

Newcrest Mining

NCM: AU / NCM.AX

Industry: Precious Metals (ASX)

Market Cap

A\$14,642.4m

US\$10,522.32

Avg Daily Volume

5,332,0645

Daily 12 month average

Current EPS

0.39

Target EPS 0.63

Current

A\$19.11

Target

A\$22.70

Upside

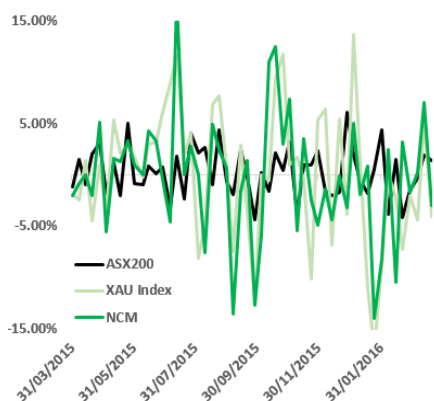
18.79%
BUY

HOLD

SELL

Price Gains Comparison

Source: Bloomberg



Relative Performance

S&P / ASX200

1m	-1.57%
6m	-0.83%
12m	-15.06%

XAU Index

1m	5.35%
6m	43.45%
12m	3.47%

Key Stock Data - MAY 16

52 WK Range	10.55-21.62
WACC	4.08
Current P/E	18.29
EPS	0.39
P/BK	1.57
Price/Sales	3.13
EV/EBITDA	8.21

Highlights

NCM – Diggin’ for a Livin’

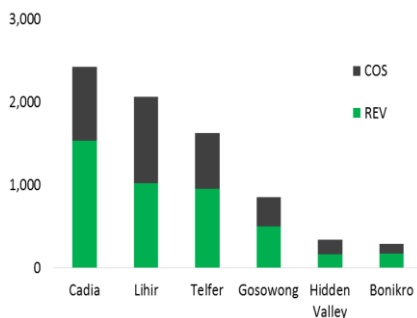
This report offers a buy recommendation on Newcrest Mining (NCM) with a one-year target price \$22.70, offering an 18.79% upside on the stock’s current trading price of \$19.11. NCM has recently undergone a managerial restructure which has resulted in the creation of strong strategic initiatives which have bolstered the future prospects of the company’s profitability and fiscal sustainability into the future. The recommendation is offered on the basis of:

- A recent history of negative EBITDA Margins for FY2013 and FY2014. During the period, the company increased its long term debt liabilities in order to cover the short fall. Notably, there have been no dividends paid to ordinary stakeholders since 2012 on the basis of poor financial performance. It is believed that the absence of dividend payments provide a market discount under the per share intrinsic value of the company. Forecasted projections show NCM reinstating a dividend payment in FY2017 on account of reduced long term debt obligations.
- NCM is one of the largest precious minerals producers in its industry. The most recent financial year placed NCM second in terms of EBITDA, reporting 18.55% of the EBITDA earnings for the entire senior BI gold producer’s index.
- Rising inflation levels in China (CPI Index) hint at a heightened demand for gold, placing upward pressure on the commodities market price, good news for the company. The real test will be in NCM’s ability to manage its production costs in order to maximise its profit margins and sustain growth into the future.
- Strong EPS forecasts on the back of the cost saving ‘edge’ initiative enacted last financial year by new CEO Sandeep Biswas. The company’s FY2015 CAPEX is down 33% on FY2014 and revenues were up 25% for NCM’s Cadia operation during the same period.
- Prospective operations Namosi and Walfi-Golfu increasing future XAU output.

	2011	2012	2013	2014	2015	2016F	2017F	2018F	2019F	2020F
Revenue	4129	4478	3775	4050	4425	4606	4793	4989	5193	5530
Gross Profit	1508	1549	618	630	791	1013	1150	1297	1558	1383
EBITDA Margin	0.50	0.48	0.35	0.37	0.38	0.29	0.34	0.35	0.32	0.31
EBIT Margin	0.36	0.37	-1.63	-0.58	0.23	0.14	0.19	0.20	0.18	0.17
Debt to Equity	0.16	0.42	0.53	0.44	0.35	0.26	0.19	0.14	0.11	0.08
Net Profit Margin	0.26	0.27	-1.70	-0.67	0.13	0.06	0.10	0.11	0.09	0.08
ROIC (%)	10.3	6.83	-32.46	-15.08	5.24	2.16	3.50	3.74	3.65	3.40
ROA (%)	7.69	6.50	-34.10	-17.67	4.05	1.80	2.56	2.53	2.52	2.24
ROE (%)	9.70	8.48	-51.04	-30.56	6.99	2.98	4.10	3.90	3.71	3.20

FY2015 Performance

Source: Bloomberg



Business Description

Newcrest mining (NCM) is an Australian gold, silver and copper miner with operations in Australia, Asia, Africa and the Pacific. Newcrest runs 3 fully owned and operated mine sites and holds the majority stake in 3 further mines in its portfolio. NCM also facilitates an exploration and development segment to seek out new sites into the future.

Cadia Valley – Cadia Valley Operations (CVO) is Newcrest’s flagship Australian mining operation. The site is fully owned and operated by NCM and consists of three mines, two open-pit and one underground. The site is located in regional New South Wales, 25km south west from Orange. CVO predominantly produces gold and copper, yielding 667,418 ounces of gold and 75,212 tonnes of copper and 537,849 ounces of silver during the most recently financial year.

Telfer – Like CVO, Telfer mines are gold and copper producers. The site is situated 400km south east of Port Hedland, Western Australia, operating on a fly-in-fly-out basis. The most recent financial year, the site produced 520,309 ounces of gold and 23,119 tonnes of copper and 321,076 ounces of silver. The mine is one of NCM’s oldest, having been established in 1975. During December of 2015, NCM signed a land agreement with the Martu people, traditional indigenous land owners of the site. The agreement will commit \$18 million to be paid over a 5 year time span and has committed to provide sustained training, employment, contracting and logistical support for the Martu people.

Lihir - Lihir is located on Niolam Island, 900km north-east of Port Moresby, the capital of Papua New Guinea. The mine is the largest gold producer held by NCM and reported a yield of 688,714 ounces of gold and 16,581 ounces of silver for the most recent financial year ending June 2015. Lihir is located within a geothermally-active volcano and is regarded to contain one of the largest gold deposit concentration in the world. The site is owned and run by Lihir Gold Limited (LGL), a 100% ownership subsidiary of NCM. The site was acquired as a result of a merger between NCM and LGL by a court approved scheme during August of 2010. The Lihir mine site employs approximately 5000 workers (90% of which are PNG locals), operating on fly-in-fly-out basis.

