Newcrest's investment in the Fruta del Norte financing facilities.

Subsequent to the financial year, Newcrest announced on 10 August 2020 that it is managing a COVID-19 case in its isolation and treatment facility at Lihir Island. The individual, a PNG national, flew into Lihir from Port Moresby on 30 July and as per our protocol was isolated along with the other arrivals in a designated isolation camp while testing was conducted and the 14 day isolation period completed. All people who travelled with the individual to Lihir do not have any symptoms and remain within our isolation camp. They have been subject to testing and have tested negative. Further testing of those people will be undertaken during the 14 day isolation period.

No assurance can be given as to the potential impact that COVID-19 may have on Newcrest's business, results of operations, cash flows or financial condition. To the extent the COVID-19 pandemic adversely affects Newcrest's business and financial results, it may also have the effect of heightening many of the other risks described in this presentation and may have an adverse material impact on Newcrest's operating and financial results, financial condition and liquidity position.

Health and safety

There are numerous occupational health and safety risks associated with mining and metallurgical processes such as travel to and from operations, the operation of heavy and complex machinery in challenging geographic locations and exposure to hazardous substances. These hazards may cause personal injury and/or loss of life to Newcrest's personnel, suppliers, customers or other third parties, damage to property and contamination of the environment, which may result in the suspension of operations and the imposition of civil or criminal penalties, including fines, expenses for remediation and claims brought by governmental entities or third parties.

Newcrest has in place a full Health, Safety and Environment management system with associated standards, tools and governance processes to ensure hazards are identified, effectively managed and that controls are effective.

Newcrest's Safety Transformation Plan has been designed to manage the fatality risks in the business by improving safety culture, increasing the effectiveness of critical controls and improving process safety by designing, building and maintaining Newcrest's operations to a higher standard.

Health and hygiene reviews are conducted with a view to identifying the risks to people. These include, but are not limited to, musculoskeletal disorders, fatigue, mental health illnesses and exposure to noise, diesel particulate matter, silica and acid mist. Unforeseen or past workplace exposures may lead to long-term health issues and potential compensation liabilities.

The global nature of Newcrest's operations also means that employees may be affected by mosquito borne diseases such as malaria, dengue fever or zika virus. Other potential health impacts include tuberculosis, and viral outbreaks causing respiratory disease such as the COVID-19 pandemic. The occurrence of these health impacts and the potential need for us to compensate those affected may result in disruptions to our operations and may adversely affect our financial condition.

Environment and closure

Mining and processing operations and development activities have inherent risks and liabilities associated with potential harm to the environment and management of waste products. Newcrest's activities are therefore subject to extensive environmental law and regulation in the various jurisdictions in which it operates. Compliance with these

laws requires significant expenditure and non-compliance may potentially result in fines or requests for improvement actions from the regulator or could result in reputational harm.

Newcrest monitors its regulatory obligations on an ongoing basis and has systems in place to track and report against these requirements and commitments. This extends to voluntary commitments such as the Cyanide Code, the International Council for Mining and Metals 10 Principles for Sustainable Development and the World Gold Council Responsible Gold Mining Principles (which were released in 2019 with a three-year timeframe for implementation).

Newcrest's operations may create a risk of exposure to hazardous materials. Newcrest uses hazardous material (for example, cyanide at some operations) and generates waste products that must be disposed of either through offsite facilities or onsite permitted landfills and waste management areas.

Mining and ore refining processes at Newcrest sites also generate waste by-products such as tailings to be managed (by the use of tailings storage facilities or, in the case of Lihir and as proposed at Wafi-Golpu, deep sea tailing placement) and waste rock (to be managed in waste rock dumps or in the case of Lihir, permitted barge dumping locations). Geochemical reactions within long-term waste rock dumps or low-grade ore stockpiles may also lead to the generation of acid and metalliferous drainage that needs to be managed. Appropriate management of waste is a key consideration in Newcrest's operations. There is still a risk that such hazardous materials and waste products may cause harm to the environment, which may subject Newcrest to regulatory action and financial penalties and may lead to disruptions of its operations and projects and cause it reputational harm.

Mining operations can also impact flows and water quality in surface and ground water bodies and remedial measures may be required to prevent or minimise such impacts. Impacts to biodiversity and air quality can also occur from these activities and requires active management and planning to minimise their adverse effects. The management of run-off water and the potential impacts of acid mine drainage is an important part of developing and operating mines, so as to mitigate the risk of entrained contaminants and sediment being disbursed into the receiving environment including rivers and ground water reservoirs. This is particularly relevant in areas where high rainfall and high levels of groundwater are present, such as is the case in the Morobe Province of Papua New Guinea where Wafi-Golpu is located.

Newcrest is required to close its operations and rehabilitate the lands that it disturbs during the exploration and operating phases in accordance with applicable mining and environmental laws and regulations. A closure plan and an estimate of closure and rehabilitation liabilities is prepared for each of Newcrest's operations. These estimates of closure and rehabilitation liabilities are based on current knowledge and assumptions, however actual costs at the time of closure and rehabilitation may vary materially. In addition, adverse or deteriorating external economic conditions may bring forward mine closure and associated closure and rehabilitation costs.

The occurrence of an environmental incident has the potential to cause significant adverse reactions in the local community, which may impact Newcrest's reputation, result in additional costs, lead to disruptions of Newcrest's operations and projects or lead to regulatory action, which may include financial penalties.

In addition, environmental laws and regulations are continually changing. A number of governments or governmental bodies have introduced or are contemplating regulatory change in response to the potential impacts of climate change, including mandatory renewable energy targets or potential carbon trading or carbon price regimes. If Newcrest's environmental compliance obligations were to change as a result of changes in the laws and regulations, or if unanticipated environmental conditions were to arise at any of Newcrest's projects or developments, its expenses and provisions may increase, and its production may decrease, to reflect these changes. If material, Newcrest's operating and financial results and financial condition could be negatively impacted.

During the COVID-19 pandemic it may be necessary for some of our operations to be placed into temporary care and maintenance if workforce safety and/or potential supply constraints are not appropriately managed. Ongoing contingency planning by each site for a variety of COVID-19 scenarios includes potential care and maintenance. In March 2020 the PNG government required each operational mine in PNG to provide care and maintenance plans based on potential COVID-19 business continuity risks.

Failure to maintain community relations

Newcrest's relationship with the communities in proximity to its operations and on whose land it operates is an essential part of ensuring success of its existing operations, exploration and the construction and development of its projects. A failure to manage relationships with the communities in which Newcrest operates may lead to local dissatisfaction, which, in turn, may lead to interruptions to Newcrest's operations, development projects and exploration activities. Particular challenges in community relations include increasing expectations regarding the level of benefits that communities receive and the level of transparency regarding the payment of compensation and the provision of other benefits to affected landholders and the wider community.

Typically, where Newcrest has exploration activities, development projects or operations, it enters into agreements with local landholders and the wider local community. These agreements include compensation, co-management and other benefits and may be subject to periodic review. The negotiation and/or review of community agreements, including compensation and other benefits, involves complicated and sensitive issues, associated expectations and often competing interests, which Newcrest seeks to manage respectfully. The nature and subject matter of these negotiations may result in community unrest which, in some instances, results in interruptions to Newcrest's exploration programs, operational activities or delays to project implementation.

For example, the community agreements in place with customary landowners in relation to Newcrest's Lihir operation in Papua New Guinea are the subject of a regular review process. The duration of the review process is a result of the important and complex issues covered by the agreements and the competing interests of different landowner groups. During prior reviews, Lihir has experienced intermittent disruptions as a result of community unrest regarding the progress of the review negotiations and intra-community issues. Although community issues are generally resolved within a short period, there can be no assurance that further disputes will not arise with the customary landowners and other communities from time to time which, if prolonged, could lead to disruptions to Newcrest's operations and development projects.

In addition, there is a level of public concern relating to the perceived impact of mining activities on the environment and on the communities located near, and impacted by, such activities. Certain non-government-organisations are vocal critics of the mining industry and its practices, including in relation to the use of hazardous substances in processing activities and the use of deep sea tailings placement. Adverse publicity generated by non-government-organisations or others relating to extractive industries generally, or Newcrest specifically, could have an adverse impact on Newcrest's reputation or financial condition and may impact on Newcrest's relationships with the communities in proximity to its operations. No assurance can be given that incidents will not arise that generate community grievances associated with Newcrest's activities and potentially cause operational disruptions or delays to project development until resolved.

Indigenous peoples

Newcrest's projects may be subject to risks related to Indigenous peoples.

Various international and national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties, and other principles and considerations relate to the rights of Indigenous peoples, including the requirement to secure the Free, Prior and Informed Consent of these communities for Newcrest's activities. Newcrest has projects located in areas presently or previously inhabited by or used by Indigenous peoples. Some of these jurisdictions impose obligations on government with respect to the statutory rights of Indigenous people and/or impose non-statutory obligations that derive from these rights. Some mandate consultation with Indigenous people regarding

actions which may affect Indigenous peoples, including actions to approve or grant mining rights or permits.

The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to Indigenous people continue to evolve and be defined. This is the case in British Columbia, where Red Chris is located, Western Australia, where Telfer is located, and in Papua New Guinea, where Lihir and Wafi-Golpu are located. In some countries, governments have, for example, introduced, or are contemplating, regulatory change to ensure the spirit and intent of the United Nations Declaration on the Rights of Indigenous Peoples is enshrined in legislation.

Newcrest's current and future operations are subject to a risk that one or more groups of Indigenous people may oppose continued operation, further development, or new development of its projects or operations. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against its activities and may be influenced by perceptions of the mining industry generally driven by recent newsworthy events. Opposition by Indigenous people to Newcrest's activities may require modification of, or preclude operation or development of, its projects or may require the entering into of additional agreements with Indigenous people, beyond those to which Newcrest has previously entered into, which may result in additional costs. Claims and protests of Indigenous peoples may disrupt or delay activities, including permitting, at Newcrest's operations.

Human Rights

There is emerging legislation in multiple jurisdictions which is intensifying investor, shareholder and public scrutiny concerning human rights issues that include forced labour, child labour and other slavery-like practices; displacement of local communities, discrimination by race, age, gender, sexuality and other protected attributes, and underpayment for labour or services provided. Failure to identify and respond to human rights issues can lead to costly and disruptive legal action, investor divestment, negative publicity, reputational damage and significant financial loss.

Respect for human rights is considered a fundamental business responsibility under the UN Guiding Principles on Business and Human Rights (UNGPs) and is a reflected commitment in Newcrest's Human Rights Policy. In addition to the UNGPs, the recent 2018 Australian Modern Slavery Act has introduced a new statutory reporting requirement on the risk of modern slavery in the operations and supply chain of a reporting entity (and its owned and controlled entities). Under the Act, companies such as Newcrest must possess a clear policy on human rights management supported by best practices for responsible global conduct. This includes a focus on due diligence and the requirement to assess real and potential human rights issues, act on findings, track responses, and communicate how issues are being managed.

Human rights groups are increasingly scrutinising the extractive industry, particularly where the industry operates in more complex socioeconomic and socio-political jurisdictions. The extractive industry in these regions is particularly prone to complaints and/or legal disputes in connection with human rights risks associated with large scale land acquisition and resettlement of people; adverse environmental impacts; livelihoods and health; the use of migrant labour, child labour and forced labour; the use of private security firms; indigenous peoples; and risks arising from operations in areas that are conflict affected areas and/or that host artisanal mining activities.

14 August 2020

Dear Shareholder,

On behalf of the Board of Newcrest, we are pleased to provide our Remuneration Report for the year ended 30 June 2020, for which we seek your support at our Annual General Meeting (**AGM**) in November 2020.

This report explains the links between Newcrest's Executive remuneration framework and Newcrest's strategy and performance.

Year in review

During the 2020 financial year, Newcrest had a strong focus on pursuing growth opportunities with over US\$1.3 billion invested in the acquisition of Red Chris and increasing our exposure to Fruta del Norte, in addition to the continued growth and optimisation of the existing portfolio. We also further strengthened our balance sheet to ensure we are well positioned to deliver our near-term growth options. Key achievements during the 2020 financial year (**FY20**) included:

- completed the acquisition of a 70% interest in the Red Chris mine in British Columbia, Canada
- divested our interest in Gosowong in Indonesia
- increased our level of direct ownership in Lundin Gold and further increased direct exposure to the cash flows of Lundin's key asset through the acquisition of the gold prepay and stream facilities and an offtake agreement in respect of the Fruta del Norte mine
- undertook an institutional placement and share purchase plan, together raising A\$1.2 billion, to fund the acquisition of the Fruta del Norte facilities and future growth opportunities
- issued senior unsecured notes for a combined aggregate principal amount of US\$1.15 billion, the proceeds of which were used to repurchase existing near-term corporate bonds. This enabled us to reduce our borrowing cost as well as smooth and extend our debt maturity profile
- reached the Stage 2 farm-in milestone and acquired an additional 40% interest in the Havieron project in the Patterson Province in Western Australia
- released promising drilling results with respect to the Havieron Project and Red Chris
- progressed several additional early stage exploration arrangements in Australia, Canada, Chile, Ecuador and the USA
- 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).

From an operating perspective, Newcrest's gold production was 13% lower than the prior year with lower production reflecting lower gold head grade milled at Cadia and Lihir, lower mill throughput at Telfer with the change to the 1.4 train strategy, and the divestment of Gosowong. Copper production was 30% higher than the prior year, reflecting the new contribution of Red Chris as well as additional copper production from Cadia. The Group All-In Sustaining Cost (**AISC**) per ounce was 17% higher than the prior year mostly due to the lower gold sales volumes, introduction of the higher cost Red Chris ounces and the effects of a lower realised copper price. However, the AISC margin increased by US\$137 per ounce with the higher realised gold prices experienced during the year. Newcrest generated strong cash flow again this year with free cash flow (before M&A activities) of US\$670 million. Newcrest's operating and financial performance, together with the outlook for gold prices and investment requirements relative to the balance sheet strength, enabled an increase in dividends to shareholders for the fifth consecutive year.

We continue our focus on safety, with another twelve-month period free of fatalities or life-changing injuries. So far all of Newcrest's mines have continued to operate throughout the COVID-19 pandemic. Newcrest updated its guidance following the completion of the sale of its interest in Gosowong, but did not subsequently change its guidance as a result of the COVID-19 pandemic. Newcrest moved early to implement a range of COVID-19 control measures across all operations and projects to minimise the risk of infection to its workforce, their family members and surrounding communities. These measures included modified rosters at some operations, remote working where possible, social distancing, special leave arrangements for those impacted by the virus, and screening and health checks for those travelling to Newcrest sites or projects. Newcrest also established a A\$20 million Community Support Fund which has assisted host communities with the challenges associated with the COVID-19 pandemic.

Newcrest's interim dividend of US7.5 cents, combined with the final dividend of US17.5 cents (to be paid on 25 September 2020), reflects a 14% increase on the prior year dividends.

FY20 Short Term Incentive (**STI**) outcomes for Executive KMP ranged from 32.5% to 44.1% of the maximum possible award. 92.2% of the 2016 Long Term Incentives (**LTI**s) vested during the 2020 financial year, representing performance for the three years to 30 June 2019. During the 2020 financial year, COVID-19 did not result in an impact on workforce numbers and the FY20 incentive programs continued to operate as normal throughout the organisation. The Executive remuneration outcomes were considered appropriate for FY20 given the performance of the business relative to expectations and the performance of Management.

On 16 August 2019, following an Operating Model review, the Company announced changes to the planned structure and composition of its Executive Committee to simplify and align responsibilities under clear points of accountability and increase the effectiveness and efficiency of the business. Craig Jones was appointed Chief Operating Officer (PNG) and Phil Stephenson was appointed Chief Operating Officer (Australia, Indonesia & the Americas). Craig Jetson decided to pursue opportunities outside Newcrest. The scope of the Chief Development Officer role was reduced and Michael Nossal decided not to continue in the role in the longer term.

Lisa Ali commenced in the role of Chief People and Sustainability Officer on 28 February 2020, replacing Ian Kemish who retired on 31 March 2020. Seil Song was promoted to the role of Chief Development Officer effective 15 March 2020, and Suresh Vadrnagra commenced in the new role of Chief Technical and Projects Officer on 18 May 2020.

Since the end of the financial year, Maria Sanz Perez commenced in the role of Chief Legal Risk and Compliance Officer on 1 July 2020, succeeding Francesca Lee who retired on 31 July 2020.

Remuneration framework

We have made no material changes to the Executive Remuneration framework in the 2020 financial year. The Board remains committed to ensuring that Newcrest's remuneration framework is aligned to the Company's strategy and performance and that it is effective in attracting, rewarding and retaining high calibre people and driving strong individual and Group performance in the interests of both the Company and its shareholders and in accordance with the Company's values and risk profile.

To this end, the structure of, and the performance conditions for, both the STI and LTI Plans have been reviewed. Minor changes were made to the structure and performance conditions for the STI for the 2020 financial year and the 2021 financial year. As foreshadowed in the 2019 Remuneration Report, effective from the grant of STIs for the 2020 financial year, on cessation of employment, other than for dismissal for cause, all restricted shares granted as part of the STI remain on foot until the release from restriction date, including on resignation. This change recognises that STI has been earned, whilst also providing ongoing shareholder alignment post-resignation.

The performance conditions and weightings attributed to the personal measures for the STI for the 2020 financial year reflect the five pillars that underpin the Company's strategy to the end of calendar year 2020. For the 2021 financial year there have been further minor changes to the measures and weightings for safety, sustainability and costs. In August 2019, all Newcrest Share Plans for Executives and non-Executives were consolidated under the Equity Incentive Plan Rules.

As part of the Operating Model review, Chief Operating Officers, Philip Stephenson and Craig Jones, received increases in Total Fixed Remuneration (**TFR**) of 8.3% on appointment to their new roles in September 2019. Following benchmarking undertaken by the Board's independent remuneration adviser against the ASX 11 – 40 companies at that time (primary reference), an ASX Custom Peer Group and major Global Gold comparators, as described at section 4.1 of this Report, no other Executives received increases in TFR. Incentive opportunities were also reviewed and, to ensure appropriately competitive total remuneration opportunities, LTI awards were increased from 100% to 120% for the CFO (as approved at the 2019 AGM), and from 80% to 100% for the Chief Operating Officers.

We continue to welcome shareholder feedback and thank you for your continued support.



Philip Aiken AM
Chairman, Human Resources and Remuneration Committee

REMUNERATION REPORT

This Report details the remuneration arrangements in place for the key management personnel (**KMP**) being those people who have authority for planning, directing and controlling the activities of the Company during the 2020 financial year.

During the year the Human Resources and Remuneration Committee and the Board re-examined the classification of KMP for the 2020 financial year. After due consideration, taking into account the changes to the composition of the Executive Committee announced on 16 August 2019 and the expanded scope of some Executive roles, it was determined that the KMP for the 2020 financial year comprised all members of the Executive Committee and the Non-Executive Directors (**NEDs**).

This Report has been audited under section 308(3C) of the *Corporations Act 2001*.

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REMUNERATION REPORT

1. KEY MANAGEMENT PERSONNEL (KMP)

The following table sets out the Company's KMP during the 2020 financial year. Each of the KMP was KMP for all of the 2020 financial year, unless stated otherwise.

Name	Role	
Executive Directors		
Sandeep Biswas	Managing Director and Chief Executive Officer (CEO)	
Gerard Bond	Finance Director and Chief Financial Officer (CFO)	
Other Executives		
Lisa Ali	Chief People & Sustainability Officer (CPSO)	28 Feb 20 – 30 Jun 20
Craig Jones	Chief Operating Officer (COO) – Papua & New Guinea EGM – Wafi-Golpu	1 Sep 19 – 30 Jun 20 1 Jul 19 – 31 Aug 19
Francesca Lee	Chief Legal, Risk & Compliance Officer (CLRCO) EGM – Company Secretary & General Counsel	1 Sep 19 – 30 Jun 20 1 Jul 19 – 31 Aug 19
Seil Song	Chief Development Officer (CDO) ⁽¹⁾	15 Mar 20 – 30 Jun 20
Philip Stephenson	Chief Operating Officer (COO) – Australia & Americas Chief Operating Officer (COO) – Australia, Indonesia & Americas EGM – Gosowong, Telfer & HSES	6 Mar 20 – 30 Jun 20 1 Sep 19 – 5 Mar 20 1 Jul 19 – 31 Aug 19
Suresh Vadnagra	Chief Technical & Projects Officer (CTPO)	18 May 20 – 30 Jun 20
Former Executives		
Craig Jetson	EGM – Cadia and Lihir	1 Jul 19 – 31 Aug 19
Ian Kemish	Chief People & Sustainability Officer (CPSO) EGM – People & External Affairs	1 Sep 19 – 31 Mar 20 1 Jul 19 – 31 Aug 19
Michael Nossal	Chief Development Officer (CDO)	1 Jul 19 – 31 Mar 20
Non-Executive Directors		
Peter Hay	Non-Executive Chairman	
Philip Aiken AM	Non-Executive Director	
Roger Higgins	Non-Executive Director	
Xiaoling Liu	Non-Executive Director	
Vicki McFadden	Non-Executive Director	
Peter Tomsett	Non-Executive Director	

⁽¹⁾ Prior to becoming KMP, Seil Song held the role of General Manager – Business Development since the beginning of the 2020 financial year.

⁽²⁾ Craig Jetson ceased being KMP on 31 August 2019 and formally ceased employment with Newcrest on 1 January 2020 following a period of transition.

Subsequent to 30 June 2020, Maria Sanz Perez commenced in the role of Chief Legal Risk and Compliance Officer on 1 July 2020, succeeding Francesca Lee who retired on 31 July 2020.

2. REMUNERATION SNAPSHOT

2.1. Key remuneration outcomes for the 2020 financial year

Executive Remuneration	STI Outcomes	LTI Outcomes	NED Remuneration
Both Chief Operating Officers received an increase in TFR of 8.3% on appointment to their new roles, effective 1 September 2019. There was no change to TFR of CEO or CFO or any other Executive as part of the 2019 annual salary review process.	The average STI outcome for the 2020 financial year for Executives was 40.8% of the maximum opportunity, based on the assessment of business and personal measures.	During the 2020 financial year, 92.2% of the Rights granted under the 2016 LTI Plan vested reflecting the Company's performance over the three year performance period to 30 June 2019. The 2017 LTI Plan (under which grants of LTI rights were made in the 2018 financial year) is expected to vest on or around 21 November 2020 and it is anticipated that the vesting levels will be in the range of 60% to 70%.	Board and Committee fees were not changed during the 2020 financial year.

During the 2020 financial year, new Equity Incentive Plan Rules were adopted. The intention in adopting the new rules was to improve consistency across plans. They apply to all share plans from the 2020 financial year onwards.

2.2. Actual Remuneration

The table below details the cash and value of other benefits actually received by the Executives in the 2020 financial year in their capacity as KMP. This is a voluntary disclosure to provide shareholders with increased clarity and transparency in relation to Executive remuneration. It includes the value of LTI Rights and STI Shares that vested during their period as KMP during the year. See section 9.1 for the statutory remuneration table that has been prepared in accordance with statutory obligations and Australian Accounting Standards.

Non-Statutory Executive Remuneration for the 2020 financial year

Executive	TFR⁽¹⁾ US\$'000	STI Paid as cash⁽²⁾ US\$'000	Termin- ation⁽³⁾ US\$'000	Other Benefits⁽⁴⁾ US\$'000	LTI Rights Vested⁽⁵⁾ US\$'000	Restricted STI Shares Vested⁽⁶⁾ US\$'000	Total US\$'000
Sandeep Biswas	1,612	1,072	-	48	2,902	1,678	7,312
Gerard Bond	672	347	-	6	820	554	2,399
Lisa Ali	171	-	-	158	-	-	329
Craig Jones	563	185	-	2	648	316	1,714
Francesca Lee	487	177	-	4	471	272	1,411
Seil Song	148	-	-	2	-	-	150
Philip Stephenson	564	192	-	70	437	298	1,561
Suresh Vadnagra	68	-	-	-	-	-	68
Former Executives							
Craig Jetson	525	235	-	-	-	369	1,129
Ian Kemish	402	189	-	31	471	278	1,371
Michael Nossal	532	343	335	5	820	529	2,564

Notes to Non-Statutory Executive Remuneration

- (1) TFR (Total Fixed Remuneration) comprises base salary, superannuation contributions and payment of unused annual leave entitlements for former executives. For new or former Executives, TFR has been pro-rated for time served as KMP during the financial year.
- (2) Represents amounts paid under the STI Plan relating to performance for the 2019 financial year. The cash component for the 2019 financial year was paid in October 2019.
- (3) Represents termination payments paid during the year.
- (4) Comprises cash payments for travel costs, relocation assistance, non-monetary benefits such as parking, insurance and applicable fringe benefits tax paid on benefits. Includes US\$99,000 (A\$150,000) in relocation support paid to Lisa Ali in January and March 2020. A further A\$150,000 in relocation support will be paid on completion of Lisa Ali's probation period on 28 August 2020 and is not included above.
- (5) Represents Rights that have vested under the 2016 LTI Plan on 15 November 2019. The Shares issued on vesting remain subject to a one year holding lock (i.e. they are included in this column, but are not available for trading until 15 November 2020). The value of the Rights has been determined based on the share price at the close of business on the vesting date of A\$31.22 (US\$21.21).
- (6) On 25 October 2019, ordinary Newcrest shares were released by Pacific Custodians Pty Ltd as trustee for the Newcrest Employee Share Trust to:
- Sandeep Biswas (36,533), Gerard Bond (12,137), Craig Jetson (7,518), Craig Jones (7,175), Ian Kemish (5,954), Francesca Lee (5,765), Michael Nossal (11,418) and Philip Stephenson (5,958) in accordance with the STI Plan for the 2017 financial year which required deferral of part of the STI award for these Executives.
 - Sandeep Biswas (39,094), Gerard Bond (12,816), Craig Jetson (9,119), Craig Jones (7,042), Ian Kemish (6,577), Francesca Lee (6,473), Michael Nossal (12,415) and Philip Stephenson (7,473) in accordance with the STI Plan for the 2018 financial year which required deferral of part of the STI award for these Executives.

The value of the Shares released under the STI Plan for the 2017 financial year and the STI Plan for the 2018 financial year has been determined based on the share price at the close of business on the vesting date of A\$32.43 (US\$22.19).

TFR, Other Cash Benefits and Other Benefits have been translated from Australian dollars to US dollars using an average exchange rate of 0.6715. STI Paid as cash, LTI Rights Vested and Restricted STI Shares Vested have been translated at the rate applicable on the date of the event. LTI Rights Vested and Restricted STI Shares Vested amounts reflect the share price on the date of vesting. For Restricted STI Shares, the vesting date is the date the trading restriction is lifted.

