

# newcrest & you

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# # 1

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Michael Fowler  
Service crew member at Telfer

**Welcome**  
to the first edition of  
**newcrest&you**,  
a quarterly newsletter  
especially **for you**  
**and your family.**

Each issue  
will update you  
on what's going on  
around the company  
and introduce you  
to Newcrest faces,  
old and new.  
Enjoy!

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*The M&A team is primed to secure the best deals for Newcrest, moving us closer to our goal to be 'Miner of Choice'...*

**Brian Kinsella** Head of the Mergers & Acquisitions team

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## M&A team sets sights on best deals

Almost debt-free, Newcrest is on the hunt for new growth opportunities. Much of our growth in the past has come from successful exploration and projects, but now it's time to go out and actively find other sources for growth.

It's the Mergers & Acquisitions (M&A) team's job to find the best deals. Headed up by Brian Kinsella, and working closely with the Exploration Group's Project Generation team led by John Holliday, the team scours the globe listening for good opportunities.

Brian says: *"Team members meet monthly to discuss any targets they identify, and once we have one in our sights, we research it by looking at its financial and operating statistics, news releases and any other available research. The green light is given if the target gets a clean bill of health after this analysis, at which time a project code name is assigned and the hard work begins."*

The M&A team then pulls in other Newcrest people to help assess the target's attractiveness, to see if it's worth a closer look, and what the impact will be on the environment and surrounding community. Brian says the team also performs the initial valuation, and looks for any potential problems. *"We keep an eye out for any skeletons in the closet, so they won't come back to haunt us at a later stage!"* he adds.

Providing the target holds up under scrutiny, a small team is chosen to perform a thorough due diligence, and if everything looks good, the project is presented to the Newcrest Exco (Executive Committee) and in turn, the Board.

By keeping its eyes on the ball and its ears to the ground, the M&A team is primed to secure the best deals for Newcrest, moving us closer to our goal to be **Miner of Choice**.

## One-stop shop coming for Newcrest systems

Malcolm Fraser once said: *"Life wasn't meant to be easy"*. But our Chief Information Officer, Carl Duckinson thinks otherwise, as he lays plans to make all of our lives a lot easier.

Carl and his team are running Newcrest's Enterprise Systems Strategy, which will consolidate and replace Newcrest's 200-plus existing systems with a well-defined, standard suite of products.

He explains: *"In recent years, Newcrest has undergone many significant changes in the areas of both mining as well as business systems. We've been unco-ordinated in terms of how we buy and use our systems, which has resulted in systems duplicating the same function, delays in finding information on unlinked systems, and other problems, which in some cases have resulted in manual processes being put in place as stop-gaps."*

Carl says instead, the new system will act like a one-stop shop for all our information and existing systems: *"The new strategy will help us standardise and bring together our various systems. This will make it easier for us to*

*communicate with each other, check our records from different parts of the country, and save us all time by having all our information in one place."*

Carl realises the changeover won't all be plain sailing though. *"With any change there is a bedding-in period which can sometimes be confusing, annoying, or may even seem to be wasting time, as people take time getting used to it,"* he says.

He concludes that the end result will be worth going through any teething problems, saying: *"This new structure will be very valuable, as it will allow us to literally mine our information and processes. There will be consistency of information, lack of duplication, ease of handling and entry of information. In all of the systems and things we do; everything will be so much easier."*

Newcrest's Enterprise Systems Strategy project began its evaluation of existing systems in July last year, and should be in a position to begin development by mid 2008.



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*CoPs is about using our existing resources and knowledge, and sharing and recording it so the same wheel doesn't keep getting remade...*

Adrian Pratt Leader of mining and survey CoP

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## CoPs beat path to your ideas

Newcrest's Communities of Practice (CoPs) are looking for new members to contribute their knowledge and ideas, with their goal to come up with the best ways to do things in each area of interest.

CoPs are currently being established in the areas of geology; geotechnical engineering and metallurgy; mining and surveying; maintenance and engineering; safety, environment and risk; commercial and finance; and human resources and training.

Adrian Pratt, who leads the mining and surveying CoP outlines what makes CoPs work: *“CoPs is all about making knowledge work inside an organisation.*

*“It's about using our existing resources and knowledge, and sharing, developing and recording it so the same wheel doesn't keep getting remade,”* he adds.