Bonikro – Bonikro is a West African gold mine, owned and operated by LGL Mines, a subsidiary of Newcrest with an 89.89% ownership stake. The mine is open-pit, utilising conventional trucks and excavators to operate. Last financial year, the site produced 119,970 ounces of gold and 18,870 ounces of silver, despite the site only being in its 7th year of operation. Currently, exploration is underway to identify further gold deposits within a 30km radius of the facility. Through its involvement with the site, Newcrest holds interest in approximately 3000 square kilometres of regional tenements within Cote d’Ivoire. Bonikro employs approximately 1000 local employees and contractors, which contributes a significant portion of the local economy of the region, through employee wages, supplies purchases, sustainable development projects and donations.

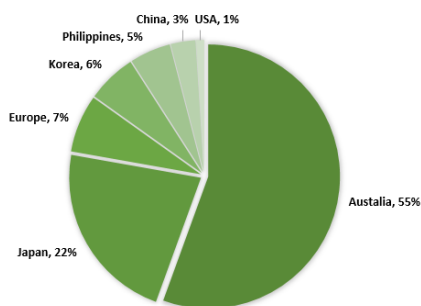
Performance by site

Source: Bloomberg

Mines	Ownership	FY2015 Output	Performance
Cadia	100%	AU: 667,418oz CU: 75,212t AG: 537,849	REV: 1,538MN COS: 886MN
Lihir	100%	AU: 688,714oz AG: 16,581oz	REV: 1,020MN COS: 1,049MN
Telfer	100%	AU: 520,309oz CU: 23,119t AG: 321,076oz	REV: 956MN COS: 675MN
Gosowong	75%	AU: 331,555oz AG: 410,970oz	REV: 499MN COS: 358MN
Hidden Valley	50%	AU: 94,601oz AG: 892,838oz	REV: 161MN COS: 178MN
Bonikro	89.90%	AU: 119,970oz AG: 18,870oz	REV: 170MN COS: 129MN

Revenue by Region

Source: Bloomberg



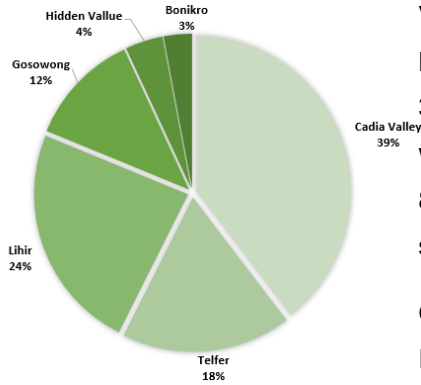
NCM Mine Site Locations

Source: Annual Report



Gold output by site FY2014

Source: Bloomberg



Hidden Valley – The Hidden Valley mine operation is owned and run by the Hidden Valley Joint Venture, a joint venture subsidiary between NCM (50%) and Harmony Gold Mining of South Africa (50%). The mine is open-pit in design and extract minerals from 3 sites, namely, Hidden Valley, Kaveroi and Hamata of Papua New Guinea. The mine was established in 2007 and report a production yield of 94,601 ounces of gold and 892,838 ounces of silver for the most recent financial year ending June 2015. The mine site is located in an area of high rainfall at an altitude of 2000m above sea level.

Gosowong – Gosowong mine site is a Gold and Silver mine on Halmahera Island, Indonesia. Although the site is operated by local miner, PT Nusa Halmahera Minerals (PTNHM), Newcrest holds a 75% interest stake in the site. Gosowong processing plant holds a capacity of 800 mega tonnes of material per year. The 2015 financial year saw Gosowong produce 331,555 ounces of gold and 410,970 ounces of silver.

CPI Inflationary Indicator

Source: Bloomberg

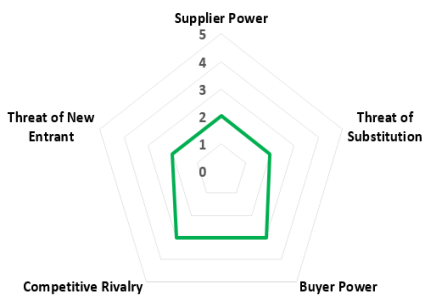


Namosi, Fiji – The Namosi is a joint venture exploration venture between NCM, Nittetsu Mining and Mitsubishi Materials. The exploration site is expected to yield gold and copper and is still in its pre-feasibility phase and EIA assessments are currently underway. Following approval from the Fijian government of the site proposal.

Walfi-Golfu, PNG – Walfi-Golfu is a gold, copper and silver exploration site between Harmony gold and NCM. Drilling tests since 2008 have uncovered world class porphyry deposits. Planning is in place to utilise extraction techniques similar to those practised in Cadia Valley’s underground operations. The site is estimated to contain a bulk total of 28 million ounces of gold, 9 million tonnes of copper and 50 million ounces of silver. Stage one of the operation is expected to provide a mine life of approximately 27 years, peaking annual production by 2025 with 320,000 ounces of gold and 150,000 tonnes of copper. Stage one production are expected to begin in 2020 and capital costs to build stage one are estimated at \$2.3 billion USD

Porter’s Five Forces Model

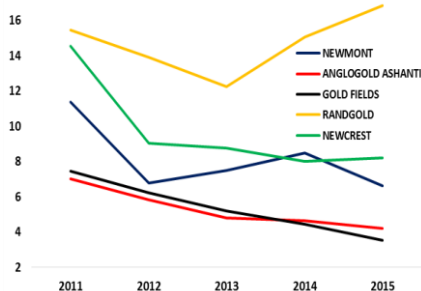
Source: Estimates



Strategy and Business Model - NCM announced last year that it would not be paying dividends for following 3 consecutive years as the firm maintains its focus on reducing long term debt. The company’s current business model promotes the expansion of its current mine sites to raise production life and increase production levels as the cost of mineral production is reduced and remain profitable throughout the gold price cycle. Appendix 1 denotes the SWOT analysis, which was used to determine the porter’s 5 forces model in the margin.

PEERS EV/EBITDA

Source: Bloomberg

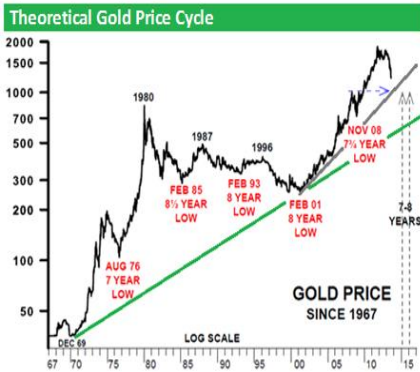


Industry Analysis and Competitive Positioning

Precious metals industry –Precious minerals mine site are expensive to establish. Mine sites are limited to natural availability of mineral veins. Mine sites are expensive to locate and require high levels of expertise to establish. NCM has a well-established mining history and operates sites and processing facilities to handle high volumes of production output. The nature of the product being produced does not differ greatly between competing miners, differing only by the purity of product once the raw material has been refined.