2.3. Changes planned for the 2021 financial year

Executive Total Fixed Remuneration	STI	LTI	NED Remuneration
A review of Executives' TFR against market data is currently underway.	Minor changes have been made to the STI Business measures and their relative weighting for the 2021 financial year. These changes have been made to increase the focus on sustainability, in particular, actions being taken in relation to emission of greenhouse gases (GHG) and water management.	No material changes are proposed at this stage.	A review of NED fees is scheduled for September 2020.

2.4. Currency

Unless otherwise indicated, the currency used in this Report is US dollars which represents Newcrest's reporting (presentation) currency.

Executive remuneration, which is paid in Australian dollars, is translated into US dollars for reporting purposes at a rate of A\$1.00:US\$0.6715. The TFR for Executives in Australian dollars is shown in section 5.1 to enable comparisons to be made in future years without the impact of changes in exchange rates. The NED fees in Australian dollars are shown in section 7.3.

3. REMUNERATION GOVERNANCE

Board Takes an active role in the governance and oversight of Newcrest's remuneration policies and has overall responsibility for ensuring that the Company's remuneration strategy aligns with Newcrest's short and long term business objectives and risk profile. The Board approves the remuneration arrangements for the CEO, upon recommendation from the Human Resources and Remuneration (**HRR**) Committee.

HRR Committee Established by the Board to review, formulate and make recommendations to the Board in relation to matters within its Charter, including the remuneration arrangements of the CEO, Executives and the NEDs, and oversee the major components of the Board's approved remuneration strategy.

The Charter for the HRR Committee is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

Current members of the HRR Committee are Phillip Aiken AM (Chairman), Vickki McFadden, Xiaoling Liu and Roger Higgins, who are each independent NEDs. All Directors are invited to attend HRR Committee meetings.

External Remuneration Consultants Engaged by the HRR Committee to provide advice on remuneration related issues. During the 2020 financial year, KPMG provided advice, including:

- benchmarking data for CEO, Executive and NED remuneration; and
- information and insights with respect to market practices and trends in remuneration within ASX listed and global gold companies.

KPMG did not provide a remuneration recommendation as defined by the *Corporations Act 2001*.

The Company's External Remuneration Consultants Policy sets out protocols governing the engagement of external remuneration consultants.

4. EXECUTIVE REMUNERATION FRAMEWORK

4.1. Remuneration Strategy and Guiding Principles

Our remuneration strategy is to provide market-competitive remuneration, having regard to the size and complexity of the Company, the scope of each role, and the impact the Executive can have on Company performance.

The guiding principles of our remuneration strategy are as set out below.

Strategy and Purpose	Values and culture	Shareholders	Performance	Market
Drive execution of key objectives, which align with the Company's strategy and will deliver long term growth in shareholder value. This includes our commitment to safety and sustainability.	Incorporate framework and processes that reinforce our values and culture.	Align interests of Executives with those of shareholders.	Provide appropriate levels of "at risk" performance pay to encourage, recognise and reward high performance.	Attract and retain talented, high performing Executives by reference to comparable roles

Executive remuneration packages are benchmarked against comparable roles in:

- ASX listed companies with market capitalisations ranked between 11 – 40;
- a customised peer group comprising largely industrial, materials, energy and utilities companies of comparable scale and international complexity; and
- the following global gold mining companies: Yamana Gold Inc, Freeport-McMoran Copper & Gold, Agnico Eagle Mines Limited, AngloGold Ashanti Ltd, Barrick Gold Corporation, Gold Fields Ltd, Kinross Gold Corporation, Newmont Corporation, Kirkland Lake Gold Limited, Evolution Mining Limited and Northern Star Resources Limited.

Both the peer group and the global gold mining group were considered by the Board during FY20 and adjusted slightly.

TFR is targeted at the 50th percentile for comparable roles and experience/skills, while the total remuneration package for each Executive (inclusive of both fixed and variable remuneration) is targeted at up to the 75th percentile for comparable roles and experience/skills.

4.2. Components of the Executive Remuneration Framework

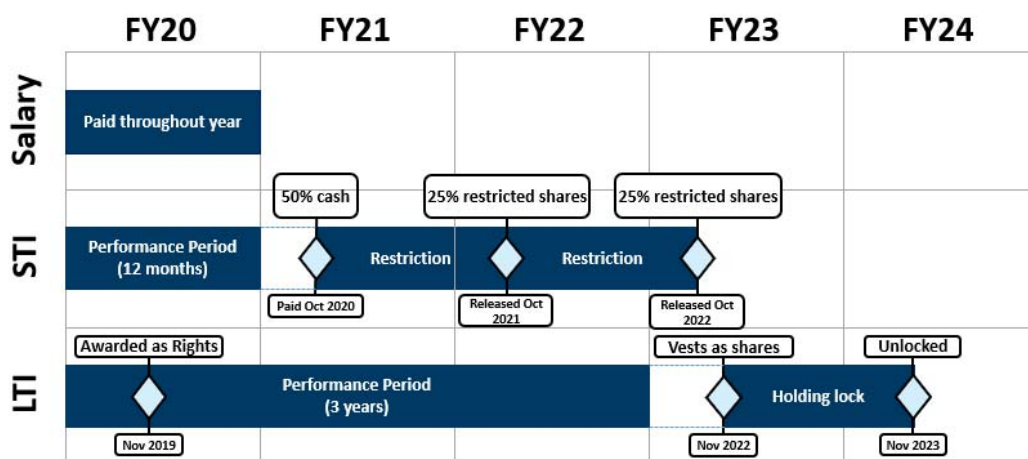
The table below outlines the remuneration components for the 2020 financial year for all Executives. Further details regarding each of the remuneration components are provided in sections 4.3 to 4.5.

Remuneration Type	Fixed Remuneration			Variable / At-Risk Remuneration	
	Component	Total Fixed Remuneration (TFR)	Short Term Incentive (STI)		Long Term Incentive (LTI)
Delivery	Delivered in cash			Delivered in equity	
Composition	Base salary plus superannuation contributions in line with statutory obligations, and any salary packaged amounts.	50% of STI award paid in cash after the financial year.	50% of STI award as shares, with one half restricted for one year and the other half for two years.	Rights with a 3 year vesting period and shares allocated on vesting subject to a one year holding lock.	
		Outcomes based on a combination of business performance and personal measures. Subject to clawback and overarching Board discretion.		Outcomes based on ROCE, comparative cost position and relative TSR. Subject to clawback and overarching Board discretion.	
Link with strategic objectives	Set to attract, retain, motivate and reward high quality executive talent to deliver on the Company's strategy.	Designed to: <ul style="list-style-type: none"> align interests of shareholders and Executives through an appropriate level of "at risk" pay and by delivering 50% in restricted equity; motivate and reward for increasing shareholder value by meeting or exceeding Company and individual objectives; and 		Designed to: <ul style="list-style-type: none"> align interests of shareholders and Executives through an appropriate level of "at risk" pay and by delivering 100% in equity; and encourage Executives to focus on the key performance drivers which underpin the Company's 	

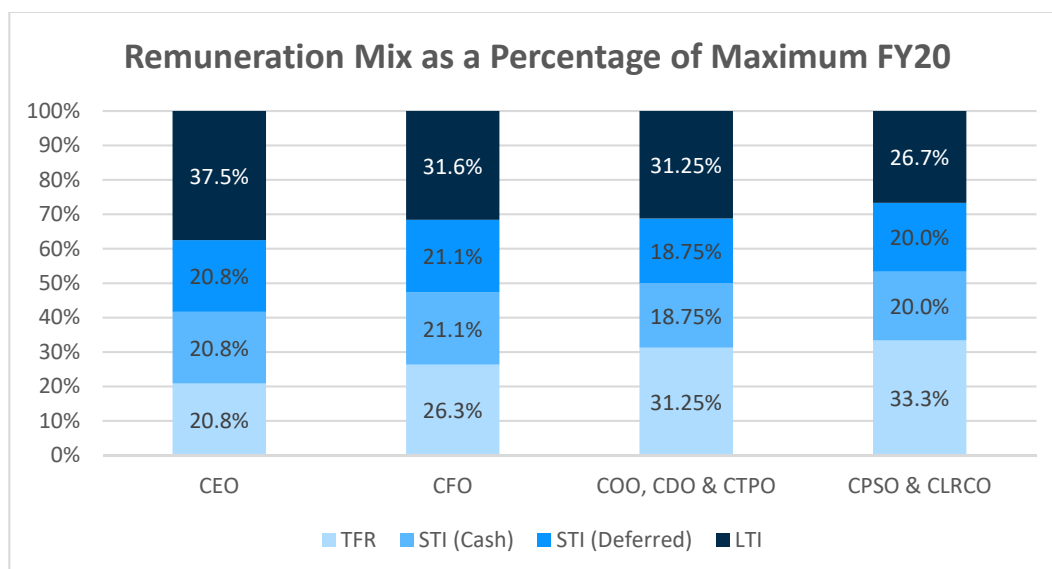
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Remuneration Type	Fixed Remuneration	Variable / At-Risk Remuneration	
		<ul style="list-style-type: none"> support the financial and strategic direction of the business through performance measures. 	strategy to deliver long term growth in shareholder value.

The diagram below illustrates how the different components of Executive remuneration provided in respect of the 2020 financial year are delivered over a four year period.



Newcrest's mix of remuneration components, expressed as a percentage of "maximum" earning opportunity, for current Executives for the 2020 financial year is illustrated in the following graphs. Although the components of TFR, STI and LTI are described separately, they should be viewed as part of an integrated package.



The "at risk" components are subject to deliberately challenging financial and non-financial performance conditions. The potential "maximum" earning opportunity shown above is not expected to be achieved each year, but is designed to only be achieved in respect of exceptional performance. There is no STI awarded unless a threshold level of performance is achieved.

For the 2020 financial year, the total remuneration opportunities for the majority of the Executives were within the 50th – 75th percentile range of the benchmarked ASX comparator groups.

4.3. Total Fixed Remuneration (TFR)

Feature	Description
Composition	TFR comprises base salary, superannuation contributions in line with statutory obligations, and any salary packaged amounts (for example, novated lease vehicles). TFR is paid in Australian dollars.
Relevant Considerations	TFR is determined on an individual basis, considering the scope of the role, the individual's skills and expertise, individual and group performance, market movements and competitiveness.
Review	TFR is reviewed annually. The Chief Operating Officers received an increase in TFR of 8.3% due to the changes in their roles, effective 1 September 2019. No other Executive received an increase in TFR as part of the 2019 annual salary review process. A review of Executives' TFR against market data is currently underway.

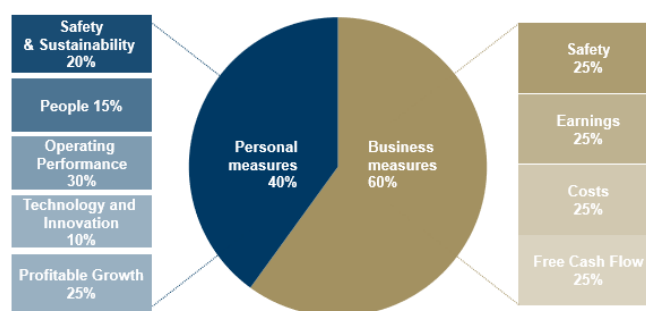
4.4. Short Term Incentive

4.4.1. Key features of the STI Plan for the 2020 financial year

Feature	Description
Participation	All Executives are eligible to participate in the STI Plan.
Opportunity	For "at target" performance, the CEO has the opportunity to receive 100% of TFR; the CFO has the opportunity to receive 80% of TFR; and the other Executives have the opportunity to receive 60% of TFR. Each Executive has the opportunity to receive double the "at target" percentage for exceptional performance ('maximum' STI opportunity).
Performance Period	The performance period is the financial year preceding the payment date of the STI. For the 2020 financial year, the performance period was 1 July 2019 to 30 June 2020.
Performance Conditions	Performance conditions are a mix of personal and business measures. Robust threshold, target and maximum targets are established for all measures to drive high levels of business and individual performance. The specific personal measures applicable to each KMP may change from year to year to reflect business priorities. The relative weightings of these categories may also change from year to year to best reflect each Executive's priorities. The annual budget generally forms the basis for the "target" performance set by the Board.

Further details in relation to the personal STI measures and the outcomes are described in section 5.3.1 and the business measures, are described in section 4.4.2.

The diagram below illustrates the indicative weighting of the performance conditions, using the CEO's FY20 personal conditions as an example.



Calculation of STI Award to Executives	<p>STI Amount (\$) = ((40% x personal outcome) + (60% x business outcome)) x "At Target" STI% x TFR</p> <p>Business and personal measures are scored out of 200%, with 50% for threshold performance, 100% for target performance and 200% for maximum performance. Business or personal measures that fail to meet the threshold target score 0%. If the overall average of the five personal measures is below 50%, the CEO (in the case of an award to the other Executives) or the Board (in the case of an award to the CEO) has the discretion not to make an STI award to that participant. Accordingly, the minimum value of the STI Award is nil.</p>
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Feature	Description
Payment, Delivery and Deferral	<p>For Executives, the STI for the 2020 financial year is delivered 50% in cash and 50% in restricted shares in October 2020, following finalisation of the audited annual Company results and the approval of all personal outcomes. Of the restricted component, half of the restricted shares is to be released after 12 months after the allocation date (in October 2021) and the remainder after two years after the allocation date (in October 2022). As announced in the 2019 Remuneration Report, restricted shares remain on foot if the Executive resigns before the shares are released from the restriction, unless the Board determines otherwise. During the restriction period, the Executives are entitled to dividends and voting rights attaching to their restricted shares.</p> <p>For allocation purposes, the value of each STI restricted share will be calculated using the five trading day volume weighted average price (VWAP) of Newcrest's share price immediately preceding the date of payment of the cash portion of the STI Award, unless such price is assessed as not being fairly representative of the market price, in which case an alternative and representative VWAP will be agreed by the HRRC.</p>
Cessation of Employment	<p>Except at the discretion of the Board:</p> <ul style="list-style-type: none"> if a participant resigns or is dismissed for cause during the Performance Period, the participant may not be eligible to receive an STI award for that financial year; if a participant ceases employment for any other reason during the Performance Period, the STI award will be reduced on a pro rata basis, but will remain payable in the ordinary course; if a participant is dismissed for cause while the restricted shares are subject to restrictions, the restricted shares will be forfeited; if the participant resigns while the restricted shares are subject to restrictions, the participant will be entitled to retain their restricted shares and the shares will remain on foot for the balance of the restriction period and then be released. The Board will have the discretion to increase the STI restriction period for some or all of the STI restricted shares on foot, from 1 year to 2 years; if the participant ceases employment for any other reason while the restricted shares are subject to restrictions, the participant will be entitled to retain their restricted shares and the shares will remain on foot for the balance of the restriction period and then be released.
Clawback	<p>In general, the Board has the discretion to reduce or forfeit an STI award, or to seek recovery from a participant, if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including in the case of fraud, dishonesty, gross misconduct by the Executive or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or award date.</p>
Overriding Board Discretion	<p>The Board retains overriding discretion to adjust the final STI outcome. This is an important measure to ensure any STI award is appropriate in the circumstances.</p>

4.4.2. STI performance conditions for the 2020 financial year in detail

Business measures for the 2020 financial year

Business Measure	Weighting	Reason the Performance Measure Was Adopted
<p>Safety</p> <p>TRIFR⁽¹⁾ (5%)</p> <p>Significant Potential Incident (SPI)⁽²⁾ Action Verification and Investigation Quality Improvement (5%)</p> <p>Critical Control Management (CCM)⁽³⁾ Action Close Out on time (5%)</p> <p>Occupational Exposure Level (OEL)⁽⁴⁾ Reduction Plans (5%)</p> <p>Process Safety Improvements (5%)⁽⁵⁾</p>	25%	<p>The Company is committed to reinforcing a strong safety culture and improving safety leadership. As such, the measures and targets are reviewed annually to meet the aspirations of the Safety Transformation Plan. The combined measures maintain a focus on safety performance, as measured by TRIFR, drive critical actions and ensure effective controls are in place to help prevent fatalities and/or serious injuries.</p>
<p>Earnings</p> <p>Adjusted Net Profit/(Loss) After Tax and Before Significant Items</p>	25%	<p>The earnings target is a direct financial measurement of the Company's performance, providing a strong alignment to the interests of shareholders. The results are based on the statutory profit of the Group adjusted for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management. It provides a strong reflection of production delivery, operational efficiency and cost management.</p>

Business Measure	Weighting	Reason the Performance Measure Was Adopted
Costs AISC per ounce ⁽⁶⁾	25%	This measure is a highly relevant short and long term measure which is consistent with the Company's strategy of focussing on sustainable cash generation and profitability. It is the primary unit cost measure in the gold industry, and is visible and readily understood. It is based on publicly disclosed and reconciled results and is therefore a reliable measure for use by the Company, adjusted for the effect of commodity prices and foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.
Free Cash Flow (FCF)	25%	FCF is a highly relevant short and long term measure. It reflects cost and capital management and production efficiencies. FCF is necessary to fund growth opportunities, repay debt and ultimately pay dividends to shareholders. It is based on publicly disclosed and reconciled results and is adjusted for the effect of commodity prices and foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.

- (1) TRIFR is the total number of recordable injuries per million hours worked. It is a lagging indicator of safety performance.
- (2) SPI Action Verification and Investigation Quality Improvement focuses on ensuring that actions arising as an outcome of an SPI investigation have been implemented, including an independent review of the quality (thoroughness and completeness) of each SPI investigation. This ensures a strong focus on identifying and addressing hazards which may lead to serious potential incidents in the future, including the potential for a fatality.
- (3) CCM action close out focuses on the timely completion of all actions identified following a Systems Verification (**SV**) or Field Critical Control Check (**FCCC**). CCM is the second pillar of Newcrest's Safety Transformation Plan and is focussed on verifying that effective controls are in place and working for every high risk task.
- (4) OEL Reduction Plans focus firstly on the development of site Exposure Control Plans within the agreed timeframes, and subsequently, on the implementation of the Control Plans for the top three exposure risks identified for each site.
- (5) Process Safety Improvement focuses on the completion rate of all actions detailed in each site's Process Safety Improvement Plan and targets wider system risks, such as operating plant designs, and chemical and energy hazards.
- (6) All-In Sustaining Cost metrics as per World Gold Council Guidance Note on Non-GAAP metrics. Refer to section 6 of the Operating and Financial Review.

Personal measures for the 2020 financial year

For the 2020 financial year, the key elements of the personal performance measures for Sandeep Biswas were set by the Board to align with the Company's strategic goals and taking into account the Company's key material risks. The personal performance measures were selected to recognise the important role that the CEO plays in personally advancing the Company's strategic objectives of improving the safety, people and sustainability performance of the Company, its operating performance, value and cash generation, and profitable growth.

The personal performance measures for other Executives for the 2020 financial year focussed on their areas of responsibility which, in the case of the operational Executives, included safety, people, production, operational efficiency, material risk management, technology and innovation, sustainability and Red Chris optimisation. Non-financial targets are generally aligned to core values, including safety and key strategic and growth objectives. If there is a fatality within the area of accountability of an Executive, the Board may exercise discretion to adjust the assessment of the personal safety measure, including a zero award, where appropriate.

Further detail as to the personal measures for the CEO, CFO and other Executives, and outcomes with respect to such measures is set out in section 5.3.1.

4.4.3. STI Plan for the 2019 financial year

The terms that applied to the 2019 financial year STI award, which was delivered in October 2019 in respect of the performance period from 1 July 2018 to 30 June 2019, were described in detail in the 2019 Remuneration Report.

4.4.4. STI Plan for the 2021 financial year

Minor changes have been made to the STI Business measures and their relative weighting for the 2021 financial year. These changes have been made to increase the focus on sustainability, in particular, actions being taken in relation to emission of GHG and water management. To accommodate these changes, the weighting for Costs has been reduced to 20%. The Board considered a modest reduction in the weighting of Costs to be appropriate for FY21 due to (1) the 33.3% weighting already in place for Comparative Costs in the Long-Term Incentive Plan; and (2) a preference to not over-emphasise cost reduction in a relatively high-gold price environment. In addition, the weighting for Safety has been reduced

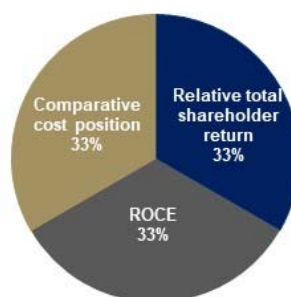
to 20%. The Board considered a modest reduction in the weighting of Safety to be appropriate for FY21 due to the inclusion of the sustainability metrics and a total 30% weighting attributed to non-financial metrics.

FY20	FY21
Safety 25%	Safety 20%
Earnings 25%	Sustainability 10%
Costs 25%	Earnings 25%
Free Cash Flow 25%	Costs 20%
	Free Cash Flow 25%

4.5. Long Term Incentive

4.5.1. Key features of the 2019 LTI Plan (under which Rights were issued during the 2020 financial year)

Feature	Description
Equity type	Allocations are in the form of rights to shares in the Company (Rights). Upon vesting, each Right is automatically exercised at a nil exercise price and the Executive receives one fully paid ordinary share for each Right. As the Rights represent a participant’s ‘at risk’ long term incentive component of their remuneration package, the Rights are granted at no cost to the participant. Rights are automatically exercised and do not have an expiry date.
Maximum LTI Opportunity	The maximum LTI opportunity is 180% of TFR for the CEO, 120% of TFR for the CFO (increased from 100% under the 2018 LTI Plan), 100% of TFR for the COOs, CDO and CTPO (increased from 80% for the COOs under the 2018 LTI Plan), and 80% of TFR for the other Executives. Section 4.2 indicates the value of the grants expressed as a percentage of the total remuneration package.
Grant Date	The grant date was 19 November 2019 and Rights under the plan will vest, subject to the satisfaction of the performance conditions, on 19 November 2022. The total number of Rights issued to, and held by, each Executive is summarised in section 9.4.
LTI Grant Value	For allocation purposes, the value of each Right was calculated based on the face value of the underlying security, using the five day VWAP of Newcrest’s share price immediately preceding the grant date (A\$30.8409).
Performance period	The performance period is the three financial years commencing on 1 July 2019.
Performance Conditions	Rights issued under the 2019 LTI Plan are subject to the Performance Conditions shown below:



The Performance Conditions have been set to align with the long-term goals and performance of Newcrest and the generation of shareholder returns. Further details in relation to the Performance Conditions are detailed in section 4.5.2.

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Feature	Description
Vesting	Rights vest three years from the grant date subject to the Performance Conditions being met. Rights are automatically exercised on vesting. On vesting of the Rights, the Board has the discretion, subject to the Equity Incentive Plan Rules, to satisfy the vesting obligations by the issue of new shares, transfer of existing shares purchased on-market or by paying a cash equivalent amount. The practice in recent years has generally been to satisfy the vesting obligations by allocating shares purchased on-market.
Holding lock	For Executives, shares received on the vesting and automatic exercise of Rights are subject to a 12 month holding lock.
Dividends	No dividends are paid on unvested Rights. Shares allocated on the vesting and automatic exercise of Rights and subject to the holding lock have the right to receive dividends (when applicable).
Clawback	In general, the Board has the discretion to reduce, forfeit or lapse an LTI award for a participant if an event or circumstance has occurred which has resulted in an inappropriate benefit being conferred on a participant (including in the case of fraud, dishonesty, gross misconduct by the Executive or if the outcomes are the result of material error or misstatement of the financial accounts). The discretion may be exercised for a period of two years from the vesting or grant date.
Cessation of employment	<p>Except at the discretion of the Board:</p> <ul style="list-style-type: none"> if a participant gives a notice of resignation or is dismissed for cause, unvested Rights will lapse on cessation of employment; and if a participant ceases employment for any other reason, a pro-rata number of unvested Rights will remain on foot and vest subject to satisfaction of the applicable performance conditions and any holding lock in the terms of grant. <p>For all leavers, any restricted shares will be released after expiration of the holding lock period (subject to the Board exercising a discretion under the clawback policy).</p>
Change of control	The Board may exercise its discretion to allow all or some unvested Rights to vest if a change of control event occurs. Where there is an actual change in control of the Company then, unless the Board determines otherwise, unvested Rights will immediately vest or cease to be subject to restrictions on a pro rata basis having regard to the portion of the vesting period that has elapsed.
Retesting	There is no retesting. Rights that do not vest based on performance over the three year performance period will lapse.
Overriding Board discretion	The Board retains overriding discretion to adjust the final LTI outcome. This is an important measure to ensure any LTI award is appropriate in the circumstances.