With strong backing from CEO Ian Smith, the CoP program has significant funding (\$1 million) to support the professional training and development of its members.

Adrian says everyone is welcome to join the CoP in their area of interest. *“If you want to make a difference, you can access your CoP through the Newcrest portal. All CoPs are working towards being as productive as possible, and are always on the look out for people with creative and new ideas”*, he says.

For more information, go to the “Communities of Practice” link on the **Newcrest Portal**.

## ReNewing the way we work...this is for *all* of us

In the words of John F. Kennedy: *“Change is the law of life and those who look only to the past or present are certain to miss the future.”*

For Newcrest, that future is bright, and although change is never easy it allows us to grow and improve.

Last year we introduced a more outcome-driven and united approach with the Newcrest Vision and Business Strategy.

ReNew is **everything** we are doing to ensure Newcrest achieves its potential as a strong, high-performing, growing company. It means understanding the business, working together in the best way we can, having the skills we need and thinking of the smartest way to do things.

Ian Smith (CEO) says: *“At the heart of ReNew is the belief that by building self-confidence and competence in our people we can create a successful future together.”*

**So will this change the way we work together at Newcrest? Yes.**

Later this year we are launching three-day workshops at Goswong, Orange and Perth that each of us will attend. The aim is to equip us with the tools we need, to challenge and improve what we and our workmates are doing and to become **Miner of Choice**: that is, the best mining company in the world, in the eyes of our people, our shareholders, our suppliers, and our communities.

## Gold on new high

Golden times are ahead following a meteoric rise in the price of gold. The price has risen from US\$639.75 per ounce on January 1, 2007, to a record spot price of just over US\$1030 per ounce at the time of writing on March 17, 2008.

Our Treasurer, Ben McCormick outlines reasons for the rise: *"Geopolitical uncertainty has played a significant part returning gold to its safe-haven status. Ongoing concerns in the Middle East resulting in high oil prices, and inflationary pressures in the U.S., a weakening U.S. dollar, and the subprime mortgage crisis are worrying investors. This is causing them to put their money where they think it's safe from the effects of inflation and market uncertainty – in gold."*

## Financial results – Newcrest looking good as gold

Newcrest's recently released half-yearly results show the business is looking healthy. Underlying profit nearly trebled from the previous year's figure of \$73 million to \$208 million – up 184%, while the accounts showed an after-tax loss of \$8 million, for the six months ending December 31, 2007.

Profits would have been higher but for the increased mine cost of sales, which was up by 32% for this half year compared with the previous corresponding half year. The business paid higher prices for labour, explosives and fuel, reflecting industry-wide pressures in these areas. Higher costs were also experienced at Cadia, reflecting increased gold production; and at Telfer costs were higher because of increased material movement in both underground and open pit operations. Telfer also experienced higher maintenance costs due to processing harder and more abrasive ore.

Our CEO Ian Smith says keeping costs down is a responsibility for all of us, but he's confident we can do this: *"We have lots of ways forward to actually control our costs and push them down over time."*

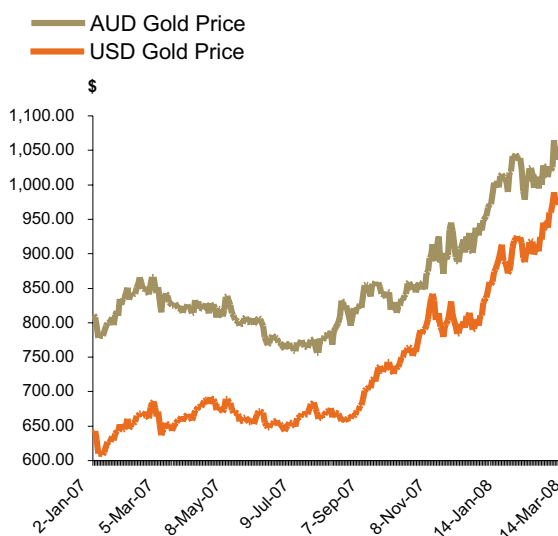
Newcrest's accounting loss of \$8 million reflects the accounting impacts of restructuring and closing out the hedge book. This was carried out last year to give Newcrest direct exposure to today's higher spot gold prices. Over \$2 billion was raised through the company's Equity Offering when shareholders were invited to

Ben says there are other factors at play too: *"Strong investor demand, consumer physical demand – especially from China and India – coupled with far higher costs of production and producer de-hedging, underpin this stellar performance."* He explains: *"By removing 3.4 million ounces of hedging since September last year – which was fixed at prices hundreds of dollars below the current price – we are now able to sell our gold at these record spot prices."*

*"With these pressures likely to continue for some time, the market expects the price of gold to remain strong for the foreseeable future,"* he adds.