Gold Price Cycle

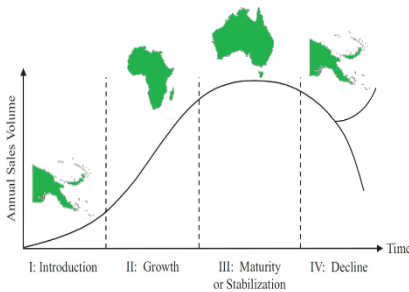
Source: Adenforecast.com



Gold price cycle – A key management goal of NCM is maintain profitability throughout the gold price cycle through the strict management of the cost of operation and their ability to reduce the overall cost of production. The margin on the left denotes a theoretical gold price cycle relationship which maintains that gold pricing runs in accordance with an approximate 8 year cycle.

Mine Site Life Cycle

Source: Estimates



Mine site life cycles – Each one of NCM’s mine sites has a respective mineral yielding life cycle. The mine life is indicative of the viable time remaining before the mineral vein has been mined to depletion. The graph in the margin depicts the relative life cycle for each one of the current mine sites which NCM currently holds. Given that some of the projects mentioned in the contents of this report have yet to be undertaken, they have been excluded from consideration in this section of the report.

Precious minerals demand - Precious minerals have a strong reputation as a predominantly hedge based investment. Although economic factors such as inflation pay a part to favour gold as an investment asset. The diagram in the margin denotes the 2015-2016 period depict rising inflationary levels in both Australian and Chinese markets. The inflationary increase suggests an increase in the demand for gold, further supporting the price climb of the precious commodity into the future.

Peers by 2015FY EBITDA

Source: Bloomberg

Company	Last FY AUD \$BN EBITDA	% of total EBITDA
Newmont Mining	3.16	28
Newcrest Mining	2.09	18.55
AngloGold Ashanti	1.55	13.77
Gold Fields	1.16	10.25
Zijin Mining	1.05	9.28
Angnico Eagle	1.01	8.99
Randgold	0.45	3.95
Sibanye Gold	0.32	2.82
Kinross Gold	0.2	1.81
Harmony Gold	0.16	1.44
Cia de Minas Bueaventura SAA	0.13	1.13

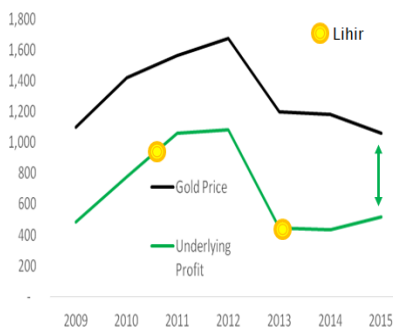
Market Peers – The Senior BI Gold Producers index places NCM as one of the world’s most prominent gold producers. Last financial year, NCM reported the second largest EBITDA, of \$AUD2.09BN, an approximate 18.5% of the total EBITDA reported within its peer group.

Investment Summary

Summary of Financial position - NCM is currently in a state of financial recovery. The company reported considerably large negative net income margins of -153.11 for FY2013 as well as -54.98 for FY2014 on account of the asset impairment of the company’s prominent Lihir operation. During the period, NCM raised its long term debt to cover the short fall in its financial stability. NCM has not paid dividends to its ordinary shareholders since 2012 and announced last year that it intends to maintain a \$0.00 dividend for the next three years, whilst it focusses on reducing its long term debt liabilities.

XAU to Underlying Profit

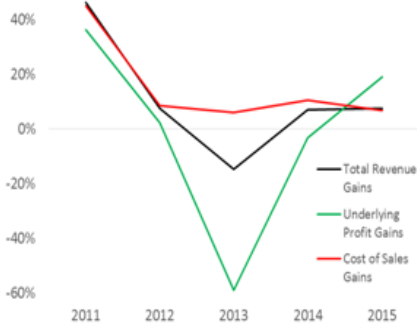
Source: Bloomberg



Asset impairment – The 2.3BN write down on assets occurred on account of the price drop from historically high XAU prices when the Lihir merger deal was struck back in 2010. The XAU to underlying profit figure in the margin depicts a time scale of underlying profit to market gold pricing between 2009 and 2015. The two markers indicate market and company performance during the merger and acquisition of Lihir, when XAU currency was beginning to peak and the approximate time in which the Lihir site was written down on account of the slump in commodity prices.

Underlying Profit

Source: Bloomberg

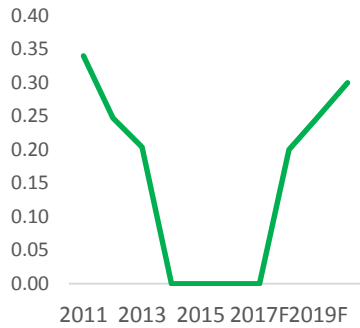


Volatility of Earnings - Precious minerals produced by NCM derive their prices from the commodity market. Mineral pricing can go through periods of volatility. A reduced market price for the gold produced by NCM has a direct impact upon the company's gross revenues. Likewise, the cost of operation for NCM is high and interruptions to the production process can be costly upon the miner's profit margin as short-falls in production targets are realised.

Edge Initiative – Newcrest has recently undergone a cost saving transformation, code named the 'edge initiative'. NCM's senior management designed the scheme to slash associated wasteful capital expenditures, which has helped to raise the company's underlying profit over the past 12 months. FY2015 of the XAU to underlying profit chart depicts a convergence of underlying profit and the market price of gold. The program is in its first stage of rollout and is anticipated to continue increasing NCM's underlying profit and gross profit margin over the next 5 years.

Dividend Payout Ratio

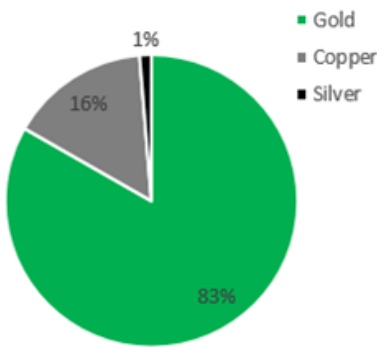
Source: Bloomberg



Prospective Business - NCM has a strong explorative team and has identified several prospective sites in the pacific region. The most prominent site being the Walfi-Golfu joint venture operation in PNG. NCM holds a 50% stake ownership in the project which is expected to begin production in 2020. NCM has additional explorative projects underway in the 30km radius surrounding its West African project in Bohikro and is protected by tenement rights held in the area. The 71% stake owned project in Namosi, Fiji currently has environmental feasibility studies underway and is awaiting local authority permission before further cost benefit analysis studies can begin.