4.5.2. 2019 LTI performance conditions in detail

2019 LTI Performance Conditions

Component	Assessment	Reason the Performance Measure Was Adopted
<p>Comparative Cost Position</p> <p>The Company's measure for the Comparative Cost Position performance condition is the AISC per ounce, adopted by the Company in relation to costs reporting.</p> <p>The AISC per ounce incorporates costs related to sustaining production.</p> <p>Performance over the three year performance period, is compared against other entities based on data sourced from an independent provider selected by the Board. The entities that are included in the independent provider's database can change from year to year (such as where additional companies begin to report AISC, or where there are mergers and demergers). Cost performance for each of the three years of the performance period is averaged to determine the number of Rights that may be exercised in relation to this performance measure.</p>	<p>The vesting scale for this measure is as follows:</p> <ul style="list-style-type: none"> 0% vests if Comparative Costs are at or above the 50th percentile; 40% vests if Comparative Costs are less than the 50th percentile; 100% vests if Comparative Costs are below the 25th percentile. <p>Straight line vesting occurs between these thresholds.</p> <p>The Comparative Costs measure will be assessed using peer data for the period from 1 July 2019 until 30 June 2022.</p>	<p>This measure is closely aligned to Newcrest's strategic objective to be a low cost producer and aligned to our relative value proposition for gold equity investors.</p> <p>The AISC per ounce result is a sound basis for the Company to use in assessing comparative cost as it is based on publicly disclosed results.</p>

Component	Assessment	Reason the Performance Measure Was Adopted
<p>Return on Capital Employed (ROCE)</p> <p>ROCE is an absolute measure, defined as underlying earnings before interest and tax (EBIT), divided by average capital employed, being shareholders' equity plus net debt.</p> <p>For each of the three years of the performance period ROCE is averaged to determine the number of Rights that may be exercised in relation to this performance measure.</p> <p>Average capital employed is calculated as a simple average of opening and closing balances. If material equity transactions (for example, significant equity issuances or asset impairments) occur such that the simple average is not representative of actual performance, the average capital employed for the year is adjusted for the effect of these transactions.</p> <p>Average capital employed for the purpose of this calculation excludes approved capital invested in long-dated projects until commercial production is achieved, so as not to discourage Management's pursuit of long-dated growth options.</p>	<p>The vesting scale for this measure is as follows:</p> <ul style="list-style-type: none"> • 0% vests if ROCE is less than 6%; • 30% vests if ROCE is 6%; • 100% vests if ROCE is 13% or more; <p>Straight line vesting occurs between these thresholds.</p> <p>These targets, including the threshold of 6%, have been in place since the 2016 LTI award and are designed to exceed Newcrest's Weighted Average Cost of Capital whilst also incentivising returns that are higher than comparable industries in the prevailing economic conditions.</p>	<p>ROCE aligns Management action and company outcomes closely with long term shareholder value. ROCE provides a balance to the other LTI metrics as it serves as a counter to "buying" success.</p> <p>ROCE is also based on publicly disclosed and reconciled results and is therefore a sound basis for the Company to use in assessing value.</p> <p>Impairments are excluded from the capital base in the year in which they occur, such that the return is on a pre-impairment basis and LTI participants do not benefit from the impairment. However, the post impairment capital base is used in the calculation of returns in subsequent years so as to not de-incentivise current or new management.</p>
<p>Relative TSR</p> <p>Total Shareholder Return (TSR) is a measure of performance over time that combines share price appreciation and dividends paid to show the total return to the shareholder, expressed as an annualised percentage. Relative TSR is a measure of the Company's TSR performance against that of other gold companies.</p>	<p>Relative TSR will be measured by comparing Newcrest's AUD share price performance against the S&P TSX Global Gold Index over three years.</p> <p>Rather than rely on spot price, the performance calculations will reference the six month period immediately prior to the start (1 January 2019 – 30 June 2019) and the end (1 January 2022 – 30 June 2022) of the performance period.</p> <p>The treatment of dividend and capital adjustments will be in accordance with the adjustments made by the data provider.</p> <p>The vesting schedule for this measure is detailed below.</p> <ul style="list-style-type: none"> • 0% vests if Relative TSR is below the Index; • 50% vests if Relative TSR is equal to the Index; • 100% vests if Relative TSR exceeds the Index by 18 percentage points or more. <p>Straight line vesting occurs between these thresholds.</p>	<p>The Relative TSR measure provides alignment between the outcomes of the Plan and the returns experienced by shareholders, in order to specifically encourage outperformance against other gold mining companies.</p> <p>The S&P TSX Global Gold Index is the most appropriate comparison point for Newcrest to use for the Relative TSR measure because:</p> <ul style="list-style-type: none"> • As a gold mining company, Newcrest's share price performance is significantly impacted by fluctuations in the gold price. Accordingly, it is appropriate to compare Newcrest's performance to that of other gold mining companies. • There are few ASX-listed gold mining companies which act as a directly relevant comparison to Newcrest given the differences in scale, and it is therefore considered that a comparison with international peers is more appropriate. • Rather than hand-pick a selection of peer gold mining companies from various stock exchanges globally, the Board considers that Newcrest's performance should be compared to the S&P TSX Global Gold Index as each of Newcrest's major peers are constituents in the S&P TSX Global Gold Index.

4.5.3. Outlook for 2020 LTI Plan Performance Conditions (2021 financial year)

LTI Performance Conditions for the 2020 LTI Plan will be structurally identical to those which apply to the 2019 LTI Plan.

4.5.4 LTI Plans for past financial years

The terms that apply to the 2016, 2017, and 2018 LTI Plans, which vested or will vest in the 2020, 2021 and 2022 financial years respectively, are described in detail in the 2017, 2018 and 2019 Remuneration Reports.

4.6. Sign-on arrangements

The following Sign-On arrangements for Executives were granted during the 2020 financial year. The arrangements for Suresh Vadnagra were granted to compensate for forgone entitlements. The arrangements for Lisa Ali were granted to provide relocation support.

In both cases, performance conditions are imposed to ensure that the Executive does not become entitled to the sign-on benefits in the event of underperformance. The CEO will assess performance against the relevant conditions, given that the Executives are direct reports to the CEO.

Recipient	Grant/ Payment Date	Award	Vesting Periods	Vesting/ Payment Conditions
Suresh Vadnagra	29 May 2020	7,000 sign-on rights (face value of A\$200,000) automatically exercised at a nil exercise price to the Executive. The Executive receives one fully paid ordinary share for each right that is exercised. Any sign-on rights that do not vest at the end of the vesting period will lapse.	3,500 sign-on rights due to vest on 18 May 2021 and 3,500 sign-on rights due to vest on 18 May 2022 (or as soon as possible afterwards in accordance with Newcrest's Securities Dealing Policy).	Adequate performance and continuing employment (other than in limited circumstances).
	In or around August 2020	A\$265,000 cash (US\$178,000)	N/A	
	In or around June 2021	A\$110,000 cash (US\$74,000)	N/A	
Lisa Ali	January and March 2020	A\$150,000 cash (US\$99,000)	N/A	Satisfactory completion of probation period. Repayable in the event of resignation within 24 months of relocation.
	Around 6 months after commencement of employment (i.e. 28 August 2020)	A\$150,000 cash (US\$99,000)	N/A	

5. REMUNERATION OUTCOMES
5.1. Total Fixed Remuneration (TFR) for the 2020 financial year

Set out below is the TFR for the current Executives as at 30 June 2020, shown in Australian dollars. TFR comprises base salary and superannuation contributions and any salary packaged amounts (for example, novated lease vehicles). This information is provided in Australian dollars to enable comparisons to be made in future years, without the impact of changes in exchange rates. The increases in TFR for Craig Jones and Philip Stephenson were associated with their appointments to the roles of COO – PNG, and COO – Australia, Indonesia and the Americas, respectively.

Name	TFR A\$ 30 June 2020	TFR A\$ 30 June 2019	% Increase
Sandeep Biswas	2,400,000	2,400,000	0.0%
Gerard Bond	1,000,000	1,000,000	0.0%
Lisa Ali	750,000	-	-
Craig Jones	850,000	785,000	8.3%
Francesca Lee	725,000	725,000	0.0%
Seil Song	750,000	-	-
Philip Stephenson	850,000	785,000	8.3%
Suresh Vadnagra	850,000	-	-

5.2. Newcrest's Financial Performance for the past 5 financial years

The following table provides a summary of the key financial results for Newcrest over the past five financial years.

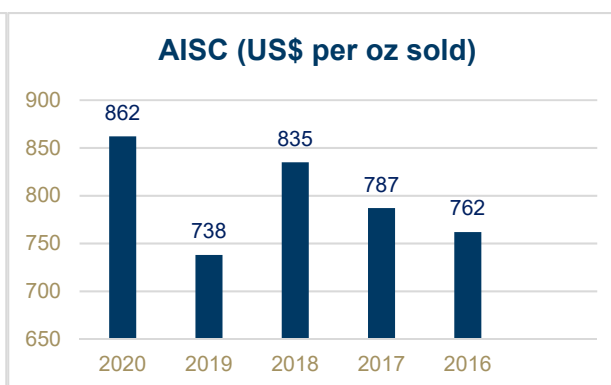
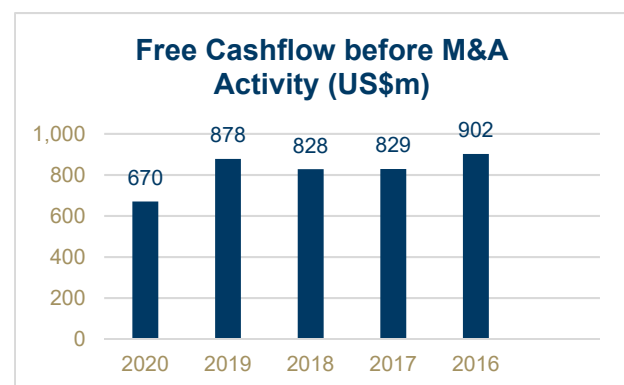
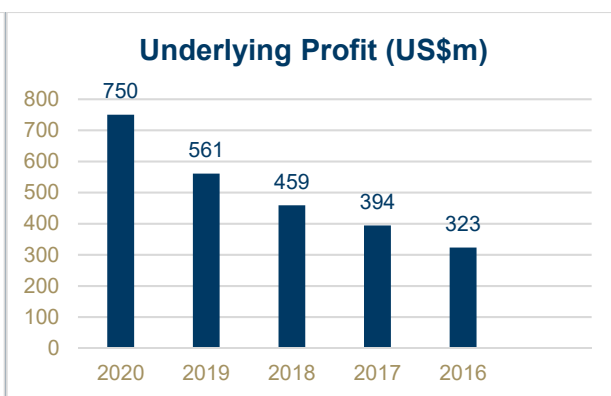
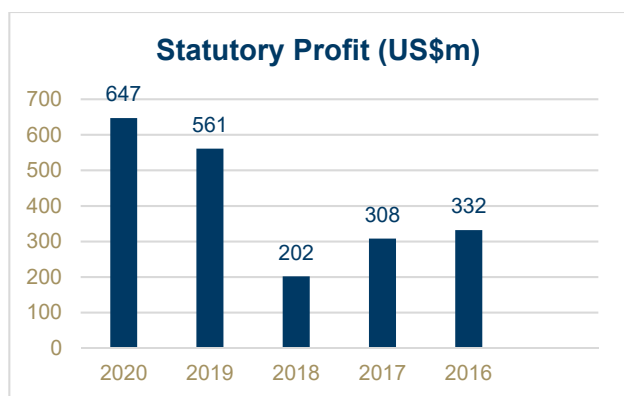
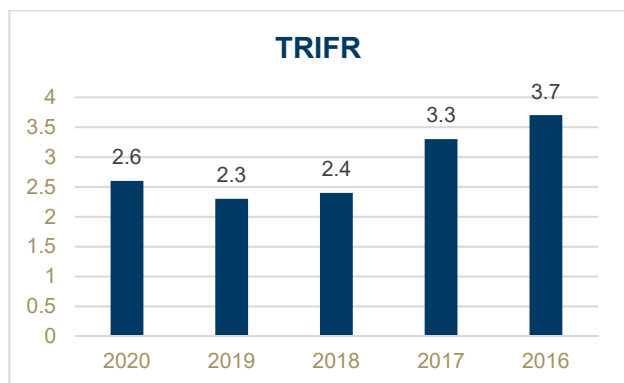
Five Year Summary of Newcrest's Financial Performance

Year Ended 30 June	Measure	2020	2019	2018	2017	2016
Statutory profit	US\$ million	647	561	202	308	332
Underlying profit ⁽¹⁾	US\$ million	750	561	459	394	323
Cash flows from operating activities	US\$ million	1,471	1,487	1,434	1,467	1,241
Free cash flow ⁽²⁾	US\$ million	(621)	804	601	739	814
Free cash flow (before M&A activity) ⁽²⁾	US\$ million	670	878	828	829	902
EBITDA Margin	%	46.8	44.6	43.9	40.5	39.2
EBIT Margin	%	30.4	24.7	21.7	20.7	18.0
Net Debt to EBITDA ⁽³⁾	Times	0.3	0.2	0.7	1.1	1.6
ROCE	%	13.8	11.2	8.8	7.9	6.2
Gearing ⁽⁴⁾	%	6.8	4.9	12.2	16.6	22.8
Share price at 30 June ⁽⁵⁾	A\$	31.53	31.95	21.80	20.16	23.00
Earnings per share ⁽⁶⁾						
Basic	US cents/share	83.4	73.0	26.3	40.2	43.3
Underlying	US cents/share	83.1	72.8	59.8	51.4	42.1
Dividends ⁽⁷⁾	US cents/share	25.0	22.0	18.5	15.0	7.5
Gold produced	000's ounces	2,171	2,488	2,346	2,381	2,439
All-in sustaining cost ⁽⁸⁾	US\$/oz sold	862	738	835	787	762
Average realised gold price	US\$/oz	1,530	1,269	1,308	1,263	1,166

This table includes non-IFRS financial information. Refer to section 6 of the Operating and Financial Review for an explanation and reconciliation of non-IFRS terms.

- (1) Underlying profit is profit after tax before significant items attributable to owners of the parent.
- (2) Free cash flow is calculated as cash flow from operating activities less cash flow related to investing activities. Free cash flow (before M&A activity) is calculated as free cash flow excluding investing activities relating to M&A investments and business divestments.
- (3) Net debt to EBITDA is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA.
- (4) Gearing ratio is calculated as net debt at the end of the reporting period divided by net debt plus equity.
- (5) Opening share price on 1 July 2015 was A\$13.02.
- (6) Basic EPS is calculated as net profit after tax and non-controlling interests (statutory profit) divided by the weighted average number of ordinary shares. Underlying earnings per share is calculated as net profit after tax and non-controlling interests and before significant items (underlying profit) divided by the weighted average number of ordinary shares.
- (7) Represents dividends determined in respect of the financial year.
- (8) AISC metrics as per World Gold Council Guidance Note on Non-GAAP Metrics. See section 4.4.2 for further detail. Newcrest's AISC will vary from period to period as a result of various factors including production performance, timing of sales, the level of sustaining capital and the relative contribution of each asset.

The graphs below show Newcrest’s performance over the last five years for metrics used for multiple years to determine the business component of STI awards, before any adjustments as a result of the exercise of Board discretion. The FY20 TRIFR of 2.6 per million hours worked is marginally higher than the prior year as a result of the addition of Red Chris which currently has a higher average injury rate than other Newcrest operations, though it improved over the year. Excluding Red Chris, TRIFR for FY20 was 2.0 per million hours worked, which is a 13% improvement on the prior year. All safety metrics other than TRIFR were introduced as metrics for FY20 only. They have no historical data prior to 2020 and therefore no charts for such metrics are included.



5.3. STI Outcomes for 2020 financial year

5.3.1. Performance against STI objectives

STI outcomes are determined based on business and personal performance. When assessing personal performance, as well as considering the outcomes, consideration is given to whether the outcomes have been achieved in a manner that is consistent with the Company’s values and standards and risk management processes.

Element	Weight	Performance ⁽¹⁾			Description
		Threshold	Target	Maximum	
Business Measures	60%				
Safety (1) - TRIFR	3%			●	<ul style="list-style-type: none"> TRIFR of 2.58 exceeded maximum target of 2.7 for FY20
Safety (2) - SPI action verification and investigation quality improvement	3%			●	<ul style="list-style-type: none"> 100% completion achieved maximum target.
Safety (3) - Critical Control Management Action Close Out on time	3%	●			<ul style="list-style-type: none"> 88% completion of CCM Actions close outs on time was below the minimum target.
Safety (4) – OEL Reduction Plans	3%		●		<ul style="list-style-type: none"> Targets met or exceeded for the completion of Exposure Control Plans and engineering controls developed and submitted for approval for the top 3 exposure risks at each site.
Safety (5) – Process Safety Improvements	3%		●		<ul style="list-style-type: none"> 79% of Process Safety Action Plans items completed which was above the minimum target.
Earnings - NPAT before significant items (US\$m)	15%	●			<ul style="list-style-type: none"> Outcome of \$465m (below Minimum), inclusive of adjustments⁽¹⁾ (which reduced the outcome as per the reconciliation on the next page).
Cost - AISC/oz (US\$)	15%	●			<ul style="list-style-type: none"> Outcome of \$894/oz (below minimum), inclusive of adjustments⁽¹⁾ (which reduced the outcome).
Cash flow: FCF (US\$m)	15%		●		<ul style="list-style-type: none"> Outcome of \$414m, inclusive of adjustments⁽¹⁾ (which improved the outcome).
Total Business outcome		●			The total business outcome was 47%
Personal Measures (Sandeep Biswas – CEO)	40%				
Safety and Sustainability	8%		●		<ul style="list-style-type: none"> Process Safety audit targets met or exceeded. Risk Management enhancements and strong risk leadership through COVID-19 response. Met or exceeded 11 out of 13 public Sustainability & Climate Change targets.
People	6%		●		<ul style="list-style-type: none"> Met or exceeded targets to enhance key organisational capabilities. Exceeded Diversity & Inclusion target for women employed globally. Missed targets for women and PNG nationals in leadership roles.

REMUNERATION REPORT

Element	Weight	Performance ⁽¹⁾			Description
		Threshold	Target	Maximum	
Operating Performance	12%			●	<ul style="list-style-type: none"> Achieved maximum for Free Cash Flow⁽²⁾ and exceeded target for Edge L4 cash delivery. Newcrest Operating Model detailed design and delivery phases implemented.
Technology & Innovation	4%		●		<ul style="list-style-type: none"> Progress exceeding targets for key breakthroughs, e.g. undercutless caving, high temperature explosives and hydrofloat. Met targets for probability weighted NPV for innovation portfolio.
Profitable Growth	10%			●	<ul style="list-style-type: none"> Red Chris acquisition completed and integration well progressed. Divestment of Gosowong, and significant exploration and drilling results at Red Chris and Havieron.
Personal Measures (Gerard Bond – CFO)	40%				
Safety and Sustainability	10%		●		<ul style="list-style-type: none"> Significant improvements in automated HSE reporting, dashboards and digital solutions including mobility tools and data science. Biodiversity and Catchment water risk assessments well progressed. Emissions Management Plans and Energy Strategy projects advanced.
People	4%		●		<ul style="list-style-type: none"> Exceeded diversity and career development targets.
Operating Performance	12%			●	<ul style="list-style-type: none"> Achieved maximum for Free Cash Flow⁽²⁾ and well above target for Edge L4 cash delivery in Group and Procurement. All internal audit actions completed and independent assessment of risk maturity rating completed.
Technology & Innovation	10%		●		<ul style="list-style-type: none"> Newcrest Operating Model detailed design and delivery phases implemented.
Profitable Growth	4%		●		<ul style="list-style-type: none"> Significant activity including finalising Red Chris M&A, divestment of Gosowong, A\$1.2 billion equity raising and SPP, and acquisition of the Fruta del Norte financing facilities. Successful refinancing of the corporate bonds, lowering their cost and smoothing and extending their maturity profile.
Personal Measures (other Executives)	40%				
Individual measures based on initiatives and key project deliverables linked to company strategy and performance		●		●	<ul style="list-style-type: none"> Outcomes against individual measures for the remaining Executives ranged from 0% to 200%.

REMUNERATION REPORT

- (1) Adjustments made to business measures are in accordance with the detail provided in section 4.4.2. The adjustments are for the effect of commodity prices, foreign exchange rates, transactions related to M&A activity and other items determined by the Board which are considered to be outside the control of Management. COVID-19 led to additional costs (primarily related to labour, medical and accommodation), which reduced NPAT (-\$14m), FCF (-\$41m) and AISC spend (-\$17m), and had further productivity impacts. The Board determined that no adjustment would be made to reflect these additional COVID-19 related costs. The unadjusted values for financial business metrics are NPAT (\$750m), FCF (-\$621m) and AISC (\$862/oz).
- (2) Unlike for the Business Score, Free Cash Flow is not adjusted for commodity prices and foreign exchange rates in Personal outcomes (but is adjusted for cash outlays related to M&A, so as not to disincentivise management for M&A transactions). On this basis, Free Cash Flow exceeded target for both the CEO and CFO.

A reconciliation of the Earnings measure outcome to statutory profit is detailed below:

	2020 US\$m	2019 US\$m
Statutory profit	647	561
Add back: Significant items after tax ⁽¹⁾	103	-
Underlying profit	750	561
Adjust: Board agreed adjustments ⁽²⁾	(285)	(107)
Earnings measure	465	454

- (1) Refer to section 2.7 of the Operating and Financial Review for details of significant items for 2020. There were no significant items in 2019.
- (2) Represents adjustments for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.

A reconciliation of the Free Cash Flow measure outcome to the statutory cashflow is detailed below:

	2020 US\$m	2019 US\$m
Cash flows from operating activities	1,471	1,487
Cash flows from investment activities	(2,092)	(683)
Free cash flow	(621)	804
Add back: M&A activity ⁽¹⁾	1,291	74
Free cash flow (before M&A activity)	670	878
Adjust: Board agreed adjustments ⁽²⁾	(256)	(126)
Free Cash Flow measure	414	752

- (1) Refer to section 3 of the Operating and Financial Review for details.
- (2) Represents adjustments for the effect of commodity prices, foreign exchange rates and other significant items determined by the Board which are considered to be outside the control of Management.

5.3.2. STI outcomes for all Executives for the 2020 financial year

The table below summarises achievement against the performance conditions and final STI outcomes for all Executives for the 2020 financial year.

Executive	% of STI Target Awarded ⁽¹⁾	Total STI Awarded ⁽²⁾ US\$'000	Proportion of Total STI Restricted (%) ⁽³⁾	% of Max STI Opportunity Forgone
Sandeep Biswas	87.4	1,409	50	56.3
Gerard Bond	88.2	474	50	55.9
Lisa Ali ⁽⁴⁾	76.2	78	50	61.9
Craig Jones	65.0	223	50	67.5
Francesca Lee	84.6	247	50	57.7
Seil Song ⁽⁵⁾	84.2	75	50	57.9
Philip Stephenson	87.4	299	50	56.3
Suresh Vadnagra ⁽⁴⁾	-	-	-	-
Former Executives				
Craig Jetson ⁽⁶⁾	-	-	-	100
Ian Kemish ⁽⁷⁾	77.0	175	50	61.5
Michael Nossal ⁽⁷⁾	84.2	340	50	57.9

- (1) The assessment against personal measures for the Executives (which represent 40% of the award) ranged from 46% to 75% of maximum.
- (2) Amounts have been translated from Australian dollars to US dollars using an average exchange rate of US\$0.6715.
- (3) Proportion of the Total STI awarded which will comprise restricted shares.
- (4) STI awards for new Executives are pro-rated in accordance with the proportion of the performance period completed following their commencement date. Nil awards are made for new employees with less than three months service during the performance period.
- (5) The STI award shown for Seil Song relates solely to the period he has served as Chief Development Officer and does not include the proportion of his STI award attributable to his previous role as General Manager – Business Development.
- (6) On cessation, Craig Jetson received no STI cash payment or grant of shares for the period of FY20 worked prior to cessation.
- (7) The STIs for Ian Kemish and Michael Nossal were pro-rated for the period worked during FY20 prior to cessation.

5.4. Vesting Outcomes for 2016 LTI Plan

Following the completion of the performance period from 1 July 2016 to 30 June 2019, Rights granted under the 2016 LTI Plan vested on 15 November 2019 at 92.2% of maximum based on the assessment of performance against the applicable measures.

Element	Weighting	Performance Achieved	Percentage of Total LTI Award Vesting
Comparative Cost	33.3%	25 th percentile (3-yr avg)	33.3%
ROCE	33.3%	10.7% (3-yr avg) ⁽¹⁾	25.5%
Relative Total Shareholder Return (TSR)	33.3%	NCM share price outperformed the S&P/TSX Global Gold Total Return Index by 47.3 percentage points over the period	33.3%
TOTAL VESTING			92.2% (7.8% lapsed)

⁽¹⁾ The 3-year ROCE average includes adjustments to FY17 and FY18 consistent with adjustments that applied for the purposes of the STI for the 2017 and 2018 financial years. This reflected adjustments for non-controllable items such as the 2017 Cadia seismic event. In addition, adjustments have been made to allow for Development Projects that are not yet in commercial production. This amounted to an average reduction in the Capital Employed of \$796m, representing approximately 9% of the pre-adjusted Capital Employed.

5.5. Estimated Vesting of LTI Rights in the 2021 financial year (2017 LTI Plan)

Rights granted under the 2017 LTI Plan are expected to vest on or about 21 November 2020. The vesting outcome is not yet known, but it is anticipated that it will be in the range of 60% to 70%. The performance conditions which apply to the 2017 LTI Rights are the same as for the 2016 LTI Plan detailed above, i.e.: Comparative Cost (33.3%), ROCE (33.3%) and Relative TSR (33.3%). Additional details on the performance standards attached to each performance condition were disclosed in the 2018 Remuneration Report.

6. EXECUTIVE SERVICE AGREEMENTS AND TERMINATION ARRANGEMENTS FOR KMP

Remuneration and other terms of employment for the Executives are formalised in Executive Service Agreements (**ESAs**). Each of the ESAs provides for the payment of fixed remuneration, an opportunity to participate in incentive plans (performance based at risk remuneration), employer superannuation contributions, other benefits such as, death and disablement insurance cover via the Newcrest Superannuation Plan, and salary continuance cover. The ESAs do not have a fixed end date. The remuneration for each Executive during the 2020 financial year is detailed in sections 2.2 and 9.1, and positions held are detailed in section 1.

Each ESA provides that the Executive may terminate their employment by giving the Company:

- (a) in the case of Sandeep Biswas, Gerard Bond, and Francesca Lee three months' notice; and
- (b) in the case of Lisa Ali, Craig Jones, Seil Song, Philip Stephenson, and Suresh Vadnagra, six months' notice.

The difference in notice period for the Executives arose due to a general change in policy. Those Executives mentioned in paragraph (b) above entered into ESAs following the change in policy.

The Company may terminate the Executive's employment by giving 12 months' notice and the Company may, at its discretion, elect to pay the Executive an amount in lieu of notice for any portion of the 12 months not worked.

The Company may terminate an Executive's employment without notice at any time for cause. No payment in lieu of notice is payable under the ESA in this circumstance.

On cessation of employment, STI or LTI awards vest, lapse or are forfeited in accordance with the relevant plan rules. Refer to sections 4.4 and 4.5 for further details.

During the 2020 financial year, three members of KMP ceased employment with the Company. The treatment of the departing Executives' LTI and STI awards is set out in sections 9.1 and 9.2. Other than unpaid statutory entitlements, Michael Nossal received the equivalent of six months TFR in lieu of notice. No termination benefits were provided to Ian Kemish or Craig Jetson.

From 1 April 2020, Ian Kemish has been engaged on an ongoing contract of services, for up to 60 days per annum at up to A\$320,000 (US\$215,000) per annum, to provide advice, support and advocacy (as required) on political, policy and regulatory issues impacting the resource sector, primarily in the PNG national and Australian federal jurisdictions, but with flexibility to work in other international jurisdictions if required. The contract may be terminated by either party on 3 months' notice. As at 30 June 2020, US\$45,000 had been paid under this contract.

On 6 April 2020, Newcrest entered into a consultancy agreement with Michael Nossal to provide ongoing assistance in relation to Newcrest's Energy Strategy. The agreement is on an 'as required' basis and does not have a fixed end date. Newcrest will pay Michael Nossal a fee of A\$5,300 (exclusive of GST) per day of assistance. As at 30 June 2020, US\$43,000 had been paid under this agreement.

7. NON-EXECUTIVE DIRECTORS' REMUNERATION

7.1. Remuneration Policy

The Non-Executive Director (**NED**) fees and other terms of appointment are set by the Board. NEDs are paid by way of a fixed Director's fee and Committee fees commensurate with their respective time commitments and responsibilities. The level and structure of the fees is based upon the need for the Company to attract and retain NEDs of suitable calibre, the demands of the role and prevailing market conditions.

In order to maintain impartiality and independence, NEDs do not receive any performance-related remuneration and are not entitled to participate in the Company's short and long term incentive schemes. NEDs are not provided with any retirement benefits, other than statutory superannuation contributions.