The chart below shows the USD and AUD gold price from January 1, 2007 to March 14, 2008.

### Gold's stellar price rise since January 2007



acquire additional shares. This allowed the business to remove 3.4 million ounces to date in gold hedging and gold-loan contracts, and to reduce debt.

Higher gold production also underpins Newcrest's strong financial results. Our mines collectively produced 18% more gold.

Having more money in the bank means we are now well positioned to buy other mining assets, and any deals will be managed by the newly-established Mergers & Acquisitions (M&A) team.

Ian adds: *"We have a balance sheet now that puts us in a position where, as we find exciting M&A opportunities which meet our investment benchmarks, we can pursue them."*

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*It's a bit like baking a cake. Each person likes their cake in a different way. The Lean Six Sigma process tells the baker what ingredients to increase or decrease to suit each customer's requirements...*

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**Ashley Tan**  
Member of the Business Improvement team based in Melbourne



## All this talk of coloured belts... it's not karate; it's Lean Six Sigma

As part of our vision to be **Miner of Choice**, Newcrest is using the Lean Six Sigma program to improve our processes by giving our project leaders and team members special training to enhance their project-management and project-execution skills.

Ashley Tan, member of the Business Improvement team, outlines the various levels of training: *"The amount of project work people have in their jobs determines whether they are trained as Black Belts (high emphasis on project work), Green Belts (medium emphasis on project work), or Yellow Belts (support roles for Black and Green Belts)."*

Ashley says the training is designed to make everything work better: *"Just because you do something well, doesn't mean you can't do it better. Lean Six Sigma helps us improve our processes by allowing us to continually fine-tune them with structured experimentation, ultimately to improve customer satisfaction. It's a bit like baking a cake. Each person likes their cake in a different way: some like it sweeter; others like it more moist. The Lean Six Sigma process tells the baker what ingredients to increase or decrease to suit each customer's requirements."*

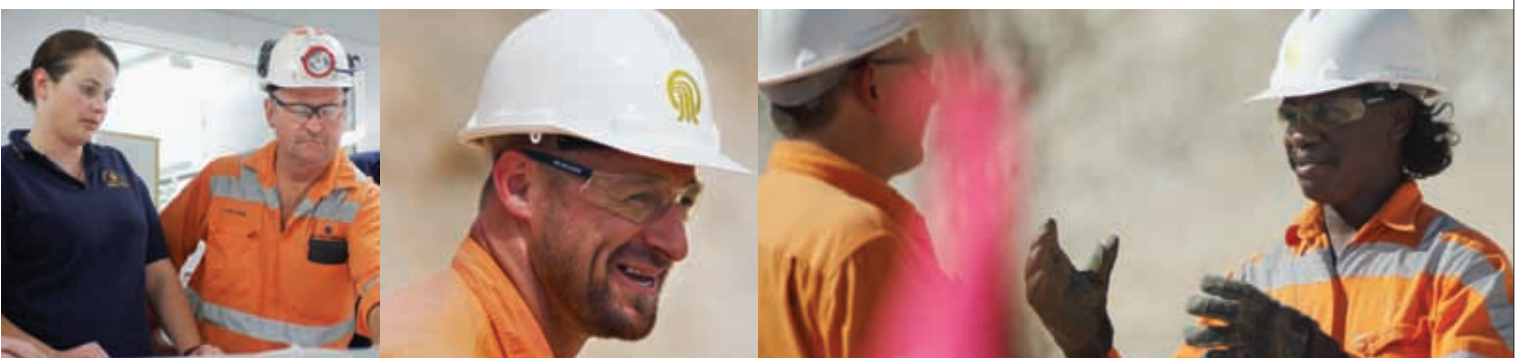
The first Newcrest Lean Six Sigma trainees graduated last December, and have taken their new skills back to their jobs. Some of the resulting projects are nearing completion and showing positive results.