5YR Ave Revenue Segments

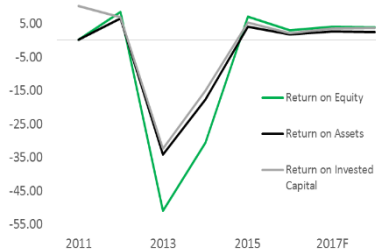
Source: Bloomberg



Historical Dividends - NCM's volatile earnings have restricted the company's ability to pay dividends to its ordinary shareholders over the past three years. The annotated price charted within the appendix of this report denotes the most recent dividend having been paid in 2012 at \$0.12 per share. Poor financial performance, including the most recent financial year have restricted the company's ability to pay dividends to non-preference shareholders. Management has announced that the company plans to maintain a no dividends policy over the next three consecutive years as NCM focuses on long term debt reduction. The dividend payout ratio figure in the margin denotes the estimated dividend payout ratio performance into the foreseeable future, as the company continues to pay down long term debt.

ROE Breakdown

Source: Bloomberg & Estimates



Financial Analysis

Overview - The financial ratio forecasts denoted in the appendix presents a snapshot of NCM's current, future and past financial performance. Projections have been made based upon the assumptions of the execution of planned managerial strategies as well as stable commodity market conditions into the future.

Edge Initiative - Newcrest's executive board have executed a companywide efficiency program, designed to reduce wasted spending, increase efficiency of output and return

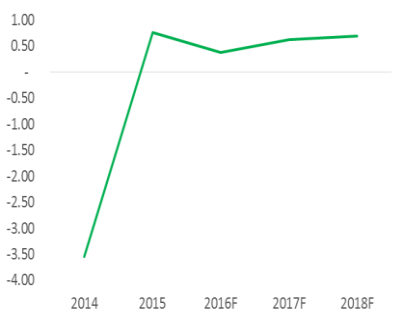
1YR Change in Operations

Source: Bloomberg

Change in Operations FY2014-FY2015								
	Cadia	Telfer	Lihir	Gosowong	Hidden Valley	West Africa	Other	Group
Gold	18%	-4%	-7%	-1%	-7%	10%	0%	1%
Copper	27%	-4%	0%	0%	0%	0%	0%	18%
Silver	15%	-2%	-35%	-12%	-6%	6%	0%	-2%
Revenue	25%	1%	-3%	3%	-6%	16%	0%	8%
EBITDA	33%	10%	-54%	0%	-46%	111%	-55%	11%
EBIT	33%	23%	-122%	-5%	55%	613%	-44%	19%
FCF	134%	59%	202%	92%	25%	83%	-62%	717%
CAPEX	-26%	-30%	-59%	-29%	41%	50%	-27%	-33%
AISC	-11%	-8%	2%	4%	14%	-18%	-19%	-3%

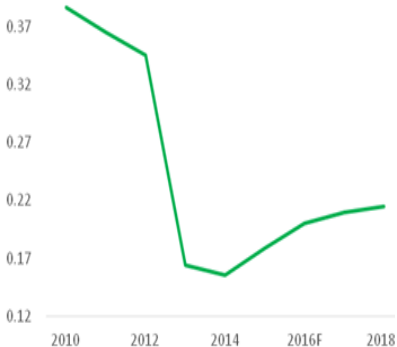
Earnings Per Share Forecast

Source: Bloomberg & Estimates



Gross Profit Margin

Source: Bloomberg & Estimates



Debt to Equity Ratio

Source: Bloomberg & Estimates



DuPont Analysis

Source: Bloomberg & Estimates

Du Pont		
	2015	2016F
ROE	6.99	2.98
ROA	4.05	1.80
NPM	0.13	0.15
LEV	1.70	1.63
TATO	0.29	0.26

The program raised \$AU380MN in attributed savings and played a large part in assisting the company to deliver an \$AU1100MN FCF during FY2015. The program is in its first stage of rollout and will continue to assist the company to reduce attributed operational expenses and increase the company's profit margin into over the foreseeable 5 years.

Profitability - Table of output for two largest sites having reduced CAPEX and raised gold output over the past 5 years. Notable the Lihir site has underperformed in the recent past and is anticipated to begin returning large scale contributions to boost the fiscal profitability of the firm into the future on account of the cost saving initiatives of the edge program. The key to profitability for NCM is in management's ability to maximise profit margins through cost reduction in a price taking market.

Long Term Debt – The Debt to equity ratio is projected to dive as the company prioritises the pay down of long term debt. During the most recent financial year, NCM contributed \$AU819MN toward long term debt payments. Executive management have indicated that they intend to maintain the debt repayment focus over the medium term.

Capital Expenditures - CAPEX is a key component of gross profit margin. Historical and forecasted projections have been made on the basis of the realised effects of the company's edge initiative. The 1YR operations table in the margin of the previous page denotes a CAPEX reduction of 33% over the past 12 months for NCM. Over the past 3 years, the sustainable cost per ounce has reduced 61% at Cadia and 26% at the company's Lihir operation.

Production – Recent performance shows increases in gold output for Cadia and Lihir by 31% and 2% over the previous 5 years respectively. However, considering the most recent financial year alone, Lihir has boosted output by 17.5% during H1FY2016.

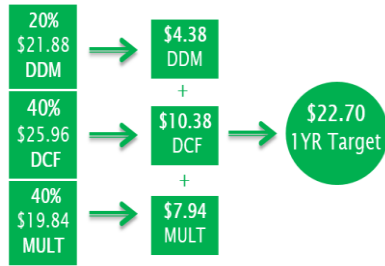
	All in sustaining cost per Oz (\$USD/oz)					Production ('000 oz)							
	FY2013	FY2014	FY2015	H1FY2016	SAVING	FY2011	FY2012	FY2013	FY2014	FY2015	H1FY2016	CHANGE	
Cadia	624	299	203	246	61%	Cadia	515	473	447	593	667	675	31%
Lihir	1,197	1,158	1,156	890	26%	Lihir	791	604	649	721	689	810	2%

ROE Decomposition – The DuPont analysis table in the margin depicts the ratio breakdown of the return on equity ratio for NCM. Comparing the projected values, each ratio factors in the impact of the company's long term debt pay down, CAPEX reduction initiative as well as increase in mined gold reserves, through the increased output for the company's operating sites. Notably, net profit margin is forecasted to increase, while total asset turnover will marginally decline on account of the increasing mineral asset base relative to revenues. ROE and ROA are projected to be impacted on account of the rising proportion of long term debt payments.