7.2. Fee Pool

The maximum amount of fees (including superannuation contributions) that can be paid to NEDs is capped by a pool approved by shareholders. At the Annual General Meeting held on 28 October 2010, shareholders approved the current aggregate fee pool of A\$2,700,000 per annum (US\$1,813,000 using the average exchange rate of 0.6715 for the 2020 financial year).

7.3. Fee Structure

In reviewing the level of fees, the Board obtains independent market data from its remuneration adviser, KPMG, primarily (but not exclusively) in relation to ASX listed companies with market capitalisations ranked between 11-40. No change was made to base Board fees during the 2020 financial year and a review of fees from 1 January 2021 is scheduled for later in 2020. The aggregate fees are currently 29% below the aggregate fee pool approved by shareholders.

The table below outlines the main Board and Committee fees as at 30 June 2020.

Fees (per annum) ⁽¹⁾	Chairman		Member	
	A\$'000	US\$'000	A\$'000	US\$'000
Board ⁽²⁾	600	403	200	134
Audit & Risk Committee	55	37	28	18
Safety & Sustainability Committee	44	30	22	15
HRR Committee	44	30	22	15

⁽¹⁾ Board and Committee fees have been translated from Australian dollars to US dollars using an average exchange rate of 0.6715 for the 2020 financial year.

⁽²⁾ The Chairperson of the Board does not receive any additional payments for his role as Chairman or Member of any Committee.

Under the Company's Constitution, NEDs may be reimbursed for reasonable travel, accommodation and other expenses incurred while engaged on the business of the Company. NEDs may also be remunerated for additional services, for example, if they undertake specialist or consulting work on behalf of the Company outside the scope of their normal Director's duties. No fees for additional services were paid to NEDs for the current or prior financial year.

8. SHAREHOLDINGS

8.1. Minimum Shareholding Policy

The Company has a Minimum Shareholding Requirement Policy which requires that KMP hold at least the following value of Newcrest shares. The intent of the policy is to align the interests of KMP with those of our shareholders. Progress is monitored on a regular basis. As at 30 June 2020, each current KMP who has been KMP for at least the period set out below has met this requirement.

	Minimum requirement	Deadline for achieving shareholding (from the later of appointment or 1 July 2015)
CEO	100% of TFR in shares	5 years
Executives	50% of TFR in shares	5 years
NEDs	One year's total annual fees in shares	3 years

8.2. Executive Shareholdings

A summary of current shareholdings of Executives, including their closely related parties, as at 30 June 2020 are set out below.

Executive	Opening balance ⁽¹⁾	Granted as remuneration		Net other movements ⁽⁴⁾	Closing balance ⁽⁵⁾	Value based on VWAP ⁽⁶⁾ A\$'000	Percentage of TFR %
		STI Plan ⁽²⁾	LTI Plan ⁽³⁾				
Sandeep Biswas	643,252	44,038	136,816	(299,624)	524,482	15,839	660
Gerard Bond	195,046	14,278	38,665	(92,448)	155,541	4,697	470
Lisa Ali	-	-	-	-	-	-	0
Craig Jones	60,235	7,618	30,555	(25,466)	72,942	2,203	259
Francesca Lee	79,365	7,254	22,223	(29,947)	78,895	2,383	329
Seil Song	-	-	-	-	-	-	0
Philip Stephenson	74,720	7,880	20,621	-	103,221	3,117	367
Suresh Vадnagra	-	-	-	-	-	-	0
Former Executives							
Craig Jetson ⁽⁷⁾	79,685	9,636	10,310	(82,802)	16,829	508	53
Ian Kemish	19,228	7,780	22,208	(12,651)	36,565	1,104	147
Michael Nossal	165,191	14,098	38,665	(93,358)	124,596	3,763	376

⁽¹⁾ Opening balance is as at 1 July 2019 for all Executives except for Lisa Ali (where the opening balance is at 28 February 2020) and Suresh Vадnagra (where the opening balance is at 18 May 2020).

⁽²⁾ Remuneration granted in FY20 includes shares allocated on 25 October 2019 in respect of 50% of an Executive's STI award for the STI Plan for the 2019 financial year. The number of shares granted was determined using the 5 day VWAP of A\$35.8587, calculated over the period 7 to 11 October 2019, being the five trading days prior to the date the cash STI payment was made (12 October 2019).

⁽³⁾ Represents the shares acquired on vesting and automatic exercise of Rights under the 2016 LTI Plan.

⁽⁴⁾ Net other movements represents the sale or purchase of shares, or the acquisition of shares through the Share Purchase Plan announced on 30 April 2020, by Executives (other than for Craig Jetson which includes forfeited shares – see note (7)). In August 2019, the CEO and CFO each sold shares for the first time in their tenure with Newcrest for a purpose other than sales to meet their taxation liabilities arising as a result of their receipt of shares under employment incentive schemes. The shares sold comprised approximately 30% of their holdings at the time.

⁽⁵⁾ The closing balance is as at 30 June 2020 for current Executives, and as at the date of cessation of employment for former Executives.

⁽⁶⁾ Based on VWAP for the period 1 July 2019 to 30 June 2020 of A\$30.20.

⁽⁷⁾ On cessation, 10,310 Rights granted to Craig Jetson under the 2016 LTI Plan vested as shares, with the balance of 10,310 Rights forfeited. 9,636 restricted shares granted as part of the FY19 STI Plan were forfeited.

8.3. Non-Executive Directors' Shareholdings

A summary of current shareholdings of NEDs, including their closely related parties, as at 30 June 2020 is set out below.

Non-Executive Directors	Opening balance ⁽¹⁾	Net other Movements ⁽²⁾	Closing balance ⁽³⁾	Value based on VWAP ⁽⁴⁾ A\$'000	Percentage of ongoing annual fees%
Peter Hay	54,601	1,717	56,318	1,701	283
Philip Aiken AM	18,229	182	18,411	556	209
Roger Higgins	12,503	1,172	13,675	413	155
Xiaoling Liu	13,000	1,172	14,172	428	172
Vickki McFadden	10,000	1,272	11,272	340	123
Peter Tomsett	20,000	1,172	21,172	639	256

⁽¹⁾ Opening balance is as at 1 July 2019.

⁽²⁾ Net other movements represents the sale or purchase of shares or the acquisition of shares through the dividend reinvestment plan or the Share Purchase Plan announced on 30 April 2020 by Non-Executive Directors.

⁽³⁾ For current Non-Executive Directors, the closing balance is as at 30 June 2020.

⁽⁴⁾ Based on VWAP for the period 1 July 2019 to 30 June 2020 of A\$30.20.

8.4. Securities Dealing Policy

The Company has a Securities Dealing Policy which prohibits the use by Directors, Executives and employees of hedging and derivatives such as caps, collars, warrants or similar products in relation to Newcrest securities, including shares acquired under the Company's equity incentive schemes, whether or not they are vested. The Policy also prohibits entry into transactions in associated products that operate to limit the economic risk of their security or interest holdings in the Company. Employees are not permitted to enter into margin loans in relation to Newcrest securities at any time without prior approval from the Chairman or Company Secretary. The Policy is available on the Company's website at <https://www.newcrest.com/about-newcrest/corporate-governance>.

REMUNERATION REPORT

9. STATUTORY TABLES

9.1. Executive Remuneration

Executives	Short Term				Termination Benefits	Long Term	Post-Employment	Share-Based Payments			Total	Performance related (K) %
	Salary (A) US\$'000	Short Term Incentive (B) US\$'000	Other Cash Benefits (C) US\$'000	Other Benefits (D) US\$'000	Termination Payments (E) US\$'000	Leave (F) US\$'000	Super-annuation (G) US\$'000	LTI Rights (H) US\$'000	STI Restricted Shares (I) US\$'000	Other (J) US\$'000		
2020												
Sandeep Biswas	1,597	704	19	25	-	18	14	2,007	1,358	-	5,742	70.9
Gerard Bond	657	237	-	6	-	4	14	493	450	-	1,861	63.4
Lisa Ali ⁽²⁾	171	39	225	-	-	12	-	71	39	-	557	26.8
Craig Jones ⁽²⁾	549	111	-	2	-	22	14	323	227	-	1,248	53.0
Francesca Lee ⁽²⁾	473	124	-	4	-	9	14	270	231	-	1,125	55.6
Seil Song	144	38	-	2	-	11	4	-	38	-	237	32.1
Philip Stephenson	549	150	29	33	-	16	14	323	269	-	1,383	53.7
Suresh Vadnagra	67	-	190	-	-	5	2	-	-	17	281	0.0
Former Executives												
Craig Jetson ⁽¹⁾	317	-	-	-	-	(2)	7	(675)	-	-	(353)	n/a
Ian Kemish ⁽²⁾	367	87	11	11	-	6	11	105	254	-	852	52.3
Michael Nossal	493	170	-	5	335	(24)	11	181	475	-	1,646	50.2
Total	5,384	1,660	474	88	335	77	105	3,098	3,341	17	14,579	
2019												
Sandeep Biswas	1,685	1,130	31	38	-	(9)	15	2,303	1,112	-	6,305	72.1
Gerard Bond	696	366	-	9	-	12	15	567	364	-	2,029	63.9
Craig Jetson ⁽¹⁾	666	247	-	7	-	-	15	396	224	-	1,555	55.8
Michael Nossal	696	362	-	7	-	20	15	567	353	-	2,020	63.5
Philip Stephenson	545	202	75	81	-	22	15	342	199	-	1,481	50.2
Total	4,288	2,307	106	142	-	45	75	4,175	2,252	-	13,390	

⁽¹⁾ On cessation of employment, nil shares were granted to Craig Jetson under the FY20 STI Plan and both tranches of restricted shares granted under the FY19 STI Plan were forfeited.

⁽²⁾ Appointed as KMP during the current year financial and therefore no prior year comparison is shown.

9.1 Executive Remuneration (continued)

The table above details the statutory remuneration disclosures as calculated with reference to the *Corporations Act 2001* and relevant accounting standards. All Executives are compensated in Australian dollars. Remuneration has been presented in US dollars, consistent with Newcrest's presentation currency. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.6715 (2019: 0.7156).

An explanation of the relevant remuneration items included in the table is provided in the associated footnotes. The figures provided in relation to share based payments (columns H to J) are calculated in accordance with accounting standards and represent the amortised fair value of equity instruments that have been granted to Executives.

Notes to Executive Remuneration

- (A) Salaries comprise cash salary and available salary package options grossed up by related fringe benefits tax, where applicable, net of superannuation commitments, paid during the financial year. For former and new Executives, this balance is pro-rated for time served as KMP during the financial year. Refer to section 1 of this Report for further information as to the period for which each of the Executives was KMP during the 2020 financial year.
- (B) Short Term Incentive refers to cash amounts earned under the STI Plan which are paid in the following financial year.
- (C) Other cash benefits comprise travel costs paid and sign on arrangements to Lisa Ali and Suresh Vadnagra as outlined in section 4.6. The sign on arrangements are being expensed over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the Executive becomes fully entitled to the sign on arrangement.
- (D) Other benefits represents non-monetary benefits such as parking, insurance and applicable fringe benefits tax payable on benefits.
- (E) Represents payment equivalent to six months TFR in lieu of notice made to Michael Nossal on cessation of employment.
- (F) Represents leave entitlements, measured on an accruals basis, and reflects the movement in the entitlements over the year. For former Executives, this includes the reversal of long service leave expensed in prior years which did not vest upon cessation.
- (G) Represents company contributions to superannuation under the Superannuation Guarantee legislation (**SGC**).
- (H) Represents the fair value of Rights over unissued shares, granted under the LTI Plan. This is calculated in accordance with Australian Accounting Standard *AASB 2 Share-based Payments*. The Rights have been valued using a combination of the Monte Carlo simulation and Black-Scholes models. Valuations are as at the Grant Date and, for the portion of the awards that are not subject to market based hurdles such as TSR, are adjusted for the probability of hurdles being achieved. The amounts disclosed have been determined by allocating the value of the Rights evenly over the period from grant date to vesting date and, as a result, the table includes Rights that were granted in prior years.
- (I) Represents the 50% of the STI award granted to the Executives which is in the form of restricted shares (refer to section 4.4). Effective from the grant of STIs for the 2020 financial year, on cessation of employment, other than for dismissal for cause, all restricted shares granted as part of the STI remain on foot until the release from restriction date, including on resignation. Due to this change the restricted shares granted in respect to the 2020 financial year are expensed in the 2020 financial year.

For STI awards granted in prior years, the restricted amount is being expensed over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the Executive fully becomes entitled to the award. As a result, the table includes the accounting expense of deferrals from STI awarded in prior years.
- (J) Sign-on Rights issued to Suresh Vadnagra as the equity component of his sign-on grant in accordance with his Executive Service Agreement, as detailed in section 4.6. His entitlement is being expensed over the period in which the performance and service conditions are fulfilled, ending on the date on which he becomes fully entitled to the award.
- (K) Represents performance related remuneration as a percentage of total remuneration. Performance related remuneration comprises cash Short Term Incentive, LTI Rights and STI Restricted Shares.

9.2. Executives – Changes in Rights Held during the 2020 financial year

Executives	Opening balance ⁽¹⁾	Granted under 2019 LTI Plan	Other Grants	Rights Lapsed/ Forfeited ⁽²⁾	Vested and/or Exercised ⁽³⁾	Closing balance ⁽⁴⁾⁽⁵⁾
Sandeep Biswas	535,467	140,074 ⁽¹²⁾	-	(11,575)	(136,816)	527,150
Gerard Bond	132,248	38,909 ⁽¹²⁾	-	(3,272)	(38,665)	129,220
Lisa Ali ⁽⁶⁾	-	17,662	-	-	-	17,662
Craig Jetson ⁽⁷⁾	91,350	-	-	(81,040)	(10,310)	-
Craig Jones ⁽⁸⁾	90,183	27,561	-	(2,585)	(30,555)	84,604
Ian Kemish ⁽⁹⁾	77,209	19,455	-	(40,047)	(22,208)	34,409
Francesca Lee	76,267	18,806	-	(1,881)	(22,223)	70,969
Michael Nossal ⁽⁹⁾	132,248	32,424	-	(67,264)	(38,665)	58,743
Seil Song ⁽¹⁰⁾	23,061	13,358	-	-	-	36,419
Philip Stephenson	79,409	27,561	-	(1,745)	(20,621)	84,604
Suresh Vadnagra ⁽¹¹⁾	-	-	7,000	-	-	7,000

⁽¹⁾ The opening balance is assessed on 1 July 2019.

⁽²⁾ Represent Rights which lapsed or were forfeited under the 2016 LTI Plan (which were granted in the 2017 financial year). On cessation, 81,040 Rights held by Craig Jetson under the 2016, 2017 and 2018 LTI Plans were forfeited.

⁽³⁾ Represent Rights that vested under the 2016 LTI Plan (which were granted in the 2017 financial year).

⁽⁴⁾ The closing balance is assessed on 30 June 2020.

⁽⁵⁾ These Rights are 'at risk' and will lapse or be forfeited in the event that the minimum prescribed conditions are not met by the Company or individual Executives, as applicable.

⁽⁶⁾ Lisa Ali's Rights were pro-rated from her commencement date of 28 February 2020.

⁽⁷⁾ On cessation, Craig Jetson forfeited 50% of Rights granted under the 2016 LTI Plan, forfeited all Rights granted under the 2017 and 2018 LTI Plans and did not participate in the 2019 LTI Plan.

⁽⁸⁾ The opening balance for Craig Jones represents Rights granted as EGM – Wafi-Golpu.

⁽⁹⁾ A pro-rated number of Rights held by Ian Kemish and Michael Nossal in the 2017, 2018 and 2019 LTI Plans were forfeited based on their cessation date of 31 March 2020.

⁽¹⁰⁾ The opening balance for Seil Song, and the Rights granted under the 2019 LTI, represent Rights granted as GM – Business Development. The shares allocated on vesting of those Rights are not subject to holding lock. Consistent with the structure of LTI for employees below KMP level, 50% of the Rights granted in both the 2018 and 2019 LTI Plans are not subject to Performance Conditions.

⁽¹¹⁾ Suresh Vadnagra was granted 7,000 sign-on rights shortly after commencement as detailed in section 4.6. This represents 100% of the equity component of his sign-on grant. No rights vested or lapsed during FY20.

⁽¹²⁾ Approval from Newcrest shareholders for the issuance of these Rights to Sandeep Biswas and Gerard Bond was obtained for the purpose of ASX Listing Rule 10.14 at the 2019 AGM.

9.3. Executives – Total Value of Rights Granted and Exercised during the 2020 financial year

Executives	Accounting Fair Value of Rights	Value of Rights
	Granted	Exercised
	(A)	(B)
	US\$'000	US\$'000
Sandeep Biswas	2,562	2,902
Gerard Bond	712	820
Lisa Ali	323	-
Craig Jetson	-	-
Craig Jones	504	648
Ian Kemish	356	471
Francesca Lee	344	471
Michael Nossal	593	820
Seil Song	-	-
Philip Stephenson	504	437
Suresh Vadnagra	129	-

The following assumptions have been applied to the table:

- (A) The accounting value of the Rights granted under the 2019 LTI Plan reflects the fair value of a Right on the Grant Date, being US\$18.29 multiplied by the number of Rights granted during the year. The accounting value of a Sign-on Right granted to Suresh Vadnagra reflects the fair value of the Rights on the Grant Date, being US\$18.44, multiplied by the number of Rights granted during the year. This amount represents the maximum value which will be expensed over the performance period. The minimum value is nil if the performance and/or service conditions are not met.
- (B) The Rights which were exercised were granted in relation to the 2016 LTI Plan. The value at the exercise date has been determined by the Company's share price at the close of business on the exercise date multiplied by the number of Rights exercised during the year ended 30 June 2020 (nil exercise price).

9.4. Executives – Source of Rights Held as at 30 June 2020

Financial Year	FY18	FY19	FY20	FY20	Balance at 30 June 2020
Plan	2017 LTI	2018 LTI	2019 LTI	Other	
Grant Date	21 Nov 17	21 Nov 18	19 Nov 19	29 May 20	
VWAP for grant ⁽¹⁾	A\$23.48	A\$20.49	A\$30.84	A\$28.57	
Future financial years in which rights may vest	FY21	FY22	FY23		
Sandeep Biswas	176,283	210,793	140,074	-	527,150
Gerard Bond	41,516	48,795	38,909	-	129,220
Lisa Ali ⁽²⁾	-	-	17,662	-	17,662
Craig Jetson ⁽³⁾	-	-	-	-	-
Craig Jones	26,400	30,643	27,561	-	84,604
Ian Kemish ⁽⁴⁾	18,754	13,276	2,379	-	34,409
Francesca Lee	23,862	28,301	18,806	-	70,969
Michael Nossal ⁽⁴⁾	32,652	22,127	3,964	-	58,743
Seil Song ⁽⁵⁾	5,493	17,568	13,358	-	36,419
Philip Stephenson	26,400	30,643	27,561	-	84,604
Suresh Vadnagra ⁽⁶⁾	-	-	-	7,000	7,000

(1) Five day VWAP of Newcrest's share price prior to the Grant Date is used to determine the number of Rights offered under the 2017 LTI, 2018 LTI and 2019 LTI. Five day VWAP of Newcrest's share price for sign-on shares is for the period prior to commencement of employment of Suresh Vadnagra on 18 May 2020.

(2) Lisa Ali's Rights were pro-rated from her commencement date of 28 February 2020.

(3) On cessation, Craig Jetson forfeited all Rights granted under the 2017 and 2018 LTI Plans and did not participate in the 2019 LTI Plan.

(4) Rights held by Ian Kemish and Michael Nossal in the 2017, 2018 and 2019 LTI Plans have been pro-rated to their cessation date.

(5) All Rights currently held by Seil Song were granted as GM – Business Development and the shares allocated on vesting are not subject to holding lock. 50% of the Rights granted in both the 2018 and 2019 LTI Plans are not subject to Performance Conditions.

(6) 7,000 sign-on rights were granted to Suresh Vadnagra in part compensation for forgone equity awards with his previous employer. The number of sign-on rights granted was calculated based on a value of A\$200,000 (US\$134,300 divided by the VWAP of Newcrest's share price over the 5 trading days immediately prior to commencement of employment on 18 May 2020).

9.5. Non-Executive Directors Remuneration

	FY	Board Fees US\$'000	Short Term	Other Benefits ⁽²⁾ US\$'000	Post-Employment	Total ⁽⁴⁾ US\$'000
			Committee Fees US\$'000		Superannuation ⁽³⁾ US\$'000	
Non-Executive Directors						
Peter Hay	2020	389	-	-	14	403
	2019	415	-	7	15	437
Philip Aiken AM	2020	131	44	-	4	179
	2019	137	47	-	6	190
Roger Higgins	2020	120	44	-	14	178
	2019	128	37	-	15	180
Xiaoling Liu	2020	127	33	-	7	167
	2019	128	35	-	15	178
Vicki McFadden	2020	120	52	-	14	186
	2019	128	55	-	15	198
Peter Tomsett	2020	120	33	-	14	167
	2019	107	30	-	12	149
Total	2020	1,007	206	-	67	1,280
Total ⁽¹⁾	2019	1,043	204	7	78	1,332

(1) Total Non-Executive Director (NED) remuneration for the 2019 financial year excludes NEDs who ceased being a NED in the 2019 financial year. Total remuneration for these NEDs in 2019 was US\$72,000.

(2) Comprise travels costs and applicable fringe benefits tax paid on such costs.

(3) Represents Company contributions to superannuation under the SGC and insurance payments.

(4) Non-Executive Directors are compensated in Australian dollars. All remuneration components have been translated from Australian dollars to US dollars using an average rate of 0.6715 (2019: 0.7156).

9.6. Other Transactions with KMP

There were no loans made, guaranteed or secured, directly or indirectly, by the Company and any of its subsidiaries to KMP or their related parties during the year. There were no other transactions between the Company or any of its subsidiaries and any KMP or their related parties during the year.

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**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 US\$m	2019 US\$m
Revenue	5(a)	3,922	3,742
Cost of sales	5(b)	(2,568)	(2,648)
Gross profit		1,354	1,094
Exploration expenses	11	(64)	(70)
Corporate administration expenses	5(c)	(117)	(120)
Other income/(expenses)	5(d)	55	38
Share of profit/(loss) of associates	31	(37)	(18)
Write-down of property, plant and equipment	6	(20)	-
Major transaction and integration costs	6	(15)	-
Profit before interest and income tax		1,156	924
Finance income		19	26
Finance costs	5(e)	(190)	(120)
Net finance costs		(171)	(94)
Profit before income tax		985	830
Income tax expense	7(a)	(350)	(272)
Profit after income tax		635	558
Profit after tax attributable to:			
Non-controlling interests		(12)	(3)
Owners of the parent		647	561
		635	558
Earnings per share (cents per share)			
Basic earnings per share	8	83.4	73.0
Diluted earnings per share	8	83.1	72.8

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 US\$m	2019 US\$m
Profit after income tax		635	558
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to the Income Statement</i>			
Cash flow hedges			
Cash flow hedge (gains)/losses transferred to the Income Statement	24(a)	99	(12)
Cash flow hedge gains/(losses) deferred in equity		(266)	(143)
Income tax (expense)/benefit		50	47
		(117)	(108)
Investments			
Share of other comprehensive income/(loss) of associates	31	10	3
		10	3
Foreign currency translation			
Exchange gains/(losses) on translation of foreign operations, net of hedges of foreign investments and tax		(86)	(162)
		(86)	(162)
<i>Items that will not be reclassified to the Income Statement</i>			
Investments			
Fair value gain/(loss) of equity instruments held at fair value through other comprehensive income ('FVOCI')		(12)	24
		(12)	24
Other comprehensive income/(loss) for the year, net of tax		(205)	(243)
Total comprehensive income for the year		430	315
Total comprehensive income attributable to:			
Non-controlling interests		(12)	(3)
Owners of the parent		442	318
		430	315

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 US\$m	2019 US\$m
Current assets			
Cash and cash equivalents		1,451	1,600
Trade and other receivables	14	254	135
Inventories	13	549	576
Other financial assets	23	65	4
Current tax assets		1	32
Other assets	15	52	35
Total current assets		2,372	2,382
Non-current assets			
Trade and other receivables	14	51	-
Inventories	13	1,024	997
Other financial assets	23	481	99
Property, plant and equipment	11	8,809	7,816
Goodwill	16	17	-
Other intangible assets	17	24	33
Deferred tax assets	18	65	60
Investment in associates	31	386	333
Other assets	15	13	117
Total non-current assets		10,870	9,455
Total assets		13,242	11,837
Current liabilities			
Trade and other payables		520	444
Borrowings	21	4	-
Lease liabilities	22	26	-
Provisions	19	129	133
Current tax liability		23	176
Other financial liabilities	23	116	59
Total current liabilities		818	812
Non-current liabilities			
Borrowings	21	2,013	1,995
Lease liabilities	22	32	-
Provisions	19	494	391
Deferred tax liabilities	18	1,114	944
Other financial liabilities	23	158	64
Total non-current liabilities		3,811	3,394
Total liabilities		4,629	4,206
Net assets		8,613	7,631
Equity			
Issued capital	25	12,403	11,641
Accumulated losses		(3,170)	(3,648)
Reserves	26	(620)	(426)
Equity attributable to owners of the parent		8,613	7,567
Non-controlling interests		-	64
Total equity		8,613	7,631

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 US\$m	2019 US\$m
Cash flows from operating activities			
Profit before income tax		985	830
<i>Adjustments for:</i>			
Depreciation and amortisation	5(f)	644	746
Write-down of property, plant and equipment	6	20	-
Net finance costs	4(b)	171	94
Exploration expenditure written off	11	64	70
Other non-cash items or non-operating items		11	1
Change in working capital	10(a)	(46)	(3)
Operating cash flows before interest and taxes		1,849	1,738
Interest received		17	24
Interest paid		(113)	(110)
Income tax paid		(282)	(165)
Net cash provided by operating activities		1,471	1,487
Cash flows from investing activities			
Payments for plant and equipment		(143)	(230)
Assets under construction, development and feasibility expenditure		(386)	(153)
Production stripping expenditure		(147)	(130)
Exploration and evaluation expenditure		(113)	(78)
Information systems development		(15)	(18)
Net payment for acquisition of Red Chris	32	(769)	-
Payment for acquisition of Fruta del Norte finance facilities	23(b)	(460)	-
Receipts from Fruta del Norte finance facilities		1	-
Proceeds from sale of property, plant and equipment		2	20
Payments for investments in associates	31	(82)	(28)
Cash inflow on sale of subsidiary, net of cash held by the subsidiary	33(c)	20	-
Other investing activities		-	(66)
Net cash used in investing activities		(2,092)	(683)
Cash flows from financing activities			
Proceeds from borrowings:			
• Bilateral bank debt	21	600	-
• Corporate bonds	21	1,134	-
Repayment of borrowings:			
• Bilateral bank debt	21	(600)	-
• Corporate bonds	21	(1,120)	-
• Repayment of other loans	10(b)	(29)	-
Proceeds from equity issue, net of costs		771	-
Payment for treasury shares	25	(25)	(26)
Other financing activities		(64)	-
Repayment of lease principal		(27)	-
Dividends paid:			
• Members of the parent entity		(154)	(131)
• Non-controlling interests		(23)	-
Net cash used in financing activities		463	(157)
Net increase / (decrease) in cash and cash equivalents		(158)	647
Cash and cash equivalents at the beginning of the year		1,600	953
Effects of exchange rate changes on cash held		9	-
Cash and cash equivalents at the end of the year		1,451	1,600

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

2020	Attributable to Owners of the Parent							Non-controlling Interests	Total
	Issued Capital	FX Translation Reserve	Hedge Reserve	Equity Settlements Reserve	Other Reserves	Accumulated 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 year	-	-	-	-	-	647	647	(12)	635
Other comprehensive income/(loss) for the year	-	(86)	(117)	-	(2)	-	(205)	-	(205)
Total comprehensive income for the year	-	(86)	(117)	-	(2)	647	442	(12)	430
Transactions with owners in their capacity as owners									
Shares issued - Equity raising (net of costs)	772	-	-	-	-	-	772	-	772
Share-based payments	-	-	-	11	-	-	11	-	11
Shares purchased	(25)	-	-	-	-	-	(25)	-	(25)
Dividends	-	-	-	-	-	(169)	(169)	(23)	(192)
Shares issued - Dividend reinvestment plan	15	-	-	-	-	-	15	-	15
Business divestment (Note 33)	-	-	-	-	-	-	-	(29)	(29)
Balance at 30 June 2020	12,403	(575)	(192)	123	24	(3,170)	8,613	-	8,613

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

2019	Attributable to Owners of the Parent							Non-controlling Interests	Total
	Issued Capital	FX Translation Reserve	Hedge Reserve	Equity Settlements Reserve	Other Reserves	Accumulated Losses	Total		
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Balance at 1 July 2018	11,656	(327)	33	101	(1)	(4,067)	7,395	67	7,462
Profit for the year	-	-	-	-	-	561	561	(3)	558
Other comprehensive income/(loss) for the year	-	(162)	(108)	-	27	-	(243)	-	(243)
Total comprehensive income for the year	-	(162)	(108)	-	27	561	318	(3)	315
Transactions with owners in their capacity as owners									
Share-based payments	-	-	-	11	-	-	11	-	11
Shares purchased	(26)	-	-	-	-	-	(26)	-	(26)
Dividends	-	-	-	-	-	(142)	(142)	-	(142)
Shares issued – dividend reinvestment plan	11	-	-	-	-	-	11	-	11
Balance at 30 June 2019	11,641	(489)	(75)	112	26	(3,648)	7,567	64	7,631

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

INTRODUCTION

This section provides information about the overall basis of preparation that is considered to be useful in understanding these financial statements.