Ashley lists some of them: *"Gosowong now has a more efficient pillar-mining process, and a process to manage shotcrete application; Cadia Valley has reduced overruns in mill shutdowns with improved planning, and there's some work in Telfer's Open Pit to help the mill increase its throughput."*

Ashley says Lean Six Sigma's ethos and methodologies will spread to all parts of the business as more people are trained and subsequently train others: *"Lean Six Sigma strengthens the company gradually with organic growth, as more and more people know the system and feel comfortable using it."*

So far almost 50 Black and Green Belts, and close to 200 Yellow Belts have been trained.

If you would like to be in the next wave to be Black or Green-Belt trained, visit the "Lean Six Sigma" site on the **Newcrest Portal** for more information.



Production Engineer, **Rebecca Roper**, **Ben O'Callaghan** Pit technician at Telfer and Underground Superintendent **Clive Jones**, at Ridgeway

**Sean Harris** Pit technician supervisor, and Pit Technician **Mark French** at Telfer



Agustomo Safii Malaria control supervisor, checking mosquito traps at Gosowong

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*Keeping our workers free from malaria not only saves lives, but also saves on lost work hours, which helps keep our production levels high...*

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## Waging war on malaria

Did you know that only female mosquitoes bite humans, while the males leave us alone, preferring to dine on plant nectar? Females may also bite repeatedly and can live to be 100 days' old, while their male partners die after just 10 days.

As well as inflicting painful bites, mosquitoes also spread malaria. Newcrest is reducing the number of cases with a new mosquito-elimination program. The "Malcon" (short for malaria control) program was introduced just over a year ago at our Gosowong site in Indonesia, and is already seeing an impressive reduction in the number of reported malaria cases. In 2006 there were 648 reported cases; this halved to just 320 in 2007.

The program also aims to stop malaria spreading in Gosowong's neighbouring communities, to avoid the risk of re-infection to workers when they return home. Destroying stagnant water sites in which mosquitoes love to breed, and introducing mosquito larvae-eating fish into ponds used for Gosowong's operations, have been two powerful weapons in the arsenal of destruction.

Adam Voss, General Manager of Gosowong, is delighted with the results, saying: *"Keeping our workers free from malaria not only saves lives, but also saves on lost work hours, which helps keep our production levels high."*

Adam says Gosowong will continue using Malcon practices and hopes this year sees an even greater reduction in cases, in the fight against malaria.

## Cleaning up our act

More than 80 Cadia Valley Operation (CVO) employees and their families "did their bit" for this year's **Clean up Australia Day** on March 2, collecting rubbish from the roads outside Orange that are heavily used by Newcrest employees.

This is the fifth year running that CVO took part, setting a new record by covering a staggering 48km stretch of road, which breaks last year's 40km record.

Community Relations Manager for CVO, Nedra Burns, says the event was a great way for employees and their families to play an active role in keeping the local roads safe and tidy.

*"Everyone helped, even the little kids who sorted the recyclable materials from the general waste," she says.*

**Clean up Australia Day** began 20 years ago and since then over half a million Australians have helped every year, and over 200,000 tonnes of rubbish has been collected; that's a phenomenal 4.7 million wheelie bins-full!



CVO employees, Melanie McClare, Sue Bonner, Paula Dell-McCumstie and Alison Hamilton with some of the children who helped with Cadia's clean up.



## Hands up, baby hands up!

Anyone who's ever had a broken arm or hand knows how difficult it is to do the simplest thing, like getting dressed in the morning. Going to work is often out of the question. Keeping our workers safe from hand injuries and other accidents is a priority at Newcrest, and the safety team at Gosowong has devised a program to help our workforce protect their hands, called Jaga Tangan Anda (JTA), meaning "keep your hands".

Posters and banners written in Bahasa (Indonesian) are being circulated onsite at Gosowong. And t-shirts, nail clippers, hats and ID lanyards with the JTA brand will be used to heighten awareness of the potential for hand injuries and the measures we can take to prevent them.