Forecasted Ratio Analysis – Projected ratios show improvement for NCM's liquidity, Solvency and Profitability as the company reduces costs, improves output, reduces long term debt and maintains its asset base. Notably, gross profit margin will gradually increase as the company realises the effects of the CAPEX reduction edge initiative as well as increase output in a stable commodity market.

Intrinsic Valuation

Source: Estimates



Discounted Cash Flows

Source: Bloomberg & Estimates

	PV of FCF			
	FY2015	FY2016	FY2017	FY2018
EBITDA	1590	1226	1456	1482
EBIT (1-T)	706	419	545	526
Depreciation and Amortisation	580.6	627	677	731
Capital Expenditure	453	476	423	383
Change in Net Working Capital	-20	18	18	18
Free Cash Flow	854	553	781	856
FCFF Growth		65%	141%	110%
PV of FCFF	821	531	751	822
PV of Total FCFF				19,113
Terminal Value				16,952
PV of Terminal Value				19,877
Discount Factor	0.9608	0.9231	0.8869	0.8522
PV of FCF	821	510	693	729
Total PV of NCM				2753
Add: Cash and Equivalents				258
Equity Value				9970
Number of Shares				766
Intrinsic Share Value		10531.6	766	13.75
12 Month Target Price				\$25.96

Cost of Capital Breakdown

Source: Bloomberg & Estimates

Cost of Capital Estimation	
Shares Outstanding	765.75
Share Price	20.88
Total Debt	4019
Current D/E	0.443647
Common equity weight	0.69269
Debt Weight	0.30731
tax rate	0.42
after tax cost of debt	1.72
cost of equity	5.12%
WACC	4.08%
E/V	0.69269
Re	5.12%
Rd	1.72%
1 - Tc	0.7

Terminal Growth Rate

Source: Bloomberg & Estimates

8YR FORECASTED AVE				
AS51 Growth	AS51			2.7%
Inflation Growth	CPI			2.3%
Gold Pricing Growth	XAU			-3.15%
	B x AVE	Beta	AVE	RFR
Index Growth(15%)	0.40%	0.35	2.70%	0.023
Inflation (35%)	0.79%	1.84	2.30%	
XAU Gold Price (50%)	-1.57%	1.43	-3.15%	
Terminal Growth Rate				-0.38%
Cost of Equity				3.62

Valuation

Intrinsic Price Target **\$22.70**

Recommendation: **BUY**

Overview - The intrinsic valuation determined for NCM has been derived from a weighted contribution of three valuation methods, namely discounted cash flows model, multiples pricing model and the dividend discounted model. Each of the respective valuation methods rely upon differing sets of variables and offer a differing intrinsic valuation. The final target price is a culmination of each valuation technique based upon a weighted sum of values from each respective method. Valuation weights have been made based upon contributory assumptions which will be explained in each of the respective sections below.

DCF Model – The discounted cash flows model, measures the present value of future cash flows to the firm and derives an intrinsic value based upon the company’s future performance. Accordingly, the DCF model derived an intrinsic value of \$25.96. This model assumes constant changes in net working capital over the projected period. Given the nature of the projection, forecasted outcomes cannot be guaranteed and hence the model cannot give a true and accurate measure of intrinsic value alone. With this factor in mind, the valuation contribution has been given a 40% (\$10.38) contributory weighting to the intrinsic target price

Weighted Average Cost of Capital (WACC) – The weighted average cost of capital denotes the required return expected to compensate stake holders of the firm. The WACC is a measure of the implicit cost of capital required by the firm. Accordingly, calculations found the WACC to equate to approximately 4.08%. The denoted value has been utilised to determine various intrinsic valuations in order to determine the 12 month target price for the firm.

Revenue Growth Rate – NCM’s revenue growth rate has been conservatively estimated at approximately 4% in accordance with historical average growths of the past 5 years. Revenue growth is anticipated to slow down as the company reaps the benefits of its production efficiency program over the following 5 years. Walfi-Golfu production will support added revenue growth, which will continue whilst the prospective site matures.

Terminal Growth – Terminal growth for NCM was determined as -0.38% on the basis of strong correlations to XAU gold currency, inflation the AS51 Australia index. Average determined growth of XAU gold currency was determined as -3.15% per year, which paired with a strong Beta value to NCM, dragged the terminal growth value into the negative. XAU Gold Currency has been notoriously volatile over the past few years. NCM’s unhedged revenue position exposes the company’s revenues to the unstable swings of the commodity market. Despite a negative growth rate, it is anticipated that NCM will still be able to generate positive revenue growth through boost production output.

Dividend Discount Model

Source: Bloomberg & Estimates

Dividend Discount Model		
	2019F	2020F
Dividend Per Share	0.16	0.26
Dividend payments	123	199
No of Shares on Issue	766	766
Dividend payout ratio	0.25	0.30
DDM Valuation	\$	21.88

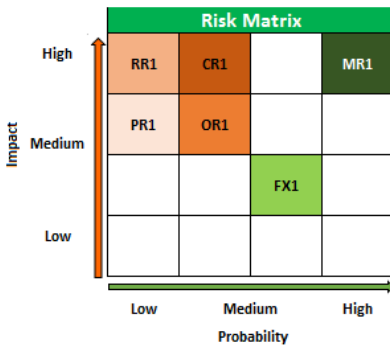
Multiples Pricing Model

Source: Bloomberg & Estimates

Multiples Valuation			
	FY2016F		FY2016F
P/E	EV/EBITDA		
Peers Median	21.25	Peers Median	6.018
Discount	7.01%	Premium	3.69%
Target P/E	25.88	Target EV/EBITDA	11.50
EPS	0.63	Implied EV	21896
	Less: Debt		4019
	20.16	Value of Equity	17877
Price from P/E	16.31	Price from EV/EBITDA	23.37
Weights	0.5		0.5
Price			\$ 19.84

Risk Matrix

Source: Estimates



Risk Mitigation Table

Source: Estimates

Risk	Mitigation Method
RR1	Reduced exposure through updating internal policy to conform with regulatory changes as they occur. Maintain all licenses and permits so as to remain operational.
MR1	Establish a hedged position to offset exposure of XAU gold currency fluctuations upon revenues for the company.
OR1	Maintain strict safety policy to ensure worker safety is the highest priority.
FX1	Offset risk through establishing hedged market positions on USD/AUD fluctuations.
PR1	Maintain strict screening processing of staff on site as well as employ security to patrol mine assets. Stay informed of changes to political horizon of locations.
CR1	Ensure credit rating standards are maintained through financial management of NCM so as to reduce risk profile and maximise rating.