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 the PNG National Stock Exchange ('PNGX'). The registered office of Newcrest Mining Limited is Level 8, 600 St Kilda Road, Melbourne, Victoria, 3004, Australia.

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

The financial report of Newcrest Mining Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 14 August 2020.

2. Basis of Preparation

(a) Overview

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

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.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year, except as noted in Note 2(b).

Discussion of the Group's significant accounting policies are located within the applicable notes to the financial statements.

2. Basis of Preparation (continued)

(b) 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 22 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.

	1 Jul 2019 US\$m
Reconciliation of AASB 117 Operating Lease Commitments	
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 (continued)

(b) 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 AASB 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.

2. Basis of Preparation (continued)

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Newcrest Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities (subsidiaries) is presented in Note 27.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Non-controlling interests in the results and equity of the entities that are controlled by the Group are shown separately in the Income Statement, Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

(d) Foreign Currency

Presentation and Functional Currency

The presentation currency of the Group is US dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The parent entity and the Group's Australian entities have a functional currency of Australian dollars. Lihir and Gosowong have a functional currency of US dollars and Red Chris has a functional currency of Canadian dollars.

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial statements are taken to the Income Statement with the exception of differences on certain US dollar borrowings (net of cash) held by entities with a functional currency of Australian dollars where the foreign currency components are designated as either cash flow hedges of future US dollar denominated sales or hedges of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated in a reserve until the forecast sales used to repay the debt occur (for cash flow hedges) or the foreign operation is disposed (for net investment hedges), at which time they are recognised in the Income Statement.

Translation

The assets and liabilities of subsidiaries with a functional currency other than US dollars (being the presentation currency of the group) are translated into US dollars at the exchange rate at the reporting date and the income statement is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries, translation of net investments in foreign operations and of the US dollar borrowings (net of cash) designated as hedges of the net investment are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

3. Critical Accounting Judgements, Estimates and Assumptions

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The judgements, estimates and assumptions that potentially have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are found within the following notes:

- Note 11 - Exploration, evaluation and deferred feasibility expenditure
- Note 11 - Production stripping
- Note 11 - Units of production method of depreciation/amortisation
- Note 11 - Ore reserves and mineral resources
- Note 12 - Fair value of CGU's
- Note 13 - Net realisable value of ore stockpiles
- Note 18 - Recovery of deferred tax assets
- Note 19 - Mine rehabilitation provision
- Note 22 - Leases
- Note 24 - Valuation of Fruta del Norte ('FdN') finance facilities
- Note 35 - Share-based payments

PERFORMANCE

This section highlights the key indicators on how the Group performed in the current year.

4. 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
- Red Chris JV (70% interest), Canada ⁽¹⁾
- Gosowong, Indonesia ⁽²⁾
- Exploration and Projects ⁽³⁾

⁽¹⁾ Newcrest acquired a 70% interest in the Red Chris JV on 15 August 2019. Refer to Note 32.

⁽²⁾ Newcrest divested its 75% share of Gosowong through its holding in PT Nusa Halmahera Minerals on 4 March 2020. Refer to Note 33.

⁽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, Havieron (40% interest) and 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, less related treatment and refining deductions. All segment revenue is from third parties.

Following the adoption of AASB 16 *Leases* on 1 July 2019 the Group's EBITDA for the year ended 30 June 2020 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(b)(i) for further information on adoption of AASB 16.

EBITDA is earnings before interest, tax, depreciation, amortisation and significant items. EBIT is earnings before interest, tax and significant items. The reconciliation of EBIT to profit before tax is shown in Note 4(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Segment Information (continued)

2020	Cadia	Telfer	Lihir	Red Chris⁽²⁾	Goso-wong⁽³⁾	Total Operations	Exploration & Projects⁽⁴⁾	Corporate & Other⁽⁵⁾	Total Group
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Gold	1,336	528	1,196	60	158	3,278	-	-	3,278
Copper	547	92	-	139	-	778	-	-	778
Silver	10	3	-	1	2	16	-	-	16
Treatment and refining deductions	(91)	(44)	-	(15)	-	(150)	-	-	(150)
Total revenue	1,802	579	1,196	185	160	3,922	-	-	3,922
EBITDA	1,301	103	465	63	44	1,976	(64)	(77)	1,835
Depreciation and amortisation	(163)	(84)	(295)	(47)	(33)	(622)	-	(22)	(644)
EBIT (Segment result)⁽¹⁾	1,138	19	170	16	11	1,354	(64)	(99)	1,191
Capital expenditure	297	56	235	64	13	665	13	17	695
Segment assets	3,392	264	5,554	961	-	10,171	594	2,477	13,242
Segment liabilities	754	288	1,312	125	-	2,479	21	2,129	4,629
Net assets/(liabilities)	2,638	(24)	4,242	836	-	7,692	573	348	8,613

Notes:

⁽¹⁾ Refer to Note 4(b) for the reconciliation of segment result to profit before tax.

⁽²⁾ In August 2019, the Group acquired a 70% interest in Red Chris. Refer to Note 32.

⁽³⁾ In March 2020, Gosowong was divested. Refer to Note 33.

⁽⁴⁾ Includes net assets attributable to Wafi-Golpu JV of US\$477 million, Havieron of US\$38 million and Namosi JV of US\$25 million.

⁽⁵⁾ Includes investment in associates, Fruta del Norte finance facilities and eliminations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Segment Information (continued)

2019	Cadia	Telfer	Lihir	Gosowong⁽²⁾	Total Operations	Exploration & Projects⁽³⁾	Corporate & Other⁽⁴⁾	Total Group
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Gold	1,156	571	1,228	253	3,208	-	-	3,208
Copper	558	93	-	-	651	-	-	651
Silver	8	3	1	3	15	-	-	15
Treatment and refining deductions	(92)	(40)	-	-	(132)	-	-	(132)
Total revenue	1,630	627	1,229	256	3,742	-	-	3,742
EBITDA	1,134	108	516	63	1,821	(70)	(81)	1,670
Depreciation and amortisation	(188)	(136)	(336)	(67)	(727)	-	(19)	(746)
EBIT (Segment result)⁽¹⁾	946	(28)	180	(4)	1,094	(70)	(100)	924
Capital expenditure	176	108	181	22	487	28	16	531
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/(liabilities)	2,503	(9)	4,308	246	7,048	524	59	7,631

Notes:

- (1) Refer to Note 4(b) for the reconciliation of segment result to profit before tax.
(2) Net assets for Gosowong includes cash of US\$110 million.
(3) Includes net assets attributable to Wafi-Golpu JV of US\$467 million and Namosi JV of US\$25 million.
(4) Includes investment in associates and eliminations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Segment Information (continued)

	Note	2020 US\$m	2019 US\$m
(b) Reconciliation of EBIT (Segment Result) to Profit Before Tax			
Segment Result	4(a)	1,191	924
Finance income		19	26
Finance costs	5(e)	(190)	(120)
Write-down of property, plant and equipment	6	(20)	-
Major transaction and integration costs	6	(15)	-
<i>Net finance costs and significant items</i>		(206)	(94)
Profit before tax		985	830
(c) Geographical Information			
Total Revenue ⁽¹⁾			
Bullion ⁽²⁾			
Australia		1,420	1,421
China		253	388
Concentrate ⁽³⁾			
Japan		1,356	976
Korea		309	274
Singapore		163	162
Switzerland		148	137
Philippines		115	298
United Kingdom		115	86
Other		43	-
Total revenue		3,922	3,742
Non-Current Assets ⁽⁴⁾			
Australia		3,628	3,492
Papua New Guinea		5,578	5,537
Canada		1,236	255
USA		403	-
Indonesia		-	146
Other		25	25
Total non-current assets		10,870	9,455

(1) Revenue is attributable to geographic location, based on the location of customers. This location may differ to the port of destination.

(2) Bullion sales to one customer amounted to US\$439 million (2019: US\$457 million).

(3) Concentrate sales to one customer amounted to US\$783 million (2019: US\$561 million) arising from concentrate sales by Cadia and Telfer.

(4) Non-Current Assets includes deferred tax assets of US\$65 million (2019: US\$60 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Income and Expenses

	2020 US\$m	2019 US\$m
(a) Revenue		
Gold - Bullion	1,670	1,805
Gold - Concentrate	1,608	1,403
Gold - Concentrate treatment and refining deductions	(40)	(35)
Total gold revenue	3,238	3,173
Copper - Concentrate	778	651
Copper - Concentrate treatment and refining deductions	(108)	(96)
Total copper revenue	670	555
Silver - Bullion	3	4
Silver - Concentrate	13	11
Silver - Concentrate treatment and refining deductions	(2)	(1)
Total silver revenue	14	14
Total revenue ⁽¹⁾	3,922	3,742
(b) Cost of Sales		
Site production costs	1,779	1,739
Royalties	119	113
Realisation	48	37
Inventory movements	-	32
	1,946	1,921
Depreciation and amortisation	622	727
Total cost of sales	2,568	2,648
(c) Corporate Administration Expenses		
Corporate costs	83	88
Corporate depreciation	22	19
Share-based payments	12	13
Total corporate administration expenses	117	120
(d) Other Income/(Expenses)		
Net fair value gain/(loss) on gold and copper derivatives and fair value movements on concentrate receivables	64	14
Net foreign exchange gain / (loss)	(6)	29
Net fair value movement on Fruta del Norte finance facilities	1	-
Other	(4)	(5)
Total other income/(expenses)	55	38

⁽¹⁾ Total revenue for the year ended 30 June 2020 comprises of revenue from contracts with customers of US\$4,004 million (2019: US\$3,745 million) and gold hedge losses of US\$82 million (2019: US\$3 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Income and Expenses (continued)

	2020 US\$m	2019 US\$m
(e) Finance Costs		
Interest on loans	97	94
Interest on leases	2	-
Facility fees and other costs	15	17
Discount unwind on provisions (Note 19b)	7	9
	<u>121</u>	<u>120</u>
Debt extinguishment and related costs (Note 6)	69	-
Total finance costs	<u>190</u>	<u>120</u>
(f) Depreciation and Amortisation		
Property, plant and equipment	627	717
Intangible assets	24	26
	<u>651</u>	<u>743</u>
Adjustments to inventory on hand or assets under construction	(7)	3
Total depreciation and amortisation expense	<u>644</u>	<u>746</u>
Included in:		
Cost of sales depreciation	622	727
Corporate depreciation	22	19
Total depreciation and amortisation expense	<u>644</u>	<u>746</u>
(g) Employee Benefits Expense		
Salaries, wages and other employment benefits	400	364
Defined contribution plan expense	30	27
Share-based payments	12	13
Redundancy expense	2	-
Total employee benefits expense	<u>444</u>	<u>404</u>

5. Income and Expenses (continued)

(h) Significant Accounting Policies

Revenue recognition

Revenue from the sale of goods is recognised when the Group satisfies its performance obligations under its contract with the customer, by transferring such goods to the customers control. Control is generally determined to be when risk and title to the goods passes to the customer.

Bullion revenue is recognised at a point in time upon transfer of control to the customer and is measured at the amount to which the Group expects to be entitled which is based on the deal agreement.

Concentrate revenue is generally recognised upon receipt of the bill of lading when the goods are delivered for shipment under CIF Incoterms. The freight service on export concentrate contracts with CIF Incoterms represents a separate performance obligation to the transfer of the concentrate product itself and is separately disclosed where material.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and four months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable and is net of deductions related to treatment and refining charges. Subsequent changes in fair value are recognised in the Income Statement each period until final settlement and presented as part of 'Other Income/Expenses'.

Interest income

Interest income on financial assets that are classified as fair value through profit and loss ('FVTPL') is accounted for on a contractual rate basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Significant Items

Significant items represent 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.

Year ended 30 June 2020	Pre-Tax US\$m	Tax US\$m	After tax US\$m
Write-down of property, plant and equipment ⁽¹⁾	20	-	20
Write-down of tax assets ⁽¹⁾	-	37	37
Major transaction and integration costs ⁽²⁾	15	(4)	11
Debt extinguishment and related costs ⁽³⁾	69	(21)	48
Total significant items	104	12	116
Attributable to:			
Non-controlling interest ⁽⁴⁾			13
Owners of the parent			103
			116

⁽¹⁾ Represents a write-down of property, plant and equipment, and tax assets (collectively non-current assets) at Gosowong, following the classification of Gosowong as held for sale as at 31 December 2019. Refer to Note 33 for further details.

⁽²⁾ Represents transaction costs for the acquisition the Fruta del Norte finance facilities and business acquisition and integration costs in relation to Red Chris.

⁽³⁾ Represents finance costs arising from the early repayment of US\$750 million of Newcrest's bonds which were due in November 2021 and the early repayment of US\$370 million of bonds which were due in October 2022.

⁽⁴⁾ Relates to the write-down of non-current assets at Gosowong.

Year Ended 30 June 2019

There were no significant items for the year ended 30 June 2019.

7. Income Tax Expense

	2020 US\$m	2019 US\$m
(a) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement		
Accounting profit before tax	985	830
Income tax expense calculated at 30% (2019: 30%)	296	249
Non-deductible exploration and business development expenditure	3	8
Net unrecognised deferred tax assets	5	8
Tax effect of losses from equity accounted investments	10	5
Other	(7)	2
<i>Adjustments on Significant items:</i>		
Write-down of tax assets	37	-
Write-down of property, plant and equipment	6	-
	43	-
Income tax expense per the Income Statement	350	272
(b) Income Tax Expense Comprises:		
Current income tax		
Current income tax expense	211	259
Adjustments to current income tax of prior periods	(19)	(6)
	192	253
Deferred tax ⁽¹⁾		
Relating to origination and reversal of temporary differences	144	11
Adjustments to deferred tax of prior periods	14	8
	158	19
Income tax expense per the Income Statement	350	272

⁽¹⁾ Refer to Note 18(a) for movements in deferred taxes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Earnings per Share (EPS)

	2020	2019
	US¢	US¢
EPS (cents per share)		
Basic EPS	83.4	73.0
Diluted EPS	83.1	72.8
Earnings used in calculating EPS	2020	2019
	US\$m	US\$m
Earnings used in the calculation of basic and diluted EPS:		
Profit after income tax attributable to owners of the parent	647	561
Weighted average number of shares	2020	2019
	No. of shares	No. of shares
Share data used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares used in calculating basic EPS	776,049,586	768,198,613
Effect of dilutive securities: share rights	2,406,282	2,611,062
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	778,455,868	770,809,675

Rights granted to employees as described in Note 35 have been included in the determination of diluted earnings per share to the extent they are dilutive.

9. Dividends

	2020	2020	2019	2019
	US¢ per share	US\$m	US¢ per share	US\$m
(a) Dividends declared and paid				
The following ordinary dividends were paid during the year:				
Final dividend:				
Paid 26 September 2019 (fully franked)	14.5	111.0	-	-
Paid 5 October 2018 (fully franked)	-	-	11.0	84.5
Interim dividend:				
Paid 27 March 2020 (fully franked)	7.5	58.0	-	-
Paid 22 March 2019 (fully franked)	-	-	7.5	57.5
	22.0	169.0	18.5	142.0

Participation in the dividend reinvestment plan reduced the cash amount paid during 2020 to US\$154 million (2019: US\$131 million).

(b) Dividend proposed and not recognised as a liability

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2020 of US 17.5 cents per share, which will be fully franked. The dividend will be paid on 25 September 2020. The total amount of the dividend is US\$143 million.

(c) Dividend franking account balance

Franking credits at 30% as at 30 June 2020 available for subsequent financial years is US\$295 million (2019: US\$107 million).

10. Notes to the Consolidated Statement of Cash Flows

	2020	2019
	US\$m	US\$m
	<hr/>	<hr/>
(a) Operating Cash Flows Arising from Changes in:		
Trade and other receivables	(96)	(51)
Inventories	(11)	(5)
Trade and other payables	71	43
Provisions	(8)	(7)
Other assets and liabilities	(2)	17
Change in working capital	<hr/> (46) <hr/>	<hr/> (3) <hr/>

(b) Other Information

The repayment of other loans of US\$29 million, comprises of repayment of US\$42 million less cash contribution from the Red Chris joint venture participant of US\$13 million.

RESOURCE ASSETS AND LIABILITIES

This section provides information that is relevant in understanding the composition and management of the Group's resource assets and liabilities.

11. Property, Plant and Equipment

	Exploration & Evaluation Expenditure	Deferred Feasibility Expenditure	Assets Under Construction	Production Stripping	Right-Of-Use Assets	Mine Develop- ment ⁽¹⁾	Plant and Equipment	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 30 June 2020								
Cost	499	280	377	450	82	7,561	7,413	16,662
Accumulated depreciation and impairment	(80)	-	-	(178)	(26)	(3,656)	(3,913)	(7,853)
	419	280	377	272	56	3,905	3,500	8,809
Year ended 30 June 2020								
Carrying amount at 1 July 2019	351	272	292	201	-	3,394	3,306	7,816
Adoption of AASB 16	-	-	-	-	53	-	-	53
Additions during the year	113	11	255	147	24	217	147	914
Expenditure written-off	(64)	(2)	-	-	-	-	-	(66)
Depreciation	-	-	-	(74)	(26)	(187)	(340)	(627)
Disposal of assets	-	-	-	-	-	-	(1)	(1)
Business acquisition (note 32)	35	-	9	-	7	460	344	855
Business divestment (note 33)	-	-	-	-	-	(20)	(6)	(26)
Write-down of assets (note 6)	-	-	-	-	-	(13)	(7)	(20)
Foreign currency translation	-	(1)	(4)	(2)	(2)	(46)	(32)	(87)
Reclassifications/transfers	(16)	-	(175)	-	-	100	89	(2)
Carrying amount at 30 June 2020	419	280	377	272	56	3,905	3,500	8,809

⁽¹⁾ Includes Mineral Rights at Lihir and Red Chris with a carrying value of US\$1,557m.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Property, Plant and Equipment (continued)

	Exploration & Evaluation Expenditure	Deferred Feasibility Expenditure	Assets Under Construction	Production Stripping	Mine Development ⁽¹⁾	Plant and Equipment	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 30 June 2019							
Cost	431	272	292	331	7,462	7,252	16,040
Accumulated depreciation and impairment	(80)	-	-	(130)	(4,068)	(3,946)	(8,224)
	351	272	292	201	3,394	3,306	7,816
Year ended 30 June 2019							
Carrying amount at 1 July 2018	368	244	83	172	3,673	3,616	8,156
Expenditure during the year	78	30	236	130	54	103	631
Expenditure written-off	(70)	-	-	-	-	-	(70)
Depreciation	-	-	-	(99)	(258)	(360)	(717)
Disposal of assets	(12)	-	-	-	-	-	(12)
Foreign currency translation	(1)	-	(7)	(2)	(94)	(68)	(172)
Reclassifications/transfers	(12)	(2)	(20)	-	19	15	-
Carrying amount at 30 June 2019	351	272	292	201	3,394	3,306	7,816

⁽¹⁾ Includes Mineral Rights at Lihir with a carrying value of US\$1,200m.

11. Property, Plant and Equipment (continued)

Exploration, Evaluation and Deferred Feasibility Expenditure

Exploration and Evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

- (i) Rights to tenure of the area of interest are current; and
- (ii) (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or
- (b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount.

Deferred Feasibility

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest and are capitalised as incurred.

At the commencement of construction, all past exploration, evaluation and deferred feasibility expenditure in respect of an area of interest that has been capitalised is transferred to assets under construction.

Accounting Judgement, Estimates and Assumptions – Exploration, Evaluation and Deferred Feasibility Expenditure

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions. The determination of a Joint Ore Reserves Committee ('JORC') resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). The estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment or write-down.

Assets Under Construction

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Expenditure is net of proceeds from the sale of ore extracted during the construction phase to the extent that this ore extracted is considered integral to the development of the mine.

After production commences, all aggregated costs of construction are transferred to mine development or plant and equipment as appropriate.

11. Property, Plant and Equipment (continued)

Production Stripping Expenditure

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as part of mine development costs. Stripping costs incurred during the production phase are generally considered to create two benefits:

- the production of ore inventory in the period – accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future – recognised as ‘production stripping asset’, if the following criteria are met:
 - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
 - The component of the ore body for which access has been improved can be accurately identified; and
 - The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected waste to contained gold ounce ratio (‘life of component’) ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The production stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

Accounting Judgement - Production Stripping

The life of component ratio is a function of the mine design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine design. Changes to production stripping resulting from a change in life of component ratios are accounted for prospectively.

Mineral Rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint arrangement acquisition and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a units of production basis over the estimated economically recoverable reserves of the mine to which the rights relate.

11. Property, Plant and Equipment (continued)

Plant and Equipment and Mine Development

Cost

Plant and equipment and mine development is carried at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Construction cost for mine development includes expenditure in respect of exploration, evaluation and feasibility, previously accumulated and carried forward in relation to areas of interest in which development or construction is underway.

Depreciation and Amortisation

Items of plant and equipment and mine development are depreciated over their estimated useful lives.

The Group uses the units of production basis when depreciating mine-specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets, the straight line method is used, resulting in estimated useful lives between 3 – 20 years, the duration of which reflects the specific nature of the asset.

Estimates of remaining useful lives, residual values and depreciation methods are reviewed annually for all major items of plant and equipment and mine development. Any changes are accounted for prospectively.

When an asset is surplus to requirements or no longer has an economic value, the carrying amount of the asset is reviewed and is written down to its recoverable amount or derecognised.

Accounting Estimates and Assumptions - Units of Production Method of Depreciation/Amortisation

The Group uses the units of production basis when depreciating/amortising mine-specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions. Any change in these estimates and assumptions are accounted for prospectively.

Accounting Estimates and Assumptions - Ore Reserves and Mineral Resources

The Group estimates its ore reserves and mineral resources annually at 31 December each year, and reports in the following February, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying value of property, plant and equipment (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation charged to the Income Statement.

12. Impairment of Non-Financial Assets

(a) Impairment Testing

Impairment tests are performed when there is an indicator of impairment or impairment reversal and performed at least annually for cash generating units ('CGUs') with goodwill recognised as an asset. Newcrest conducts a review of the key drivers of the recoverable amount of CGUs annually, which is used as a source of information to determine whether there is an indicator of impairment or reversal of previously recognised impairments. Other factors, such as changes in assumptions in future commodity prices, exchange rates, production rates and input costs, are also monitored to assess for indications of impairment or reversal of previously recognised impairments. Where an indicator of impairment or impairment reversal exists, a detailed estimate of the recoverable amount is determined.

CGUs represent a grouping of assets at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally, this results in the Group evaluating its CGUs as individual mining operations, which is consistent with the Group's representation of operating segments.

As a result of the Red Chris acquisition (refer Note 32) in the current year, goodwill of US\$17 million was recognised. 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. A detailed estimate was determined of the recoverable amount of Red Chris at 30 June 2020 and the Group concluded no impairment was required.

During the period the Group revised upwards its future gold price estimates, resulting in an impairment reversal indicator for the Lihir and Telfer CGUs. A detailed estimate of the recoverable amounts of both CGUs was undertaken, however other compensating factors (including a higher discount rate for Lihir and lower copper price estimates for Telfer) resulted in the Group concluding no impairment reversal was required as at 30 June 2020.

In relation to the impacts of the COVID-19 pandemic, Newcrest has been able to continue operating at all CGUs during the second half of the current year. Whilst there have been disruptions to the movements of workers to some assets and additional costs have been incurred to introduce appropriate protocols at all sites (with additional costs also expected to be incurred in FY2021), the Group does not believe that the COVID-19 impacts represent an indicator of impairment for any CGU.

(b) Basis of Impairment and Impairment Reversal Calculations

An impairment loss is recognised when a CGU's carrying amount exceeds its recoverable amount. The recoverable amount of each CGU has been estimated on the basis of fair value less costs of disposal ('Fair Value'). The costs of disposal have been estimated based on prevailing market conditions.