To strengthen the message, weekly "toolbox" meetings are being held to highlight five hand safety themes. Dale Sims,

geology manager at Gosowong, explains: *"The idea is to talk about one of the five safety themes every week using the informasi pack, or toolbox provided. We don't want to cover them all at once otherwise it becomes 'too much informasi!'"*



Dale says he wants input at the meetings too; *"Getting ideas for improvement from the workforce is what it's all about and what we as the site leadership team need to support and encourage."*

Gosowong will run the JTA program over the next quarter in a sustained push to reduce the rate and severity of hand injuries and plans to further develop it using ideas sourced from the toolbox meetings.

## Blast it all

When it comes to working in the Open Pit, we know that the blast pattern is important; but what pattern works best? Project leader at Telfer, John Boreham, has been using Lean Six Sigma methodology to answer this question.

John explains: *"We're trying to improve mill throughput at Telfer and one of the key factors is particle size of the mill feed. Unfortunately it's not a matter of just making the feed as fine as possible – there's an optimum particle size distribution – and the blast pattern is critical in achieving that."*

John uses Lean Six Sigma principles to determine what factors effect mill throughput. *"Lean Six Sigma gives me the framework for the investigation. Combining this with*

*the knowledge of the project team means we are able to work out which blast patterns will change the particle size distribution."* He continues: *"Key to this has been good data capture and process modelling, which is all part of the Lean Six Sigma methodology."*

Pleased with the progress so far, John says: *"While it's still early days, preliminary data shows we're on the right track, and further work should give us the improvements we're looking for."*





## Who's who @ Newcrest

### Tanya Beuster

Seeing Australia play Italy at the last World Cup in Germany was one of Tanya Beuster's holiday highlights on the break she took just before joining Newcrest a year ago. She says the feelings of awe she experienced while watching the game in the massive Fritz Walter stadium were similar to those she felt when she first saw the Open Pit at Telfer, where she is now based. *"I was a bit daunted at first as it's such a huge mine site, and was much bigger than any I'd seen in my previous experience."*

But now it's a different story for the geologist, who has learned quickly to adapt. She explains: *"One of the biggest challenges for me was getting on track with communicating with everyone, which is essential for an operation the size of Telfer's."*

Tanya says keeping everyone in the loop means people at every step of the process know what the teams ahead and behind them are doing: *"There are so many departments – everyone needs to keep the big picture of the whole process constantly in their heads."*

Tanya thinks teamwork and keeping communication channels open are what make her job most rewarding. *"I work with a great bunch of people, and we're trying lots of new things to improve our processes. It's the simple things that count. I like seeing good results coming out the mill – when I see that I know we've had a good day. It means you've communicated with everyone and they've communicated back with you and got the message."*



### Crusher

While his name might suggest it, Crusher doesn't crush rocks together with his bare hands. Instead, he got his name from towing a scrap-car crusher in his pre-Newcrest days. These days, he is the Mechanical Services Co-ordinator at Cadia Hill where he has worked since 1996.

Responsible for heavy vehicle inspections at Cadia Hill, Crusher checks that each vehicle going onsite complies with Newcrest's safety guidelines. *"Every heavy vehicle has to meet the MDG15 (mine design guideline 15). Some machines need stickers, radios, or flashing lights to be compliant."*

Starting out as a crane driver, Crusher progressed to his current role with Newcrest's training program. He says this is one of the best things about Newcrest: *"You can really go somewhere if you want to – you get given great opportunities to train and develop."*

But he says the best thing is Newcrest's commitment to safety: *"Here, your safety comes first; not production. Before I came to Newcrest I was sometimes paid 'danger money' to do risky jobs. Here; if a job isn't safe, it isn't done."*

Crusher thinks Newcrest's safety culture has strengthened over the last 10 years, particularly since the introduction of Target Zero: *"In the past, near misses didn't always get reported. But now, everything gets filed, and a JHA (job hazard assessment) is done, so all hazards are picked up."* He adds: *"Newcrest's safety culture is bred into people here. It's the way it needs to be – getting people home at the end of the day the way they arrived – all in one piece."*



## What do you think?

## Got any news or feedback?

The newcrest&you team would love to hear from you.

Email us or call us with your feedback, or with any news of initiatives that are making Newcrest a better-performing company and a great place to work.



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