DDM Model – The dividend discount model (DDM) calculates the intrinsic price based upon the present value of future dividend payments of the company. Given NCM is not paying ordinary dividends during the current period, forecasted projections have been made to determine the timing and value of future dividend payments and present valued the respective dividend payments to today. Due to implied assumptions of future performance inherent within this method, a 20% weighting has been applied to the target intrinsic valuation price derived from this method.

Multiples Pricing Model – The multiples pricing model measures performance of an entity over history, relative to the peer group in which it operates. The model derives peer group Price/Earnings ratios as well as Enterprise Value/EBITDA peer group medians and compares these values with historic performance of the company being studied. Accordingly, NCM underperformed its peer group in terms of P/E, whilst outperforming in terms of EV/EBITDA over the same period. I felt that this valuation method was a good indicator of relative performance during the turbulent XAU Currency retracement period, in which each of NCM’s peers were also exposed to. The derived value was allocated a 40% contributory value toward the 12 month intrinsic target price for NCM.

Investment Risks

RR1 - NCM is a large, high volume open pit and underground miner. Mining is regarded as a high risk activity due to the implicit high risk of danger to personnel working on site. The company relies on permits and licences by which to undertake such activities which are central to their operation. As such, the company faces compliance regulatory restriction risks which may limit and dictate the capacity in which the company can operate. Regulation can vary from country to country and require NCM management staff to remain up to date with any and all changes and variations.

MR1– NCM's largest and explicit risk of operation is the company's unhedged position to XAU gold currency fluctuations. Over the past 5 years, the company generated 83% of all revenues from the sale of XAU Gold, the price and by extension revenue for the company are determined by market forces which dictate the yield price for the precious commodity. Recent years have seen a dramatic decline in the market price for most traded commodities. The commodity market is widely regarded as volatile and unpredictable, the effects of which can have devastating consequences for the company's profitability during underperforming periods.

OR1 – Due to the high risk of danger posed to personnel during operation, serious injury and even fatal accidents have been known to occur. The most recent financial year saw 2 fatalities of service workers during production, halting operation whilst investigative work is carried out. Such incidents pose a threat to the company's ability to meet production targets and impact the company's reputation (intangible assets) as a safety conscious miner.

Credit Risk Ratings

Source: Moody's and S&P

Credit Risk Ratings

Moody's Baa3

Standard & Poor's BBB

Sustainability Report FY2015

Source: ASX

Snapshot FY2015

Total workforce	13,363
Percentage of staff employed locally	46%
Fatalities	2
Total recordable injury frequency rate per million hours exposure	3.6
Payments to governments	AU\$174.2M
Community expenditure	AU\$95.8M
Suppliers hired locally	0.83
Percentage of goods and supplies purchased locally	0.63
Hectares of land rehabilitated	587
Significant Spills	0

CSR Targets FY2016

Source: Newcrest

FY2016 CSR Targets

ENVIRONMENTAL

Revise Safety Standard	In Progress
Cyanide code certification implementation	In Progress
TREIFR per million hours < 0.91	Achieved

SAFETY

TRIFR per million hours < 3.0	Failed
On-time risk reduction actions > 95%	Failed
Malaria Management Program	Achieved

COMMUNITY

Community Benefits Agreement	In Progress
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DIVERSITY

Women in management lvls. 2-4 >16%	In Progress
Women accessing development programs >20%	In Progress
Proportion of women selected for grad program > 40%	In Progress

FX1 – Newcrest maintains the operation of its financial data in US dollars. Fluctuations of market prices between AUD/USD currencies impact the company by \$35MN for every 1 cent change.

PR1 – Parts of Africa as well as PNG are renowned for their history of civil unrest among military groups and the threat of political instability remains an issue as local governments maintain confidence and civil law among the population. The threat of an outbreak could pose a serious threat to the productivity of the mining assets in the affected area.

CR1 – With long term debt at \$AU4,091MN, NCM has a large volume of long term bond obligations outstanding, paying a risk premium based upon their calculated credit rating from respective agencies Standard and Poor's and Moody's, BBB and Baa3 respectively. Changes in the company's risk profile could alter the company's credit rating, increasing the required risk premium attributed to outstanding debt obligations. Confidence in the company's outlook is important to ensuring that NCM can access the required capital to fund its many explorative and expansionary projects into the future.

Risk Mitigation – The risk mitigation table in the margin denotes the respective investment risks attributed to the operation of the company and the options for mitigation available in order to minimise the impact to the company.

Corporate Social Responsibility

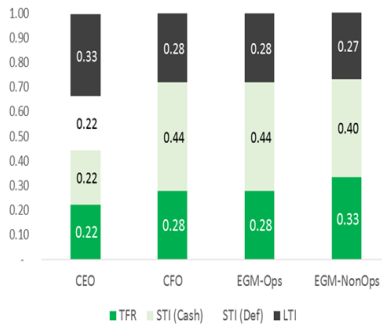
NCM management promote a three pillar policy to manage a safe working environment. The components of which are namely a strong safety culture; critical controls for every high risk task and a robust safety process safety system. Recently the company has revised a safety oriented training program called the 'NewSafe Initiative', designed to instil a sense of safety throughout all levels of operation.

Notably, NCM promotes the practise local employment; operational safety; utilisation of local suppliers; community spending programs; land rehabilitation projects as well as non-refundable government contributions, in order to offset the footprint left behind from the company's operations.

NCM maintains an annual sustainability report, denoting company established targets and progress updates throughout the year. The CSR Targets table in the margin denotes a list of required targets set by senior management for achievement by 31 December 2016. As a sign of their commitment toward maintaining a standard of framework for sustainable development in the mining industry, in 2005 NCM became a signatory to “enduring value” program of minerals council of Australia.

Remuneration Mix FY2015

Source: Newcrest



Corporate Governance

As a publically traded company, NCM is required to comply with corporate governing conditions as set out in the ASX recommendations for effective corporate governance principles and recommendations charter. The company produces an annual corporate governance statement, reporting updates and changes to its many internal bodies and committees. As part of its contribution to corporate governance, NCM maintains a code of conduct applicable to all directors, officers and employee of Newcrest; an anti-bribery and corruption policy; diversity policy; board charter and holds regular meetings for the company's Audit and Risk committee; Human resources and remuneration committee; safety and sustainability committee as well as nominations committee.