For CGUs that have previously recognised an impairment loss, an impairment reversal is recognised for non-current assets (other than goodwill) when the Fair Value indicates that the previously recognised impairment has been reversed. Such a reversal is limited to the lesser of the amount that would not cause the carrying amount to exceed its recoverable amount or the value that would have been determined (net of depreciation) had no impairment loss been recognised.

Fair Value is estimated based on discounted cash flows using market-based commodity price and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the CGU's latest life of mine ('LOM') plans. In certain cases, where multiple investment options and economic input ranges exist, Fair Value may be determined from a combination of two or more scenarios that are weighted to provide a single Fair Value that is determined to be the most indicative. When plans and scenarios used to estimate Fair Value do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the estimation of Fair Value.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards, refer Note 24(g)) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

12. Impairment of Non-Financial Assets (continued)

(b) Basis of Impairment and Impairment Reversal Calculations (continued)

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning and budgeting process, including LOM plans, latest short-term forecasts and CGU-specific studies.

(c) Key Judgements, Estimates and Assumptions

Accounting Estimates and Assumptions – Fair Value of CGU's

Significant judgements, estimates and assumptions are required in determining estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU Fair Values are subject to variability in key assumptions including, but not limited to, gold and copper prices, exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to estimate Fair Value could result in a change in a CGU's Fair Value.

The table below summarises the key assumptions used in the carrying value assessments as at 30 June 2020, and for comparison also provides the equivalent assumptions used in 2019:

Assumptions	2020					2019			
	2021	2022	2023	2024	Long term (2025+)	2020	2021	2022	Long term (2023+)
Gold (US\$ per ounce)	\$1,550	\$1,500	\$1,450	\$1,400	\$1,350	\$1,250	\$1,250	\$1,250	\$1,250
Copper (US\$ per pound)	\$2.35	\$2.60	\$2.70	\$2.80	\$3.00	\$2.80	\$2.90	\$3.00	\$3.00
AUD:USD exchange rate	\$0.68	\$0.70	\$0.72	\$0.72	\$0.75	\$0.72	\$0.72	\$0.72	\$0.75
CAD:USD exchange rate	\$0.74	\$0.76	\$0.77	\$0.79	\$0.79	n/a	n/a	n/a	n/a
USD:PGK exchange rate	K3.44	K3.44	K3.44	K3.44	K3.44	K3.20	K3.20	K3.20	K3.20

Commodity prices and exchange rates estimation approach

Commodity price and foreign exchange rates are estimated with reference to external market forecasts and reviewed at least annually. The rates applied have regard to observable market data including spot and forward values, and to market analysis including equity analyst estimates.

Metal prices

Newcrest has increased short-term and long-term US dollar gold price estimates and reduced short to medium-term US dollar copper prices applied in 2020. These changes were to align with observable market data, taking into account spot prices during the 2020 financial year and Newcrest's analysis of observable market forecasts for future periods.

AUD:USD exchange rate

Newcrest has maintained its long-term AUD:USD exchange rate estimates. The AUD:USD exchange rate estimates for the 2021 to 2024 financial years have been reduced from 2019, reflecting spot prices during the 2020 financial year and Newcrest's analysis of observable market forecasts for future periods.

USD:PGK exchange rate

Newcrest has marginally increased its USD:PGK exchange rate estimates for all future periods, reflecting spot prices during the 2020 financial year and Newcrest's analysis of observable market forecasts for future periods.

12. Impairment of Non-Financial Assets (continued)

(c) Key Judgements, Estimates and Assumptions (continued)

Discount rate

In determining the Fair Value of CGUs, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital ('WACC') for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of, and specific risks associated with the CGU.

CGU	Functional Currency	2020	2019
Cadia, Telfer	AUD	4.50%	4.75%
Lihir	USD	6.00%	5.75%
Red Chris	CAD	4.50%	n/a

The Group uses a capital asset pricing model to determine its estimated real after tax WACC. Due to changes in the current period to inputs and assumptions used in the capital asset pricing models, the WACC for all functional currencies reduced. For Lihir, the overall discount was increased by 0.25% as at 30 June 2020, due to an increase in the risk premium applied to its geographic location.

Production activity and operating and capital costs

LOM production activity and operating and capital cost assumptions are based on the Group's latest forecasts and longer-term LOM plans. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce operational activity, apply technology and improve capital and labour productivity.

(d) Sensitivity Analysis

Impairments have previously been recognised for the Lihir CGU in 2013 and 2014. Following the review of Lihir's recoverable amount as at 30 June 2020, and in recognising no requirement for asset impairment or impairment reversal, the Group has determined that the Lihir carrying amount as at 30 June 2020 is within a range that approximates its Fair Value.

Impairments have previously been recognised for the Telfer CGU in 2013, 2014 and 2018 and an impairment reversal was recognised for Telfer in 2015. Following the review of Telfer's recoverable amount as at 30 June 2020, and in recognising no requirement for asset impairment or impairment reversal, the Group has determined that the Telfer carrying amount as at 30 June 2020 is within a range that approximates its Fair Value. Telfer remains a complex, low-grade, mid-to-high cost operation with a relatively high annual gold production level. Telfer's Fair Value has high sensitivity to the AUD gold price, operating cost, capital cost and reserve and resource model conversion assumptions and changes in these assumptions can have material impacts relative to Telfer's Fair Value.

Any variation in the key assumptions used to determine the Fair Value of the Lihir and Telfer CGUs would result in a change of the estimated Fair Value. If the variation in assumption had a negative impact on Fair Value, it could indicate a requirement for impairment of non-current assets. If the variation in assumption had a positive impact on Fair Value, it could indicate a requirement for an impairment reversal of CGUs (where applicable).

Red Chris was acquired during the period at Fair Value. Any variation in the key assumptions used to determine the Fair Value of the Red Chris CGU that had a negative impact on Fair Value could indicate a requirement for impairment of non-current assets.

12. Impairment of Non-Financial Assets (continued)

(d) Sensitivity Analysis (continued)

It is estimated that the following reasonably possible changes in the key assumptions would have the following approximate impact (increase or decrease) on the Fair Value of each of these CGUs in its functional currency as at 30 June 2020:

\$ million in functional currency	Lihir US\$	Telfer A\$	Red Chris C\$
US\$100 per ounce change in gold price	970	100	50
US\$0.10 per pound change in copper price	n/a	5	70
0.25% increase/decrease in discount rate	130	minor	5
\$0.10 increase/decrease in USD:PGK rate	110	n/a	n/a
\$0.05 increase/decrease in AUD:USD rate	245	95	n/a
\$0.05 increase/decrease in CAD:USD rate	n/a	n/a	140
5% increase/decrease in operating costs from that assumed	330	60	80

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact (for example, a decline in the US dollar gold price accompanied with a decline in the Australian dollar compared to the US dollar). Action is also usually taken by Management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

13. Inventories

	2020	2019
	US\$m	US\$m
<i>Current</i>		
Ore stockpiles	133	171
Gold in circuit	40	38
Bullion and concentrate	60	52
Materials and supplies	316	315
Total current inventories ⁽¹⁾	549	576
<i>Non-Current</i>		
Ore stockpiles	1,024	997
Total non-current inventories ⁽¹⁾	1,024	997

(1) Total inventories include inventories held at net realisable value of US\$1 million (2019: US\$36 million).

Ore stockpiles, gold in circuit, bullion and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Ore stockpiles which are not scheduled to be processed in the twelve months after the reporting date are classified as non-current inventory. The Group believes the processing of these stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

Materials and supplies are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to stock items identified.

Accounting Judgement and Estimate – Net Realisable Value of Ore Stockpiles

The computation of net realisable value for ore stockpiles involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, foreign exchange rates, recoveries and the timing of sale of the bullion and concentrate produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of ore stockpiles.

14. Trade and Other Receivables

	2020	2019
	US\$m	US\$m
<i>Current</i>		
Metal in concentrate receivables	194	92
GST receivable	30	29
Other receivables	30	14
Total current receivables	254	135
<i>Non-Current</i>		
Other receivables ⁽¹⁾	51	-
Total non-current receivables	51	-

⁽¹⁾ Represents deferred cash consideration on Gosowong divestment and right to reimbursement (receivable) from the Red Chris joint venture participant for its share of Red Chris' liabilities.

Metal in concentrate receivables are initially and subsequently measured at fair value and are generally expected to settle within one to four months. Fair value movements are recognised in the Income Statement and presented as part of 'Other Income/Expenses'.

GST and other receivables are initially measured at fair value then subsequently at amortised cost, less an allowance for doubtful debts. GST and other current receivables are expected to settle within one to three months.

15. Other Assets

	2020	2019
	US\$m	US\$m
<i>Current</i>		
Prepayments and other	52	35
Total current other assets	52	35
<i>Non-Current</i>		
Prepayments and other	3	48
Non-current tax assets ⁽¹⁾	10	69
Total non-current other assets	13	117

⁽¹⁾ In 2019, this balance included US\$50 million paid in respect to the PT NHM income tax rate dispute.

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16. Goodwill

	2020 US\$m	2019 US\$m
Opening balance	-	-
Business acquisition ⁽¹⁾	17	-
Closing balance	17	-

⁽¹⁾ Goodwill recognised as part of the acquisition of Red Chris. Refer to Note 32.

17. Other Intangible Assets

Information Systems Development	2020 US\$m	2019 US\$m
Cost	194	217
Accumulated amortisation and impairment	(170)	(184)
	24	33

Costs incurred in developing information technology systems and acquiring software are capitalised as intangible assets. Amortisation is calculated on a straight line basis over the useful life, ranging from three to seven years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Deferred Tax

(a) Movement in Deferred Taxes	Opening Balance at 1 July	Acquisitions & divestments	(Charged) /credited to income	(Charged) /credited to equity	Trans-lation	Closing Balance at 30 June
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
2020						
Deferred tax relates to the following:						
- Revenue losses recognised	60	-	(3)	-	(1)	56
- Property, plant and equipment	(1,141)	(14)	(83)	-	7	(1,231)
- Provisions	44	3	(5)	-	(1)	41
- Other	153	(21)	(70)	30	(7)	85
Net deferred taxes	(884)	(32)	(161)	30	(2)	(1,049)

Reflected in the statement of financial position as follows:

Deferred tax assets	65
Deferred tax liabilities	(1,114)
Net deferred taxes	(1,049)

2019

Deferred tax relates to the following:

- Revenue losses recognised	69	-	(6)	-	(3)	60
- Property, plant and equipment	(1,138)	-	(21)	-	18	(1,141)
- Provisions	48	-	(3)	-	(1)	44
- Other	83	-	5	72	(7)	153
Net deferred taxes	(938)	-	(25)	72	7	(884)

Reflected in the statement of financial position as follows:

Deferred tax assets	60
Deferred tax liabilities	(944)
Net deferred taxes	(884)

(b) Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of:

- capital losses with a tax effect of US\$129 million (2019: US\$161 million)
 - revenue losses and temporary differences with a tax effect of US\$197 million (2019: US\$189 million)
- because it is not probable that the Group will have sufficient future assessable income and/or capital gains available against which the deferred tax asset could be utilised. This is partly due to restrictions that limit the extent to which the losses can be applied to future taxable income in future periods.

(c) Tax Consolidation

The Company and its wholly-owned Australian subsidiaries are part of a tax consolidated group. Newcrest Mining Limited is the head entity of the tax consolidated group. The tax losses attributable to the Australian entities are available for offsetting against future profits of the tax consolidated group. These tax losses are subject to restrictions that limit the extent to which the losses can be applied against future taxable income. Notwithstanding these restrictions, these losses do not have an expiry date.

18. Deferred Tax (continued)

Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred Income Tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

- Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the expected manner of recovery of the carrying value of an asset or liability. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Accounting Judgements, Estimates and Assumptions - Recovery of Deferred Tax Assets

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the expected manner of recovery of the value of an asset or liability (which will then impact the quantum of the deferred tax assets or deferred tax liabilities recognised) and the application of existing tax laws in each jurisdiction.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions and recover/utilise deferred tax assets in future periods.

19. Provisions

	Note	2020 US\$m	2019 US\$m
<i>Current</i>			
Employee benefits	(a)	108	105
Mine rehabilitation	(b)	6	9
Other	(c)	15	19
Total current provisions		129	133
<i>Non-Current</i>			
Employee benefits	(a)	12	39
Mine rehabilitation	(b)	482	352
Total non-current provisions		494	391

Provisions (other than those relating to employee benefits) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(a) Employee Benefits

Liabilities for wages and salaries, annual leave and any other employee benefits are measured at the amounts expected to be paid when the liabilities are settled.

Amounts expected to settle within twelve months are recognised in 'Current Provisions' (for annual leave and salary at risk) and 'Trade and Other Payables' (for all other employee benefits) in respect of employees' services up to the reporting date. Costs incurred in relation to non-accumulating sick leave are recognised when leave is taken and are measured at the rates paid or payable.

The liability for long service leave and other long-term benefits is measured at the present value of the estimated future cash outflows resulting from employees' services provided up to the reporting date.

Long-term benefits not expected to be settled within twelve months are discounted using the rates attaching to high quality corporate bonds at the reporting date, which most closely match the terms of maturity of the related liability.

19. Provisions (continued)

(b) Mine Rehabilitation

The Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate locations where activities have occurred which have led to a future obligation to make good. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of tailings and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed or the ground/environment is disturbed at the mining location. When the liability is initially recorded, the present value of the estimated cost is capitalised as part of the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on feasibility and engineering studies using current restoration standards and techniques.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the Income Statement. The carrying amount capitalised as a part of mining assets is depreciated/amortised over the life of the related asset.

Costs incurred that relate to an existing condition caused by past operations but do not have a future economic benefit are expensed as incurred.

Accounting Estimate - Mine Rehabilitation Provision

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Movements in Mine Rehabilitation provision	2020 US\$m	2019 US\$m
Opening balance	361	329
Business acquisition (Note 32)	73	-
Business divestment (Note 33)	(32)	-
Movements in economic assumptions and timing of cash flows	10	14
Change in cost estimates ⁽¹⁾	83	25
Paid/utilised during the year	(6)	(5)
Unwinding of discount	7	9
Foreign currency translation	(8)	(11)
Closing balance	488	361
Split between:		
Current	6	9
Non-current	482	352
	488	361

(1) The change for 2020 primarily relates to an increase in estimated closure costs at Lihir, following an update to Lihir's mine closure plan.

(c) Other Provisions

Other provisions comprise of community obligations and other miscellaneous items.

CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

This section outlines the Group's capital and financial management policies and significant capital and financial risk management activities that have been implemented during the year. This includes the Group's exposure to various risks and how these could affect the Group's financial position and performance, as well as how the Group is managing those risks.

20. Capital Management and Financial Objectives

Newcrest's capital structure consists of equity and net debt, which includes borrowings, cash and cash equivalents.

Newcrest's financial objectives are to meet all financial obligations, maintain a strong balance sheet to withstand cash flow volatility, be able to pursue profitable growth opportunities, and be able to return excess cash generated to shareholders. Newcrest looks to maintain a conservative level of balance sheet leverage.

From a financial policy perspective, Newcrest looks to:

- Target an investment grade credit rating throughout the cycle;
- Maintain a leverage ratio (Net Debt to EBITDA) of less than 2.0 times;
- Maintain a gearing ratio of below 25%; and
- Maintain cash and committed undrawn bank facilities of at least US\$1.5 billion, with approximately one-third of that amount in the form of cash.

At 30 June, the Group's position in relation to these metrics were:

Metric	Policy 'looks to'	2020	2019
Credit rating (S&P/Moody's)	Investment grade	BBB/Baa2	BBB/Baa2
Leverage ratio (Net debt to EBITDA)	Less than 2.0 times	0.3	0.2
Gearing ratio	Below 25%	6.8%	4.9%
Cash and committed undrawn facilities (US\$)	At least \$1.5bn, ~ 1/3 is in the form of cash	\$3.45bn (\$1,451m cash)	\$3.60bn (\$1,600m cash)

Detail of the calculation of the capital management performance ratios is provided below:

Leverage Ratio	2020 US\$m	2019 US\$m
Net debt (Note 21)	624	395
EBITDA (Note 4)	1,835	1,670
Leverage ratio	0.3 times	0.2 times

Leverage Ratio is calculated as net debt at the end of the reporting period divided by the rolling 12 month EBITDA. Refer to Note 4, Segment Information, for the definition of EBITDA.

Gearing Ratio	2020 US\$m	2019 US\$m
Net debt (Note 21)	624	395
Equity	8,613	7,631
Total capital (Net debt and equity)	9,237	8,026
Gearing ratio	6.8%	4.9%

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

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21. Net Debt

Newcrest borrows funds from financial institutions and debt investors in the form of committed revolving facilities and corporate bonds. As at 30 June 2020, all of Newcrest's borrowings were unsecured.

Borrowings are initially recognised at fair value and subsequently at amortised cost. Borrowings are net of transaction costs incurred. Borrowings are classified as non-current liabilities where Newcrest has an unconditional right to defer settlement for at least 12 months from the year end.

Cash and cash equivalents comprise cash at bank and short-term deposits.

Net Debt	Note	2020 US\$m	2019 US\$m
Other loans	(a)	4	-
Total current borrowings		4	-
Corporate bonds	(b)	2,030	2,000
Less: capitalised transaction costs on facilities		(17)	(5)
Total non-current borrowings		2,013	1,995
Total Borrowings		2,017	1,995
Lease liabilities (current)		26	-
Lease liabilities (non-current)		32	-
Total lease liabilities		58	-
Total Debt		2,075	1,995
Cash and cash equivalents		(1,451)	(1,600)
Net debt		624	395

(a) Other Loans

Other loans represent interest-bearing liabilities acquired as part of the Red Chris acquisition. Refer to Note 32. This facility matures in November 2020 and has an interest rate of 3.6%.

(b) Corporate Bonds ('Notes')

In each of November 2011 and October 2012, Newcrest issued US\$1,000 million in US dollar Notes. In May 2020, Newcrest issued a further US\$1,150 million in US dollar Notes. All of the Notes were issued in accordance with Rule 144A and Regulation S of the Securities Act of the United States.

In May 2020 and June 2020, Newcrest repurchased all of the US\$750 million of the November 2011 Notes due in November 2021 and US\$370 million of the US\$750 million Notes due in October 2022.

The Notes consist of:

Maturity	Coupon Rate	2020 US\$m	2019 US\$m
November 2021	4.45%	-	750
October 2022	4.20%	380	750
May 2030	3.25%	650	-
November 2041	5.75%	500	500
May 2050	4.20%	500	-
		2,030	2,000

21. Net Debt (continued)

(c) Bilateral Bank Debt

As at 30 June 2020, the Group had bilateral bank debt facilities of US\$2,000 million (2019: US\$2,000 million) with 13 banks (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 30 June 2020 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)	2020 US\$m	2019 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 facilities at the end of the financial year.

	Facility Utilised ⁽¹⁾ US\$m	Facility Unutilised US\$m	Facility Limit US\$m
2020			
Corporate bonds	2,030	-	2,030
Bilateral bank debt facilities	-	2,000	2,000
Other loans ⁽²⁾	4	-	4
	2,034	2,000	4,034
2019			
Corporate bonds	2,000	-	2,000
Bilateral bank debt facilities	-	2,000	2,000
	2,000	2,000	4,000

⁽¹⁾ As at 30 June 2020, the corporate bonds were at fixed interest rates and the other loans at variable interest rates. (2019: 100% fixed interest rates).

⁽²⁾ Other loans represent interest-bearing liabilities acquired as part of the Red Chris acquisition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21. Net Debt (continued)

(e) Movement in Debt

Movement in total debt during the year was as follows:

Debt	2020 US\$m	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
<i>Movements:</i>		
Drawdown of bilateral bank debt facilities	600	-
Repayment of bilateral bank debt facilities	(600)	-
Issuance of corporate bonds	1,134	-
Repurchase of corporate bonds	(1,120)	-
Business acquisition – Lease liabilities (Note 32)	10	-
Business acquisition – Other loans (Note 32)	46	-
Payment of lease principal	(27)	-
Repayment of other loans	(42)	-
Non-cash movements ⁽¹⁾	26	2
Net movement	27	2
Closing balance	2,075	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.

22. Leases

Set out below are the 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(b)(i) for further information regarding the adoption of AASB 16.

The Group has lease contracts for various items of property, plant and equipment used within its operations and office premises. Leases for property includes the Group's office premises and have lease terms ranging from 1 to 10 years. Leases for operations include equipment hire and contractor provided equipment. These assets have lease terms ranging between 1 to 5 years.

(a) 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.

Refer to Note 11 for the Group's right-of-use assets as at 30 June 2020.

(b) 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.

22. Leases (continued)

(b) Lease Liabilities (continued)

Below is a summary of the Group's lease liabilities as at 30 June 2020.

Lease Liabilities	2020 US\$m
Opening balance	-
Adjustment: Lease liabilities recognised as a result of adopting AASB16 Leases on 1 July 2019	53
Adjusted opening balance	53
<i>Movements:</i>	
Additions during the year	14
Lease modifications	9
Business acquisition (Note 32)	10
Interest accretion	2
Lease payments	(29)
Foreign currency translation	(1)
Net movement	5
Closing balance	58

(c) 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.

During the year, the Group incurred short-term lease expenses of US\$33 million. The value of leases of low-value assets was not material. Furthermore, the Group's commitment for short-term leases not provided for in the financial statements as at 30 June 2020 was not material.

(d) Other

The Group is party to certain service contracts that contain contractor provided equipment leases. These leases include mix of payments arrangements, including both fixed and productivity-based payments based on performance. During the year, the Group incurred US\$14 million of productivity-based lease payments that were not required to be included in the measurement of the lease liability. The Group's commitment for future cash outflows relating to such payments was not material.

Accounting Judgement and Estimate – Leases

Judgement is required when assessing whether a contract is or contains a lease. In exercising this judgement, the Group refers to the rights conferred to it in the contract, such as whether it conveys the right to control, or the right to direct the use of an identified asset.

Judgement is also required in determining the lease term, in particular for service contracts that contain contractor provided equipment leases. 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.

23. Other Financial Assets and Liabilities

Other Financial Assets / (Liabilities)	2020 US\$m	2019 US\$m
Gold and copper USD forward contracts ⁽¹⁾	-	4
FdN finance facilities (b)	65	-
Total other financial assets – current	65	4
FdN finance facilities (b)	396	-
Contingent consideration asset ⁽²⁾	9	9
Other financial assets ⁽³⁾	76	90
Total other financial assets – non-current	481	99
Gold and copper USD forward contracts ⁽¹⁾	-	(16)
Gold AUD forward contracts ⁽⁴⁾	(108)	(42)
Fuel forward contracts ⁽⁵⁾	(8)	(1)
Total other financial liabilities – current	(116)	(59)
Gold AUD forward contracts ⁽⁴⁾	(158)	(64)
Total other financial liabilities – non-current	(158)	(64)

(1) Net fair value gain/loss of Nil (2019: US\$12 million loss). Refer Note 24 (a)(i)

(2) Relates to the contingent consideration on the sale of Bonikro.

(3) Instrument is designated as FVOCI and is not in a hedging relationship.

(4) Net fair value loss of US\$266 million (2019: US\$106 million loss). Refer Note 24 (a)(i)

(5) Net fair value loss of US\$8 million (2019: US\$1 million loss). Refer Note 24 (a)(ii)

(a) Significant Accounting Policies

(i) Non-derivative financial assets

Initial recognition and measurement

The Group holds financial assets in the form of facilities agreements and offtake arrangements. These assets have been classified as FVTPL as the cash flows arising are subject to variability due to commodity pricing and production volumes and do not meet the criteria for amortised cost or FVOCI income classification.

Financial assets at FVTPL are initially recognised at fair value. The initial fair value of acquired financial assets is their purchase price. Directly attributable transaction costs are expensed as incurred in the statement of profit or loss.

Subsequent measurement

Financial assets at FVTPL are measured at fair value as at each reporting date through profit and loss. The Group's policy on financial assets at FVTPL is to separately present:

- Interest income calculated on a contractual rate basis; and
- All other changes in fair value.

23. Other Financial Assets and Liabilities (continued)

(a) Significant Accounting Policies (continued)

(ii) Fair value measurement

The Group measures financial assets and financial liabilities at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described in Note 24(g).

(iii) Derivative financial instruments and hedging

The Group uses derivative financial instruments to manage certain market risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the Income Statement depends on the nature of the hedge relationship.

For instruments in hedging transactions, the Group formally designates and documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income ('OCI') and accumulated in the Hedge Reserve in equity. Any gain or loss relating to an ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in the Hedge Reserve are transferred to the Income Statement in the periods when the hedged item affects the Income Statement, for instance when the forecast sale that is hedged takes place.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, if it no longer qualifies for hedge accounting or if the Group changes its risk management objective for the hedging relationship. At that point in time, any cumulative gain or loss on the hedging instrument recognised via OCI remains deferred in the Hedge Reserve until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in the Hedge Reserve is recognised immediately in the Income Statement.

If a hedging instrument being used to hedge a commitment for the purchase or sale of gold or copper is redesignated as a hedge of another specific commitment and the original transaction is still expected to occur, the gains and losses that arose on the hedging instrument prior to its redesignation are deferred and included in the measurement of the original purchase or sale when it takes place. If the hedging instrument is redesignated as a hedge of another commitment because the original purchase or sale transaction is no longer expected to occur, the gains and losses that arose on the hedge prior to its redesignation are recognised in the Income Statement at the date of the redesignation.

23. Other Financial Assets and Liabilities (continued)

(b) Fruta del Norte Finance Facilities

In April 2020, Newcrest acquired the gold prepay and stream facilities and an offtake agreement in respect of Lundin Gold Inc.'s ('Lundin') Fruta del Norte ('FdN') mine in Ecuador for US\$460 million.

The Group has determined that the agreements represent financial assets, to be measured at fair value with changes in the fair value being recorded in profit or loss. Further detail on the fair value measurement process is provided in Note 24(g). Details of the agreements are as follows:

Gold Prepay Credit Agreement ('GPCA')

The GPCA is a non-revolving credit facility with a face value of US\$150 million to be repaid in cash based on the value of 218,500 oz of gold (as adjusted for the risk collar described below). Key terms of the agreement are:

- Repayment through 19 quarterly cash payments equivalent to 11,500 oz of gold (with the volume adjusted for the risk collar) at the price of gold starting from December 2020 and concluding in June 2025.
- The risk collar is based on an average gold price for three months leading to any quarterly payment. Should this average gold price be >US\$1,436 per ounce or < US\$1,062 per ounce, the amount of the next quarterly payment is reduced or increased, respectively by 15%.