NCM declares the senior management remuneration scheme and relative ownership of shares held by the board in order to maintain transparency. FY2015's board remuneration mix is denoted in the margin. Appendix 14 denotes NCM's explanatory notes for the remuneration mix proportion.

Appendix

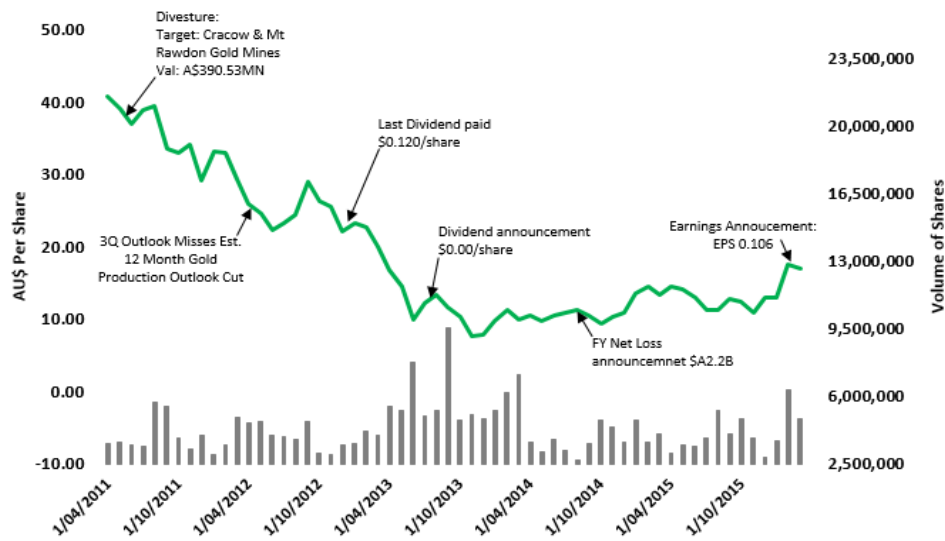
Appendix 1 – SWOT Analysis

Strengths	<ul style="list-style-type: none"> 6 well established mines with a steady gold production stream 3 under full ownership of Newcrest Lihir merger of 2010 boosted gold production by 49% from 09-15 and increased revenue by 72% during the same period Costs reported in US dollars – favourable to a depreciating local currency – Lower cost gives opportunity to raise production at lower cost level Lihir mine sitting on top of one of the largest gold veins in the world
Weaknesses	<ul style="list-style-type: none"> Legal liabilities to native people Gold pricing at mercy of demand (84% of total revenues) EBITDA margin decreased by 5% over 09-15 period due to cost increase of expanded processing facilities. Stable since 2013
Opportunities	<ul style="list-style-type: none"> PNG exploration projects providing long life and low cost operation to underpin growth for the decade ahead. Production to begin 2020 Chinese demand for gold could improve price for gold into future
Threats	<ul style="list-style-type: none"> Legal costs Safety reputation PNG exploration projects providing long life and low cost operation to underpin growth for the decade ahead. Production to begin 2020 Chinese demand for gold could improve price for gold into future Gold producers of the world Price drop in copper to offset some of the revenue gains from gold production Poor financial performance of the past few years (no dividends) Poor risk rating as a result of recent accidents among operations

Appendix 2 – Forecasted Ratio Analysis

Ratio Analysis Forecast										
YEARS	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F	
Liquidity										
Current Ratio	4.31	1.89	0.73	1.44	1.93	2.09	2.26	2.44	2.64	
Current Assets	1,411	1,542	1,464	1,425	1,267	1,384	1,512	1,651	1,804	
Current Liabilities	327	817	1,992	993	656	663	670	677	684	
Quick Ratio	2.94	0.78	0.25	0.27	0.49	0.72	0.56	0.69	0.83	
Cash	643	185	242	69	141	258	108	139	170	
Short Term Marketable Investments	39	15	11	18	14	16	18	21	24	
Receivables	280	441	251	178	169	206	251	306	373	
Current Liabilities	327	817	1,992	993	656	663	670	677	684	
Interest Coverage Ratio	33.96	41.72	40.88	56.44	13.52	5.34	3.04	4.02	4.10	
EBIT	1,127	1,502	1,676	6,152	2,353	1,009	626	903	1,003	
Interest Payments	33	36	41	109	174	189	206	225	245	
Solvency										
Financial Leverage Ratio	1.26	1.25	1.36	1.70	1.76	1.70	1.63	1.57	1.51	
Total Assets	6,334	17,282	20,509	17,185	13,587	15,368	17,382	19,661	22,238	
Average Assets	6,334	11,808	18,896	18,847	15,386	14,478	16,375	18,522	20,950	
Total Equity	5,010	13,875	15,094	10,085	7,707	9,059	10,648	12,516	14,712	
Average Total Equity	5,010	9,442	14,485	12,590	8,896	8,383	9,854	11,582	13,614	
Debt to Asset Ratio	0.07	0.05	0.12	0.25	0.30	0.26	0.21	0.16	0.12	
Short Term Debt	6	116	1,200	1	112	-	-	-	1	
Long Term Debt	421	684	1,208	4,210	3,964	4,019	3,614	3,154	2,635	
Total Debt	427	800	2,408	4,211	4,076	4,019	3,614	3,154	2,635	
Total Asset	6,334	17,282	20,509	17,185	13,587	15,368	17,382	19,661	22,238	
Debt to Capital Ratio	0.10	0.06	0.15	0.24	0.23	0.23	0.21	0.19	0.16	
Debt	427	800	2,408	4,211	4,076	4,019	3,614	3,154	2,635	
Capital	3,640	13,569	13,561	13,592	13,593	13,584	13,584	13,584	13,585	
Debt to Equity	0.09	0.06	0.16	0.42	0.53	0.44	0.34	0.25	0.18	
Debt	427	800	2,408	4,211	4,076	4,019	3,614	3,154	2,635	
Equity	5,010	13,875	15,094	10,085	7,707	9,059	10,648	12,516	14,712	
Profitability										
Gross Profit Margin	0.39	0.37	0.35	0.16	0.16	0.18	0.20	0.21	0.22	
Gross Profit	1,106	1,508	1,549	618	630	791	1,013	1,150	1,297	
Revenue	2,859	4,129	4,478	3,775	4,050	4,425	4,606	4,793	4,989	
		1.44	1.08	0.84	1.07	1.09	1.04	1.04	1.04	
Return on Assets	0.09	0.09	6.50	34.10	17.67	4.05	1.80	2.56	2.53	
Net Income	809	1,074	1,228	6,426	2,719	586	294	475	531	
Average Total Assets	6,334	11,808	18,896	18,847	15,386	14,478	16,375	18,522	20,950	
Return on Equity	-	0.11	8.48	51.04	30.56	6.99	2.98	4.10	3.90	
Net Income	809	1,074	1,228	6,426	2,719	586	294	475	531	
Average Total Equity	5,010	9,442	14,485	12,590	8,896	8,383	9,854	11,582	13,614	