Stream Credit Facility Agreement ('SCFA')

The SCFA is a non-revolving credit facility with a face value of US\$150 million to be repaid in cash based on the FdN mine gold and silver production. The amount of each monthly payment is the sum of the following:

- 7.75% of refined gold processed in the prior month, multiplied by the excess of the gold price over US\$400 per ounce (subject to an inflationary adjustment), until 350,000 ounces is reached; and
- 100% of refined silver processed in the prior month, multiplied by the excess of the silver price over US\$4 per ounce (subject to an inflationary adjustment), until 6 million ounces is reached.

Lundin also has the option to repay (i) 50% of the remaining Stream Credit Facility on June 30, 2024 for \$150 million and / or (ii) the other 50% of the remaining Stream Credit Facility on June 30, 2026 for \$225 million.

Both the GPCA and SCFA have a stated interest rate of 7.5%. Repayments in excess of the principal and stated interest rate amount is classified as finance income.

Offtake Agreement

The offtake agreement allows Newcrest to acquire 50% of refined gold production from FdN, up to a maximum of 2.5 million ounces at a price determined based on delivery dates and a defined quotational period.

Purchases of gold under the Offtake agreement and the subsequent sale are recognised in Other Income/Expense.

24. Financial Risk Management

Newcrest is exposed to a number of financial risks, by virtue of the industry and geographies in which it operates and the nature of the financial instruments it holds. The key risks that could adversely affect Newcrest's financial assets, liabilities or future cash flows are:

- a) Commodity and other price risks
- b) Foreign currency risk
- c) Liquidity risk
- d) Interest rate risk
- e) Credit risk

Further detail of each of these risks is provided below, including management's strategies to manage each risk. These strategies are executed subject to Board approved policies and procedures and administered by Group Treasury.

(a) Commodity and Other Price Risks

(i) Gold and copper price

All of Newcrest's gold and copper production is sold into global markets. The market prices of gold and copper are the key drivers of Newcrest's capacity to generate cash flow. Newcrest is predominantly an unhedged producer and provides its shareholders with exposure to changes in the market price of gold and copper.

The fair valuation of the FdN finance facilities, which is accounted for at fair value through profit or loss, is impacted by fluctuations in gold prices.

Newcrest does undertake selected financial risk management activities to mitigate specific gold and copper price risks, as follows:

Provisionally priced concentrate sales and gold and copper forward sales contracts

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period or 'QP'). The QP exposure is typically between one and four months. Revenue of provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. Subsequent changes in fair value are recognised in the Income Statement each period until final settlement and presented as part of 'Other Income/Expenses'. Refer to Note 5(d).

As at 30 June 2020, 233,000 gold ounces and 41,000 copper tonnes were subject to QP adjustment (2019: 222,000 ounces gold and 32,000 tonnes copper).

In order to minimise the short-term revenue volatility impact of QP adjustments, particularly across reporting periods, the Group historically took out gold and copper forward contracts at the time of concentrate shipments to lock in the price. These forward contracts were not designated into hedge relationships with the fair value adjustments at reporting date recognised in the Income Statement as part of 'Other Income/Expenses'. During the year, Newcrest ceased entering into such forward contracts.

The following table details the gold and copper forward contracts outstanding as at the reporting date.

Gold and Copper USD forward contracts	2020			2019		
	Quantity	Weighted Average Price	Fair Value	Quantity	Weighted Average Price	Fair Value
	('000s)	US\$	US\$m	('000s)	US\$	US\$m
Maturing less than 6 months:						
Gold (ounces)	-	-	-	164	1,319	(16)
Copper (tonnes)	-	-	-	26	6,144	4
Total fair value			-			(12)

24. Financial Risk Management (continued)

(a) Commodity and Other Price Risks (continued)

(i) Gold and copper price (continued)

Partial hedging of Telfer future gold sales

Newcrest has put in place hedges for a portion of the Telfer mine's future planned gold production. Telfer is a large scale, low grade mine and its profitability and cash flow are both particularly sensitive to the realised Australian dollar gold price. Having regard to the favourable spot and forward prices at the time, hedging instruments in the form of Australian dollar gold forward contracts were put in place in 2016 to 2018 to secure margins on a portion of future planned production to June 2023, to support investment in cutbacks and mine development.

The Telfer AUD gold forward contracts have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term are variations to forecast production timing and volume assumptions and credit risk.

As of 30 June 2020, the Group is holding AUD gold forward contracts with the following maturity:

Gold AUD forward contracts maturing:	2020			2019		
	Quantity	Weighted	Fair	Quantity	Weighted	Fair
	(ounces)	Average	Value	(ounces)	Average	Value
	('000s)	A\$	US\$m	('000s)	A\$	US\$m
Less than 12 months	217	1,864	(108)	205	1,729	(42)
Between 1-2 years	204	1,902	(97)	217	1,864	(28)
Between 2-3 years	138	1,942	(61)	204	1,902	(23)
Between 3-4 years	-	-	-	138	1,942	(13)
Total	559	1,897	(266)	764	1,852	(106)

These forward contracts are measured at fair value with the effective portion of fair value movements being recognised in OCI and accumulated in the 'Cash flow hedge reserve' in equity. There was no hedge ineffectiveness recognised in the Income Statement during the year.

(ii) Fuel price

The Group's input costs are exposed to price fluctuations, in particular to diesel and heavy fuel oil prices. To mitigate this risk, the Group has entered into short-term fuel forward contracts to fix certain diesel and heavy fuel oil costs in line with budget expectations.

These forward contracts have been designated as cash flow hedges with a hedge relationship of 1:1. Potential sources of hedge ineffectiveness that may affect the hedging relationship during the term include differences in the pricing of the physical (hedged) item and hedging instrument, timing of physical delivery misaligned with the hedging instrument and credit risk.

Forward contracts maturing in:	2020			2019		
	Quantity	Weighted	Fair	Quantity	Weighted	Fair
	(('000s)	Average	Value	(('000s)	Average	Value
		Price	US\$m		Price	US\$m
		US\$			US\$	
Less than 12 months						
Diesel (barrels)	350	65	(6)	531	79	-
Heavy fuel oil (tonnes)	115	267	(2)	135	365	(1)
Total fair value			(8)			(1)

These forward contracts are measured at fair value with the effective portion of fair value movements being recognised in OCI and accumulated in the 'Cash flow hedge reserve' in equity. The hedge ineffectiveness recognised in the Income Statement during the year was immaterial.

24. Financial Risk Management (continued)

(a) Commodity and Other Price Risks (continued)

(iii) Financial impacts of hedges

The impact of hedged items designated in hedging relationships on the Income Statement and OCI, is as follows:

Cash flow hedges	Line item in the Income Statement	Gain/(loss) reclassified from OCI to Income Statement	
		2020 US\$m	2019 US\$m
Telfer gold sales	Sales revenue	(82)	(3)
Diesel	Cost of sales – Site production costs	(6)	6
Heavy fuel oil	Cost of sales – Site production costs	(11)	9
Total		(99)	12

(iv) Sensitivity analysis

The following table summarises the sensitivity of financial assets and financial liabilities held at the reporting date to movement in the gold price with all other variables held constant. The movements for gold and copper are based on reasonably possible changes, over a financial year, using an observed range of actual historical rates for the preceding five year period.

Post-tax gain/(loss)	Impact on Profit ⁽¹⁾ Higher / (Lower)		Impact on Equity ⁽²⁾ Higher / (Lower)	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
Gold				
Gold +15% (2019: +10%)	43	6	(104)	(77)
Gold -15% (2019: -10%)	(43)	(6)	104	77
Copper				
Copper +15% (2019: +15%)	26	4	-	-
Copper -15% (2019: -15%)	(26)	(4)	-	-

(1) Represents the impact of the movement in commodity prices on the balance of the financial assets and financial liabilities at year end.

(2) For derivatives which are in an effective hedging relationship, all fair value movements are recognised in Other Comprehensive Income.

The sensitivity of the exposure of gold prices on the FdN finance facilities has been disclosed as part of note 24(g).

The sensitivity of the exposure of diesel and heavy fuel oil prices on financial assets and financial liabilities at year end has been analysed and determined to be not material to the Group.

24. Financial Risk Management (continued)

(b) Foreign Currency Risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's revenue is primarily denominated in US dollars whereas a material proportion of costs (including capital expenditure) are collectively in Australian dollars, PNG Kina and Canadian dollars. The Group has entities that have AUD, CAD and USD functional currencies.

The Group's Statement of Financial Position can also be affected materially by movements in the AUD:USD and the CAD:USD exchange rate. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The carrying amounts of the Group's US dollar denominated financial assets and liabilities in entities which do not have a US dollar functional currency at the reporting date are as follows:

US Dollar Denominated Balances	2020 US\$m	2019 US\$m
Financial Assets		
Cash and cash equivalents	1,213	1,444
Trade and other receivables	222	92
Related party receivables	47	24
Derivatives	-	4
	1,482	1,564
Financial Liabilities		
Payables	28	31
Related party payables	-	2
Borrowings	2,038	2,000
Derivatives	8	17
	2,074	2,050
Gross Exposure	(592)	(486)
Net investment in US dollar functional currency entities	1,142	854
Net Exposure (inclusive of net investment in foreign operations)	550	368

Net investment hedges

The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in US dollars. The entity which undertakes the majority of the Group's borrowing activities has an AUD functional currency. Where considered appropriate the US dollar denominated debt (net of cash) is designated as a net investment in foreign operations.

Exchange gains or losses upon subsequent revaluation of US dollar denominated borrowings and cash from the historical draw down rate to the period end spot exchange rate are recognised through Other Comprehensive Income and deferred in equity in the Foreign Currency Translation Reserve and will be released to the Income Statement if the foreign operation is sold.

As at 30 June 2020, US dollar borrowings (net of cash) of US\$1,142 million were designated as a net investment in foreign operations (2019: US\$854 million).

24. Financial Risk Management (continued)

(b) Foreign Currency Risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity arising in respect of translation of financial assets and financial liabilities to a 5% movement (2019: 10%) in the Australian dollar against the US dollar at the reporting date, with all other variables held constant. The impact of the movement in other currencies against the US dollar is immaterial. The percentage sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five-year period.

Post-tax gain/(loss)	Impact on Profit After Tax Higher/(Lower)		Impact on Equity Higher/(Lower)	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
AUD/USD +5% (2019: +10%)	(17)	(26)	(40)	(60)
AUD/USD -5% (2019: -10%)	17	26	40	60

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates;
The reasonably possible movement of 5% (2019: 10%) was calculated by taking the AUD spot rate as at the reporting date, moving this spot rate by 5% (2019: 10%) and then re-converting the AUD into USD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group.
- The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement.

24. Financial Risk Management (continued)

(c) Liquidity Risk

Newcrest is exposed to liquidity risk primarily through its capital management policies and objectives, which utilise debt as an element of the Group's capital structure. The specific risk exposures include the sufficiency of available unutilised facilities and the repayment maturity profile of existing financial instruments.

Liquidity risk is managed centrally by Group Treasury to ensure sufficient liquid funds are available to meet the Group's financial commitments through the following management actions:

- Targeting to maintain cash and committed undrawn bank facilities of at least US\$1,500 million, with approximately one-third of that amount in the form of cash.
- Targeting to maintain an investment grade credit rating.
- Forecasting of cash flows relating to operational, investing and financing activities, including sensitivity analysis to test multiple scenarios.
- Management of repayment maturities to avoid excessive refinancing in any period.
- Maintain funding flexibility with committed available credit lines with a variety of counterparties.
- Managing credit risk related to financial assets.

The Group maintains a balance between continuity of funding and flexibility through the use of cash, loans and committed available credit lines. Included in Note 21 is a list of undrawn facilities that the Group has at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities at the reporting date, including derivative financial instruments and leases. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Greater than 5 years	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
2020						
Payables	520	-	-	-	-	520
Borrowings	30	43	87	600	2,755	3,515
Derivatives	60	56	97	61	-	274
Lease liabilities	15	14	13	15	6	63
	625	113	197	676	2,761	4,372
2019						
Payables	444	-	-	-	-	444
Borrowings	31	47	94	1,650	1,003	2,825
Derivatives	33	20	28	39	-	120
	508	67	122	1,689	1,003	3,389

24. Financial Risk Management (continued)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's cash and debt obligations that have floating interest rates. The Group is also subject to interest rate risk with respect to the fair value of the FdN finance facilities, which are accounted for at fair value through profit or loss (refer Note 24(g)). The Group's interest rate exposure together with the effective interest rate for each class of financial assets and financial liabilities at the reporting date is summarised as follows:

Consolidated	2020			2019		
	Floating Interest	Fixed Interest	Effective Interest Rate	Floating Interest	Fixed Interest	Effective Interest Rate
	US\$m	US\$m	%	US\$m	US\$m	%
Financial Assets						
Cash and cash equivalents	1,451	-	0.6	1,600	-	2.4
FdN finance facilities ⁽¹⁾	-	299	7.5	-	-	-
	<u>1,451</u>	<u>299</u>		<u>1,600</u>	<u>-</u>	
Financial Liabilities						
Corporate bonds	-	2,030	4.3	-	2,000	4.7
Lease liabilities	-	58	4.3	-	-	-
Other loans	4	-	3.6	-	-	-
	<u>4</u>	<u>2,088</u>		<u>-</u>	<u>2,000</u>	
Net exposure	<u>1,447</u>	<u>(1,789)</u>		<u>1,600</u>	<u>(2,000)</u>	

⁽¹⁾ The principal component of the GPCA and SCFA are subject to interest at the contractual rate.

The other financial assets and financial liabilities of the Group not included in the above table are non-interest bearing and not subject to interest rate risk.

The sensitivity of this exposure has been analysed and determined to be not material to the Group.

24. Financial Risk Management (continued)

(e) Credit Risk

The Group's exposure to credit risk arises from the potential default of the counterparty to the Group's financial assets, which comprise cash and cash equivalents, trade and other receivables, the FdN finance facilities and derivative financial instruments.

The Group limits its counterparty credit risk on investment funds by dealing only with banks or financial institutions with credit ratings of at least A- (S&P) equivalent and rated at least BBB (S&P) equivalent for derivative financial instruments. Credit risk is further limited by ensuring diversification with maximum investment limits based on credit ratings. Newcrest's Treasury department evaluates counterparty credit risk on investment funds and derivative exposures on a continual basis.

All customers who wish to trade on credit terms are subject to a credit risk analysis at least annually. The Group obtains sufficient collateral (such as a letter of credit) from customers where determined appropriate, as a means of mitigating the risk of financial loss from defaults. At the reporting date the value of collateral held was US\$41 million (2019: US\$43 million).

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no material impairments of receivables as at 30 June 2020 or 30 June 2019.

The majority of the Group's receivables at the reporting date are due from concentrate customers in Japan. There have been no credit defaults with these customers in recent history. At the reporting date there were no other significant concentrations of credit risk with concentrate customers.

The FdN finance facilities, which were acquired in April 2020 are due from Lundin, which operates the FdN gold mine in Ecuador. The Group limited its credit risk on the facilities by acquiring a customary lender security covenant package, which includes a requirement for Lundin to seek approvals from the senior lenders and Newcrest as subordinated lender under the Facilities for any material amendments to the mine plan, financial model and operating budget of the FdN mine. Newcrest also ranks ahead of ordinary equity holders with regard to preference of cash flows from the FdN mine.

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24. Financial Risk Management (continued)

(f) Financial Assets and Financial Liabilities

The following tables disclose the carrying amounts of each class of financial assets and financial liabilities at year end, classified between amortised cost, fair value through profit or loss and fair value through other comprehensive income ('OCI').

2020	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	1,451	-	-	1,451
Trade and other receivables - current	60	194	-	254
Trade and other receivables - non-current	51	-	-	51
FdN finance facilities – current	-	65	-	65
FdN finance facilities – non-current	-	396	-	396
Other financial assets – non-current	-	9	76	85
	1,562	664	76	2,302
Financial Liabilities				
Trade and other payables	520	-	-	520
Borrowings – current	4	-	-	4
Borrowings – non-current	2,012	-	-	2,012
Lease liabilities – current	26	-	-	26
Lease liabilities – non-current	32	-	-	32
Other financial liabilities – current	-	-	116	116
Other financial liabilities – non-current	-	-	158	158
	2,594	-	274	2,868

2019	Amortised cost	Fair Value through profit or loss⁽³⁾	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) The Trade and other receivables in this classification relates to concentrate receivables.

(2) Relates to Telfer AUD gold hedges, fuel hedges and other equity investments.

(3) Primarily relates to concentrate receivables and gold and copper forward contracts.

24. Financial Risk Management (continued)

(g) Fair Value

(i) Fair value measurements recognised in the Statement of Financial Position

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the fair value method used, as defined by IFRS 13 *Fair Value Measurement*.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 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 futures prices.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets and liabilities which are measured at fair value on a recurring basis, are categorised as Level 1 and Level 2 measurements with the exception of the following Level 3 measurements:

- FdN finance facilities of US\$461 million (refer Note 23), and
- Contingent consideration asset of US\$9 million (2019: US\$9 million).

Fair value of FdN finance facilities

In April 2020, Newcrest acquired the GPCA, SCFA and Offtake Agreement in relation to Lundin Gold Inc's Fruta del Norte mine (refer Note 23). Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs. The following table summarises the fair value of these financial assets on an aggregated basis.

Movements in Fair Value	2020 US\$m
Acquisition value	460
Repayments during the period	(2)
Accrued interest	2
Fair value adjustments	1
Closing balance	461
Split between:	
Current	65
Non-current	396
	461

24. Financial Risk Management (continued)

(g) Fair Value (continued)

Valuation measurement and key assumptions

The GPCA and SCFA are valued based on a discounted cash flow model, whilst the Offtake Agreement valuation is based on Monte Carlo simulation to determine the margin achieved on sales associated with this agreement (which is then incorporated into a discounted cash flow model). The valuation requires management to make certain assumptions about the model inputs, including gold prices, discount rates and FdN production profiles. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these financial assets.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Financial Assets	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
FdN finance facilities	Gold price	The Group's carrying value assessment gold price assumptions (refer note 12(c))	An increase or decrease in gold prices of 10% applied to the gold price assumptions for the term of the agreements would change the fair value of the asset by +US\$49 million / -US\$19 million
	Discount rate	8.5%	An increase or decrease in the discount rate of 1% would change the fair value of the asset by -US\$19 million / +US\$20 million
	FdN production profile	FdN mine plan	An increase or decrease in the production profile of 10% would change the fair value of the asset by +US\$18 million / -US\$26 million

The sensitivity of the exposure of silver prices on the FdN finance facilities has been analysed and determined to be not material to the Group.

Accounting Estimates and Assumptions – Fair Value of FdN finance facilities

Significant judgements, estimates and assumptions are required in determining estimates of Fair Value for the FdN finance facilities. It should be noted that the Fair Value is subject to variability in key assumptions including, but not limited to, gold prices, discount rates and FdN production profiles. A change in one or more of the assumptions used could result in a material change in the estimated Fair Value of the FdN finance facilities.

(ii) 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:

Financial Liabilities	Carrying amount		Fair value ⁽¹⁾	
	2020 US\$m	2019 US\$m	2020 US\$m	2019 US\$m
Borrowings:				
Fixed rate debt - Corporate Bonds	2,012	1,995	2,330	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.

25. Issued Capital

	2020 US\$m	2019 US\$m
(a) Movements in Issued Capital		
Opening balance	11,641	11,656
Shares issued – equity raising ⁽¹⁾	784	-
Share issue costs	(13)	-
Tax effect of issue costs	1	-
Equity raising net of issue costs	772	-
Shares issued – dividend reinvestment plan	15	11
Shares repurchased and held in treasury ⁽²⁾	(25)	(26)
Total issued capital	12,403	11,641
(b) Number of Issued Ordinary Shares	2020 No.	2019 No.
Comprises:		
• Shares held by the public	813,819,599	766,613,683
• Treasury shares	2,252,295	1,861,708
Total issued capital	816,071,894	768,475,391
Movement in issued ordinary shares for the year		
Opening number of shares	766,613,683	766,608,812
Shares issued under:		
• Shares issued – equity raising ⁽¹⁾	46,874,992	-
• Shares repurchased and held in treasury ⁽²⁾	(1,193,157)	(1,709,425)
• Share plans ⁽³⁾	802,570	981,719
• Dividend reinvestment plan	721,511	732,577
Closing number of shares	813,819,599	766,613,683
Movement in treasury shares for the year		
Opening number of shares	1,861,708	1,134,002
• Purchases	1,193,157	1,709,425
• Issued pursuant to share plans	(802,570)	(981,719)
Closing number of shares	2,252,295	1,861,708

⁽¹⁾ In May and June 2020, Newcrest raised a total of A\$1,200 million (US\$784 million) from an equity raising comprising of an institutional placement of A\$1,000 million (US\$646 million) and a share purchase plan of A\$200 million (US\$138 million). A total of 46,874,992 fully paid ordinary shares were issued at a price of A\$25.60 (US\$16.73) per share.

⁽²⁾ During the year, the Newcrest Employee Share Plan Trust ('Trust') purchased a total of 1,193,157 (2019: 1,709,425) fully paid ordinary Newcrest shares at an average price of A\$31.40 (US\$22.22) per share (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.

⁽³⁾ Represents rights exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 35 for share-based payments.

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

25. Issued Capital (continued)

Treasury Shares

The Group's own equity instruments, which are purchased on-market for later use in employee share-based payment arrangements (treasury shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

26. Reserves

	Note	2020 US\$m	2019 US\$m
Equity settlements reserve	(a)	123	112
Foreign currency translation reserve	(b)	(575)	(489)
Hedge reserve	(c)	(192)	(75)
Other reserves	(d)	24	26
Total reserves		(620)	(426)

(a) Equity Settlements Reserve

This reserve is used to recognise the fair value of rights and options issued to employees in relation to equity-settled share-based payments.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries which do not have a functional currency of USD. The reserve is also used to record exchange gains and losses on hedges of the net investment in foreign operations. Refer Note 24(b).

(c) Hedge Reserve

The hedge reserve is used to record the effective portion of changes in the fair value of cash flow hedges (refer Note 24). The components of the hedge reserve at year end were as follows:

Component		2020 US\$m	2019 US\$m
Gold forward contracts - Telfer	24(a)	(266)	(106)
Fuel forward contracts	24(a)	(8)	(1)
		(274)	(107)
Tax effect		82	32
Total Hedge Reserve		(192)	(75)

(d) Other Reserves

Other Reserves are used to record Newcrest's share of other comprehensive income/(loss) of associates (refer Note 31) and changes in the fair value of equity instruments held at fair value.

GROUP STRUCTURE

This section provides information relevant to understanding the structure of the Group.

27. Controlled Entities

Controlled entities are consolidated from the date on which control commences until the date that control ceases. All intercompany balances and transactions, including unrealised gains and losses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements. The Group comprises the following significant entities:

Entity	Notes	Country of Incorporation	Percentage Holding	
			2020 %	2019 %
Parent Entity				
Newcrest Mining Limited		Australia		
Subsidiaries				
Cadia Holdings Pty Limited	(a)	Australia	100	100
Contango Agricultural Company Pty Ltd		Australia	100	100
Newcrest Finance Pty Limited	(a)	Australia	100	100
Newcrest International Pty Ltd	(a)	Australia	100	100
Newcrest Operations Limited	(a)	Australia	100	100
Newcrest West Africa Holdings Pty Ltd	(a)	Australia	100	100
Newgen Pty Ltd		Australia	100	100
Niugini Mining (Australia) Pty Ltd	(a)	Australia	100	100
Newcrest Insurance Pte Ltd	(b)	Singapore	100	100
Newcrest Singapore Holdings Pte Limited	(c)	Singapore	-	100
Orion Co-V Pte Ltd	(e)	Singapore	100	-
Gryphus Pte Ltd	(e)	Singapore	100	-
PT Nusa Halmahera Minerals	(c)	Indonesia	-	75
PT Nusantara Bintang Management		Indonesia	100	100
PT Puncakbaru Jayatama	(c)	Indonesia	-	100
Newcrest (Fiji) Pte Limited	(b)	Fiji	100	100
Newcrest Exploration (Fiji) Pte Limited	(b)	Fiji	100	100
Lihir Gold Limited	(b)	Papua New Guinea	100	100
Newcrest PNG 2 Limited	(b)	Papua New Guinea	100	100
Newcrest PNG 3 Limited	(b)	Papua New Guinea	100	100
Newcrest PNG Exploration Limited	(b)	Papua New Guinea	100	100
Newcrest Resources Inc		USA	100	100
Newroyal Resources Inc		USA	100	100
Newcrest Canada Inc		Canada	100	100
Newcrest Canada Holdings Inc		Canada	100	100
Newcrest Canada Services Inc		Canada	100	100
Newcrest Red Chris Mining Limited	(b)	Canada	100	100
Newcrest Chile SpA		Chile	100	100
Newcrest Ecuador SA		Ecuador	100	100
Newcrest Dougbafla CI SA	(b)	Côte d'Ivoire	89.89	89.89

Notes:

- (a) These controlled entities are a party to a Deed of Cross Guarantee. Refer Note 29 for further information.
- (b) Audited by affiliates of the Parent entity auditors.
- (c) These entities were sold during the year.
- (d) These entities were incorporated during the year.
- (e) These entities were acquired during the year.

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28. Parent Entity Information

The summarised Income Statement and Statement of Financial Position in respect to the parent entity ('Company') is set out below.

	Company	
	2020	2019
	US\$m	US\$m
(a) Income Statement		
Profit/(loss) after income tax	478	(113)
Other comprehensive income/(loss)	(87)	(298)
Total comprehensive income/(loss) for the year	391	(411)
(b) Statement of Financial Position		
Current assets	85	91
Non-current assets	6,991	6,117
Total assets	7,076	6,208
Current liabilities	170	300
Non-current liabilities	489	486
Total liabilities	659	786
Net assets	6,417	5,422
Issued capital	12,403	11,641
Equity settlements reserve	123	112
Foreign currency translation reserve	(666)	(579)
Accumulated losses	(5,443)	(5,752)
Total equity	6,417	5,422
(c) Commitments		
Capital expenditure commitments	9	3
(d) Guarantees and Contingent Liabilities		

The Company and certain Australian controlled entities have entered into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. Further details are included in Note 29. At the reporting date, no amounts have been recognised in the financial information of the Company in respect of this Deed on the basis that the possibility of default is remote.

29. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 17 December 2016, the wholly-owned controlled entities detailed in Note 27 are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of its eligible controlled entities enter into a Deed of Cross Guarantee ('Deed'). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

In May 2016, the Company and its eligible controlled entities entered into a new Deed.

A consolidated Income Statement and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed is set out below.

Income Statement	Consolidated	
	2020	2019
	US\$m	US\$m
Revenue	2,381	2,258
Cost of sales	(1,222)	(1,335)
Gross profit	1,159	923
Exploration costs	(31)	(31)
Corporate administration costs	(111)	(117)
Dividend income from subsidiaries	55	22
Other income/(expenses)	67	(57)
Share of profit/(loss) of associate	(2)	(4)
Impairment reversal/(loss)	48	12
Profit before interest and income tax	1,185	748
Finance income	12	26
Finance costs	(185)	(116)
Profit/(loss) before income tax	1,012	658
Income tax expense	(286)	(192)
Profit/(loss) after income tax	726	466

29. Deed of Cross Guarantee (continued)

Statement of Financial Position	Consolidated	
	2020 US\$m	2019 US\$m
Current assets		
Cash and cash equivalents	1,298	1,477
Trade and other receivables	197	106
Inventories	174	157
Other financial assets	-	4
Other assets	20	26
Total current assets	1,689	1,770
Non-current assets		
Other receivables	99	52
Investment in subsidiaries	6,234	4,521
Property, plant and equipment	3,346	3,206
Other intangible assets	21	26
Deferred tax assets	56	60
Other financial assets	85	99
Other assets	3	5
Investment in associates	75	78
Total non-current assets	9,919	8,047
Total assets	11,608	9,817
Current liabilities		
Trade and other payables	993	509
Provisions	79	74
Current tax liability	22	165
Lease liabilities	20	-
Other financial liabilities	116	61
Total current liabilities	1,230	809
Non-current liabilities		
Borrowings	2,012	1,995
Provisions	238	244
Deferred tax liabilities	194	86
Lease liabilities	21	-
Other financial liabilities	158	63
Total non-current liabilities	2,623	2,388
Total liabilities	3,853	3,197
Net assets	7,755	6,620
Equity		
Issued capital	12,403	11,641
Accumulated losses	(3,500)	(4,057)
Reserves	(1,148)	(964)
Total equity	7,755	6,620

30. Interest in Joint Operations

The Group has interests in the following significant unincorporated joint arrangements, which are accounted for as joint operations under accounting standards.

Name	Country	Principal Activity	Note	Ownership Interest	
				2020	2019
Wafi-Golpu JV	Papua New Guinea	Mineral exploration	(a)	50.0%	50.0%
Namosi JV	Fiji	Mineral exploration	(b)	72.49%	71.82%

Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation, its share of assets, liabilities, revenue and expenses from those operations and revenue from the sale of its share of the output from the joint operation or from the sale of the output by the joint operation.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses.

(a) Wafi-Golpu Joint Venture

The Wafi-Golpu JV is owned 50% by the Group and 50% by Wafi Mining Limited, whose ultimate holding company is Harmony Gold Mining Company Limited. Pursuant to the JV agreement, key operational decisions of the JV require a minimum 70% (effectively unanimous) vote and therefore the Group has joint control. For segment reporting, Wafi-Golpu is included within the 'Exploration and Projects' segment.

Under the conditions of the Wafi-Golpu exploration tenements, the PNG Government ('the State') has reserved the right to take up (prior to the commencement of mining) an equity interest of up to 30% of any mineral discovery within the Wafi-Golpu tenements. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro rata share of the accumulated exploration expenditure. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012, the State indicated its intention to exercise its option. As at 30 June 2020, this option has not been exercised. In the event the option is exercised in full, Newcrest's interest in the Wafi-Golpu JV would be reduced to 35%.

The carrying value of the Group's interest in the Wafi-Golpu JV as at 30 June 2020 is US\$477 million (2019: US\$467 million).

(b) Namosi Joint Venture

The Namosi JV was established between the Group and two other parties under the Namosi Joint Venture agreement in November 2007. Pursuant to this JV agreement, key operational decisions of the JV require a unanimous vote and therefore the Group has joint control. For segment reporting, the Namosi JV is included within the 'Exploration and Projects' segment.

The carrying value of the Group's interest in the Namosi JV as at 30 June 2020 is US\$25 million (2019: US\$25 million).

31. Investment in Associates

Movements in investment in associates	2020 US\$m	2019 US\$m
Opening balance	333	324
Acquisition - Lundin Gold Inc	79	10
Acquisition - Antipa Minerals Ltd	3	-
Acquisition - SolGold plc	-	18
Total acquisitions	82	28
Share of profit/(loss)	(37)	(18)
Share of other comprehensive income/(loss)	10	3
Foreign currency translation	(2)	(4)
Closing balance	386	333

An associate is an entity that is neither a subsidiary nor joint arrangement, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investment in associates is accounted for using the equity method.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Income Statement.

(a) Details of Associates

Associate	Country of Incorporation	Interest		Carrying Amount	
		2020 %	2019 %	2020 US\$m	2019 US\$m
Lundin Gold Inc	Canada	32.0%	27.1%	309	252
SolGold plc	United Kingdom	13.6%	15.2%	72	78
Azucar Minerals Ltd	Canada	19.9%	19.9%	2	3
Antipa Minerals Ltd	Australia	9.9%	-	3	-
				386	333

Lundin Gold Inc commenced commercial production in the current year. The remaining associates are in the exploration and/or mine development phase and do not currently generate revenue. Further details are as follows:

(b) Investment in Lundin Gold Inc

Lundin Gold Inc ('Lundin') is a Canadian based mine development and operating company, operating the Fruta del Norte ('FdN') gold mine in Ecuador. Lundin is listed on the Toronto Stock Exchange ('TSX') and the Nasdaq Stockholm.

On 26 March 2018, Newcrest acquired a 27.1% equity interest in Lundin for US\$251 million (inclusive of transaction costs of US\$1 million), following a share subscription agreement entered into on 24 February 2018. The Group's current interest is 32.0%. The Group has appointed two directors to the Board of Lundin.

During the year, Newcrest acquired the FdN finance facilities. This did not have an impact on the Group's equity interest in Lundin. Refer to Note 23.

31. Investment in Associates (continued)

(b) Investment in Lundin Gold Inc (continued)

The following table discloses summarised financial information of the Group's investment in Lundin Gold Inc.

Lundin Gold's Statement of Financial Position	2020 US\$m	2019 US\$m
Current assets	176	273
Non-current assets	1,231	1,071
Current liabilities	(183)	(51)
Non-current liabilities	(657)	(727)
Net assets	567	566
Proportion of Newcrest's ownership	32.0%	27.1%
Carrying value calculated per ownership percentage	181	153
Fair value adjustment	128	99
Carrying amount	309	252

Lundin Gold commenced commercial production in February 2020 and had revenue during the year of US\$50m (100% basis).

As at 30 June 2020, the Group held 73,504,145 shares (2019: 60,237,973) with a market value of US\$685 million (2019: US\$302 million) based on the closing share price on the TSX.

(c) Investment in Other Associates

SolGold Plc ('SolGold') is an Australian based, copper gold exploration and future development company with assets in Ecuador, the Solomon Islands and Australia. SolGold is listed on the London Stock Exchange ('LSE') and the TSX. As at 30 June 2020, the Group held 281,216,471 shares (2019: 281,216,471 shares) with a market value of US\$73 million (2019: US\$114 million) based on the closing share price on the LSE.

Azucar Minerals Ltd ('Azucar') is a mineral exploration company listed on the TSX. The associates' assets include the El Cobre copper/gold porphyry project near Veracruz, Mexico. As at 30 June 2020, the Group held 14,674,056 shares (2019: 14,674,056) with a market value of US\$2 million (2019: US\$3 million) based on the closing share price on the TSX.

Antipa Minerals Ltd ('Antipa') is an Australia mineral exploration company listed on the ASX, with exploration assets in the Paterson Province of Western Australia. As at 30 June 2020, the Group held 228,472,719 shares (2019: nil) with a market value of US\$4 million based on the closing share price on the ASX.

The Group has a right (but not an obligation) to appoint a Director to the Board of each of these associates.

32. Acquisition of Red Chris

On 15 August 2019, the Group completed the acquisition of a 70% interest in Red Chris with TSX-listed Imperial Metals Corporation ('Imperial'), following the signing of an Asset Purchase Agreement ('APA') on 10 March 2019 and the Red Chris Joint Venture Agreement ('Red Chris JVA') on 15 August 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 aligns with Newcrest's stated strategic goal of building a global portfolio of Tier 1 orebodies.

The acquisition was structured via an unincorporated arrangement. The Group has operatorship of Red Chris pursuant to the Red Chris JVA. Under the Red Chris 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. In addition, as the operator (manager) of Red Chris, the Group has a direct legal liability for the entire balance of certain liabilities and a right to reimbursement by Imperial for its share of that liability.

This arrangement is not within the scope of AASB 11 *Joint Arrangements*. 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 in accordance with the applicable accounting standard. All such amounts have been measured in accordance with the terms of the JVA, which is generally in proportion to the Group's 70% interest in the arrangement with the exception of the liabilities for which the Group has a direct legal liability. These liabilities are recognised at 100% along with a receivable due from Imperial for its 30% share of the liability.

These amounts have been recorded in the Group's financial statements on the appropriate lines.

(a) Consideration

The final consideration paid was US\$769 million as shown the in the table below

Consideration paid in respect to:	15 Aug 2019 US\$m	30 Jun 2020 US\$m
Property, plant and equipment ⁽¹⁾	804	804
Less: Debt and working capital balances ⁽²⁾	(30)	(35)
Cash consideration paid	774	769

⁽¹⁾ Inclusive of rehabilitation provision.

⁽²⁾ The debt (assumed equipment loans and other interest-bearing liabilities) and working capital balances were subject to adjustment under the APA which was finalised during the year.

32. Acquisition of Red Chris (continued)

(b) Fair Values

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

Assets and Liabilities Acquired	Provisional Fair Value ⁽¹⁾	Adjustments	Final Fair Value
	US\$m	US\$m	US\$m
Receivables	1	49	50
Inventories	28	2	30
Property, plant and equipment	813	42	855
Deferred tax assets	10	-	10
Total assets	852	93	945
Trade and other payables	(25)	(12)	(37)
Debt – Lease liabilities	(7)	(3)	(10)
Debt – Other interest-bearing liabilities	(33)	(13)	(46)
Provisions	(9)	(64)	(73)
Deferred tax liabilities	(30)	3	(27)
Total liabilities	(104)	(89)	(193)
Fair value of identifiable net assets	748	4	752
Goodwill on acquisition	20	(3)	17
Fair value of net assets	768	1	769

⁽¹⁾ Represents the provisionally determined values reported in the Group accounts for the half-year ended 31 December 2019.

The initial accounting for the acquisition of Red Chris had been provisionally determined at the end of the previous reporting period (half-year ended 31 December 2019). The key adjustments from the provisional balances included:

- Finalisation of balances which were subject to a debt and working capital adjustment which was completed in the second half of the financial year
- Increase in provisions relating to the mine rehabilitation and restoration provision;
- Recognition of 100% of certain liabilities and a right to reimbursement (receivable) from Imperial for its share of that liability.

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.

(c) Other Information

Refer to Note 4 *Segment Information* for details of the segment result of Red Chris for the period 15 August 2019 to 30 June 2020.

Business acquisition and integration costs of US\$5 million were incurred during the year. These have been expensed in the Income Statement within 'Transaction and integration costs'. Refer Note 6.

33. Business Divestment

Divestment of Gosowong

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

The sale of NSH followed 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.

As a result of the sale agreement, the assets and liabilities of Gosowong and PT PJ were 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 US\$44 million.

The sale was completed on 4 March 2020 and Gosowong and PT PJ were deconsolidated from that date. The sale agreement had an economic effective date of 31 December 2019 and as a result, the cash generated during the period 31 December 2019 to 4 March 2020 was to the benefit of the acquirer. This amounted to US\$10 million.

(a) Impact on Income Statement

The impact of the divestment on the Income Statement was as follows:

	Note	2020 US\$m
Consideration		90
Less: Transaction costs		(5)
Net proceeds		85
Written down value of net assets sold	33(b)	114
Less: Written down value of net assets attributable to non-controlling interests		(29)
Written down value of net assets sold (75%)		85
Total gain/(loss) on business divestment		-

Refer to Note 4 *Segment Information* for details of the segment result of Gosowong for the period 1 July 2019 to 4 March 2020.

33. Business Divestment (continued)

(b) Net Assets Disposed

The carrying value of the net assets disposed of is as follows:

Book Value on Divestment	2020 US\$m
Assets	
Cash and cash equivalents	35
Trade and other receivables	20
Inventories	37
Property, plant and equipment	26
Current and non-current tax assets	59
Other assets	20
Total Assets ⁽¹⁾	197
Liabilities	
Trade and other payables	23
Provisions	60
Total Liabilities	83
Net assets divested	114
Attributable to:	
Non-controlling interest (25%)	29
Owners of the parent (75%)	85
	114

⁽¹⁾ Total assets is inclusive of a US\$57 million write-down to property, plant and equipment and tax assets as per Note 6. Of this amount, US\$13 million is attributable to non-controlling interest.

(c) Impact on Statement of Cash Flows

The cash inflow on divestment, net of cash held by the subsidiaries was as follows:

	2020 US\$m
Cash consideration received	60
Less: Transaction costs paid	(5)
Less: Cash and cash equivalents divested	(35)
Total	20

OTHER

This section includes additional financial information and other disclosures that are required by the accounting standards and the *Corporations Act 2001*.

34. Contingencies

(a) Bank Guarantees

The Group has negotiated 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\$144 million (30 June 2019: US\$62 million).

(b) Other Matters

The 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.

35. Share-Based Payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based compensation, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group operates a number of share-based payment plans, including:

- Executive Performance Share Plan ('LTI Plan')
- Employee Share Acquisition Plan ('ESAP')
- Share Match Plan
- Sign-On Share Plan
- Short Term Incentive Deferral Plan ('STI Deferral Plan')

(a) Executive Performance Share Plan (LTI Plan)

The Executive Performance Share Plan (also referred to as the Long Term Incentive ('LTI') plan) entitles participants to receive rights to ordinary fully paid shares in the Company (Performance Rights). The Executive General Managers (including Key Management Personnel), General Managers and Managers participate in this plan.

The vesting conditions for the Performance Rights granted in the 2020 financial year for Executive General Manager comprised of a service condition and three equally weighted performance measures, being:

- Comparative Cost Position;
- Return on Capital Employed (ROCE); and
- Relative Total Shareholder Return ('TSR')

These measures are consistent with the prior year. Each LTI measure was chosen by the Board as it is a key driver of group performance. Performance against each of these measures over the three year vesting period determines the grant made to participants. There is no ability to re-test performance under the Plan after the performance period.

The vesting conditions for the General Managers comprise a service condition and 50% of the rights have performance measures as noted above. The vesting conditions for Managers comprise service conditions only.

The assessed fair value at grant date of the Performance Rights granted under the LTI plan is independently determined using an option pricing model. The model inputs included:

	2020	2019
Fair value - Executive General Managers	A\$26.85	A\$17.77
Fair Value - General Managers	A\$28.62	A\$18.95
Fair Value - Managers	A\$30.38	A\$20.13
Share price at grant date	A\$31.30	A\$20.74
Expected life of right	3 years	3 years
Exercise price	Nil	Nil
Risk-free interest rate	0.73%	2.08%
Annualised volatility	30.0%	30.0%
Expected dividend yield	1.0%	1.0%

The rights have been valued using a combination of the Monte Carlo simulation and Black-Scholes models. The fair value of the rights granted is adjusted to reflect market vesting conditions. Non-market conditions are included in the assumptions about the number of rights that are expected to become exercisable and are updated at each reporting date. The impact of the revision to original estimates is recognised in the Income Statement with a corresponding adjustment to equity.

Upon the exercise of rights, the balance of the equity settlements reserve relating to those rights remains in the Equity Settlements Reserve.

Accounting Estimates and Assumptions - Share-Based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an option pricing model, using the assumptions detailed above.

35. Share-Based Payments (continued)

(b) Movements in the Number of Rights issued under the LTI Plan

Detailed information of Performance Rights over unissued ordinary shares is set out below:

Grant date	Exercise date	Beginning of year	Movement in Number of Rights During the Year			End of year
			Granted	Exercised	Forfeited	
2020						
19 Nov 2019	19 Nov 2022	-	745,324	-	(71,840)	673,484
21 Nov 2018	21 Nov 2021	991,914	-	-	(140,145)	851,769
21 Nov 2017	15 Nov 2020	752,278	-	-	(71,922)	680,356
15 Nov 2016	15 Nov 2019	656,216	-	(533,634)	(122,582)	-
Total		2,400,408	745,324	(533,634)	(406,489)	2,205,609
2019						
21 Nov 2018	21 Nov 2021	-	1,029,471	-	(37,557)	991,914
21 Nov 2017	15 Nov 2020	817,880	-	-	(65,602)	752,278
15 Nov 2016	15 Nov 2019	699,674	-	-	(43,458)	656,216
5 Nov 2015	5 Nov 2018	1,112,196	-	(611,163)	(501,033)	-
Total		2,629,750	1,029,471	(611,163)	(647,650)	2,400,408

All Performance Rights have a nil exercise price. The number of performance rights exercisable at year end is nil (2019: nil).

(c) ESAP, Share Match Plan and Sign-On Share Plan

Under the ESAP, eligible employees are granted shares in the Company for no cash consideration. All Australian resident permanent employees who have been continuously employed by the Group for a period of at least one year, and are not eligible for the LTI Plan, are able to participate in the ESAP.

Under the Share Match Plan, eligible employees may contribute up to A\$4,950 to acquire shares in the plan year. On the third anniversary of the start of the plan year, the Company will match the number of acquired shares held by the employee at that time with matched shares.

To support Newcrest's ability to attract and/or retain suitable executives and senior managers, it is sometimes necessary to offer sign-on incentives. Such incentives are consistent with market practice in the industry. Rights awarded under the Sign-on Share Plan vest over periods up to three years and are subject to continued employment and/or performance.

The number of shares and rights granted under these plans during the year was not material to the Group. The number of rights outstanding at year end was 200,673 (2019: 210,654).

(d) STI Deferral Plan

This plan applies to certain employees including key management personnel. Under the STI Deferral Plan, for eligible employees, 50% of the payment is provided in cash with the remaining 50% deferred into shares. The number of shares calculated is based on the Company's volume weighted average share price during the five trading days immediately preceding the date of payment of the cash portion. Half the shares are released after 12 months and the remainder after 2 years.

During the year, 120,208 shares were granted in respect to this plan (2019: 225,640 shares).

36. Key Management Personnel

(a) Remuneration of Key Management Personnel and Directors

	2020 US\$'000	2019 US\$'000
Short-term	8,819	8,165
Long-term	77	45
Post-employment	172	158
Termination benefit	335	-
Share-based payments expense	6,456	6,427
Total ⁽¹⁾	15,859	14,795

⁽¹⁾ In 2020, the Group re-examined the classification of Executives in Key Management Personnel ('KMP') which increased the number of Executives in KMP in 2020 to seven (2019: five). KMP also includes Non-Executive Directors for which the classification remained unchanged.

(b) Loans and Other Transactions with Key Management Personnel

There are no loans made to KMP, or their related entities, by the Group.

37. Auditors' Remuneration

	2020 US\$'000	2019 US\$'000
(a) Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	1,568	1,344
Fees for assurance services required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services:		
- Transaction accounting services	342	-
- Sustainability assurance services	162	225
- Audit-related assurance services	266	149
	770	374
Fees for other services:		
- Sustainability services	13	-
- Tax and other due diligence services	74	882
	87	882
Total	2,425	2,600
(b) Fees to Other Member Firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	308	136
Fees for other assurance and agreed-upon-procedures services	13	-
Total	321	136
Total fees to Ernst & Young	2,746	2,736
(c) Fees to Other Auditors		
Audit or review of financial reports of subsidiaries	22	23

38. New Accounting Standards and Interpretations

The Group has considered accounting standards, amendments and interpretations that have been issued and will be applicable in future periods, however their impact is not considered material to the Group.

39. Commitments

	2020	2019
	US\$m	US\$m
Capital Expenditure Commitments		
Capital expenditure commitments	183	109

This represents contracted capital expenditure.

40. Events Subsequent to Reporting Date

Subsequent to year end, the Directors have determined to pay a final dividend for the year ended 30 June 2020 of US 17.5 cents per share, which will be fully franked. The dividend will be paid on 25 September 2020. The total amount of the dividend is US\$143 million. This dividend has not been provided for in the 30 June 2020 financial statements.

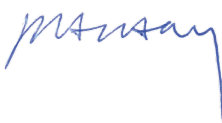
There have been no other matters or events that have occurred subsequent to 30 June 2020 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:
 - (a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) Complying with Australian Accounting Standards and *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 International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Peter Hay
Chairman



Sandeep Biswas
Managing Director and Chief Executive Officer

14 August 2020
Melbourne



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working world**

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Newcrest Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Assessment of the carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2020 the Group's consolidated statement of financial position includes property, plant and equipment of \$8,809 million, goodwill of \$17 million and other intangible assets of \$24 million. Group policy is to assess for indicators of impairment and impairment reversal annually or more frequently if indicators of impairment exist, for each cash generating unit (CGU), excluding those containing goodwill, which are tested for impairment at least annually.</p> <p>At 30 June 2020, the Group determined that:</p> <ol style="list-style-type: none"> Indicators of impairment or impairment reversal were identified for Telfer and Lihir as disclosed in Note 12. The carrying value of the Lihir and Telfer CGUs approximated their respective fair values, requiring further sensitivity analysis and for the reasons set out in Note 12 of the financial report, the Group performed an impairment test for these CGUs and the Red Chris CGU. No impairment charge was required following this test. The Group also considered if previous impairment of the Lihir CGU assets, other than goodwill, should be reversed, concluding that an impairment reversal was not required. <p>Determination as to whether or not an impairment charge or reversal relating to an asset or CGU involves significant judgement about the future results and plans for each asset and CGU.</p> <p>Further disclosures relating to the assessment of impairment can be found at Note 12 of the financial report.</p>	<p>We evaluated the Group's assessment of indicators of impairment or impairment reversal and the Group's calculations of the recoverable amount of each CGU within their impairment testing.</p> <p>With the involvement of our valuation specialists, we assessed the reasonableness of the board approved cash flow projections, the value ascribed to unmined resources, exploration potential and key macro-economic assumptions used in the impairment models.</p> <p>The Group used internal and external experts to provide geological, metallurgical, mine planning and technological information to support key assumptions in the impairment models. We have examined the information provided by the Group's experts, including assessment of the competence, qualifications and the objectivity of the internal and external experts, the methodology applied, and we have also substantiated the information supporting the inputs used in the impairment models.</p> <p>We also assessed the reasonableness of the forecast cashflows against the past performance of the CGU's.</p> <p>We assessed key assumptions such as gold and copper prices, discount rates, foreign exchange rates, mine operating costs and capital expenditures and performed sensitivity analysis around the key drivers of the cash flow projections. Having determined the change in assumptions (individually or collectively) that would be required for the CGU's to record an impairment charge or reversal, we considered the likelihood of such a movement in those key assumptions arising.</p> <p>In addition, we assessed the adequacy of the disclosures included at Note 12.</p>

2. Mine rehabilitation provisions

Why significant	How our audit addressed the key audit matter
<p>The Group has rehabilitation obligations to restore and rehabilitate land and environmental disturbances created by mine operations, including exploration and development activities. These obligations are determined through regulatory and legislative requirements across multiple jurisdictions in addition to policies and processes set by the Group.</p> <p>At 30 June 2020, the Group has recorded \$488 million as mine rehabilitation provisions. The estimation of mine rehabilitation provisions is highly complex and judgemental with respect to the timing of the activities, the associated economic assumptions and estimated cost of the future activities.</p> <p>Disclosure in relation to mine rehabilitation provisions can be found at Note 19 of the financial report.</p>	<p>We evaluated the Group's determination of the mine rehabilitation provision for each mine.</p> <p>The Group has used internal and external experts to support the estimation of the mine rehabilitation provisions.</p> <p>With the support of our environmental specialists we assessed the competence, qualifications and objectivity of the internal and external experts and assessed the reasonableness of the assumptions in the closure plans and cost estimates used by the Group's internal and external experts, and that the information provided by the Group's internal and external experts has been appropriately reflected in the calculation of the mine rehabilitation provisions.</p> <p>We assessed the reasonableness of economic assumptions, such as the discount and inflation rates that were applied in the calculations.</p> <p>We assessed the adequacy of the disclosures included at Note 19.</p>

3. Accounting for Red Chris acquisition

Why significant	How our audit addressed the key audit matter
<p>On 15 August 2019, the Group completed the acquisition of a 70% interest in, and operation of, the Red Chris mine and surrounding tenements in British Columbia, Canada. Total cash consideration paid, after debt and working capital adjustments, was \$769 million.</p> <p>Accounting for this transaction is complex, requiring management to exercise judgement to determine the fair value of acquired assets and liabilities assumed, including contracts, the non deductibility of the fair value uplift for tax purposes and the associated goodwill.</p> <p>Disclosure in relation to this acquisition can be found at Note 32 of the financial report.</p>	<p>We read the purchase agreement to gain an understanding of the key terms and conditions and to assess if the appropriate accounting treatment was applied.</p> <p>With the involvement of our valuation specialists, we assessed the:</p> <ul style="list-style-type: none"> ▶ reasonableness of the valuation assumptions used by the internal and external experts in their determination of the fair value of the acquired assets and liabilities and the amount recognised as goodwill. ▶ competence, qualifications and objectivity of the internal and external experts; ▶ We assessed whether the fair values were appropriately recorded in the financial statements. <p>We assessed the adequacy of the disclosures included at Note 32.</p>

4. Acquisition of the Fruta del Norte financing facilities

Why significant	How our audit addressed the key audit matter
<p>On 30 April 2020, the Group completed the acquisition of gold prepay and stream facilities and an offtake agreement in respect of Lundin Gold Inc.'s ('Lundin') Fruta del Norte mine for \$460 million.</p> <p>These financial assets have been recorded as financial instruments and are classified as level 3 in the fair value hierarchy. These instruments are required to be revalued at the end of each reporting period with any change in value recorded in Newcrest's result for the period. Their valuation is complex and requires significant judgement by management as the valuation assumptions are not directly observable.</p> <p>Disclosure in relation to this financial asset can be found at Notes 23 and 24 of the financial report.</p>	<p>With the involvement of our valuation specialists, we evaluated the appropriateness of the valuation methodology and assessed the reasonableness of the key assumptions such as gold prices, silver prices and discount rates used in the valuation model.</p> <p>We assessed the life of mine production schedule against external releases published by Lundin.</p> <p>We assessed the adequacy of the disclosures included at Note 23 and 24.</p>

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

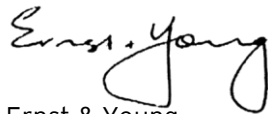
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

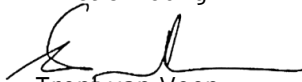
In our opinion, the Remuneration Report of Newcrest Mining Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

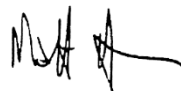


Ernst & Young



Trent van Veen
Partner

Melbourne
14 August 2020



Matthew Honey
Partner