Appendix 3 – Annotated Stock Price Chart



Appendix 4 – Historical Underlying Profit Breakdown

Underlying Profit Breakdown					
Revenue	2015	2014	2013	2012	2011
Gold	3,555	3,359	3,149	3,740	3,409
Gold Gains	6%	7%	-16%	10%	
Copper	744	626	573	613	638
Copper Gains	19%	9%	-7%	-4%	
Silver	45	52	53	63	55
Silver Gains	-13%	-2%	-16%	15%	
Total Revenue	4,344	4,040	3,775	4,416	4,102
Total Revenue Gains	8%	7%	-15%	8%	46%
Operating Costs	- 2,612	- 2,395	2,058	- 2,065	- 1,900
Depreciation	- 663	- 644	706	- 542	- 501
Total Cost of Sales	- 3,272	- 3,059	- 2,764	- 2,607	- 2,401
Cost of Sales Gains	7%	11%	6%	9%	45%
Corporate Administration Costs	- 117	- 134	- 132	- 112	- 70
Exploration	- 35	- 36	- 64	- 80	- 55
Other Income (Expense)	44	- 12	82	-	-
Net Finance Costs	- 189	- 174	- 109	-	-
Share of profit of associates	19	22	12	15	0
Income Tax Expense	- 252	- 192	- 158	-	-
Non-controlling Interests	- 24	- 23	- 32	-	-
Underlying Profit	515	432	446	1,084	1,058
Underlying Profit Gains	19%	-3%	-59%	2%	36%

Appendix 5 – Forecasted Income Statement

Income Statement Forecast										
YEARS	2011	2012	2013	2014	2015	2016F	2017F	2018F	2019F	2020F
Revenue	4129	4478	3775	4050	4425	4606	4793	4989	5193	5530
Cost of Goods Sold	-1949	-2539	-2915	-2430	-2656	-2578	-2683	-2793	-2907	-3096
COGS Margin	0.47	0.57	0.77	0.60	0.60	0.56	0.56			
Gross Profit	1508	1549	618	630	791	1013	1150	1297	1558	1383
Gross Profit Margin	0.37	0.35	0.16	0.16	0.18	0.22	0.24	0.26	0.30	0.25
Interest Expenses	-36	-41	-109	-174	-189	-206	-225	-245	-267	-291
Operating Expenses	-2070	-2327	-2437	-2553	-2752	-2671	-2780	-2894	-3012	-3207
Depreciation & Amort	-515	-561	-611	-693	-693	-707	-721	-735	-750	-765
Other Expenses	-42	-11	-37	-10	-5	-18	-18	-18	-18	-18
Tax Expense	-392	-407	-165	-192	-252	-126	-203	-227	-198	-198
EBITDA	2059	2151	1338	1497	1673	1333	1624	1738	1677	1717
EBITDA Margin	0.50	0.48	0.35	0.37	0.38	0.29	0.34	0.35	0.32	0.31
EBIT	1502	1676	-6152	-2353	1009	626	903	1003	926	952
EBIT Margin	0.36	0.37	-1.63	-0.58	0.23	0.14	0.19	0.20	0.18	0.17
EBT	1466	1635	-6261	-2527	820	420	678	758	660	661
Net Income	1074	1228	-6426	-2719	568	294	475	531	462	463
Net Profit Margin	26%	27%	-170%	-67%	13%	6%	10%	11%	9%	8%
Dividend Per Share	0.25	0.54	0.12	0.32	0.00	0.00	0.03	0.20	0.25	0.26
Dividend payments	191	413	92	245	0	0	23	153	191	199
No of Shares on Issue	765	765	767	766	766	766	766	766	766	766
Dividend payout ratio	0.34	0.25	0.20	0.00	0.00	0.00	0.00	0.20	0.25	0.30
DDM Valuation	\$21.88									

Appendix 6 – Operations Review FY2015

Review of Operations FY2015								
	Cadia	Telfer	Lihir	Gosowong	Hidden Valley	West Africa	Other	Group
Gold	679	518	692	332	98	114	-	2,433
Copper	75	24	-	-	-	-	-	99
Silver	538	321	17	427	920	19	-	2,241
Revenue	1,538	956	1,020	499	161	170	-	4,344
EBITDA	884	334	163	258	15	78	-	1,673
EBIT	652	281	29	141	17	41	-	980
FCF	606	271	154	192	15	53	-	1,086
CAPEX	279	53	103	41	38	18	32	564
AISC	161	496	964	287	167	102	93	2,270
	245	957	1,394	863	1,702	896	39	941

Appendix 7 – Operations Review FY2014

Review of Operations FY2014								
	Cadia	Telfer	Lihir	Gosowong	Hidden Valley	West Africa	Other	Group
Gold	574	540	747	336	105	104	-	2,405
Copper	59	25	-	-	-	-	-	84
Silver	467	328	26	485	974	18	-	2,297
Revenue	1,233	950	1,055	484	171	147	-	4,040
EBITDA	665	303	353	259	28	37	-	1,514
EBIT	491	228	132	149	11	8	-	821
FCF	259	170	51	100	12	29	-	133
CAPEX	375	76	251	58	27	12	44	843
AISC	181	542	943	277	147	124	115	2,329
	326	1,005	1,261	823	1,402	1,193	49	976

Appendix 8 – Change in Operations FY2014 – FY2015

Change in Operations FY2014-FY2015								
	Cadia	Telfer	Lihir	Gosowong	Hidden Valley	West Africa	Other	Group
Gold	18%	-4%	-7%	-1%	-7%	10%	0%	1%
Copper	27%	-4%	0%	0%	0%	0%	0%	18%
Silver	15%	-2%	-35%	-12%	-6%	6%	0%	-2%
Revenue	25%	1%	-3%	3%	-6%	16%	0%	8%
EBITDA	33%	10%	-54%	0%	-46%	111%	-55%	11%
EBIT	33%	23%	-122%	-5%	55%	613%	-44%	19%
FCF	134%	59%	202%	92%	25%	83%	-62%	717%
CAPEX	-26%	-30%	-59%	-29%	41%	50%	-27%	-33%
AISC	-11%	-8%	2%	4%	14%	-18%	-19%	-3%

Appendix 9 – Cost of Debt

Cost of Debt Estimation			
	2015	2014	Average
Interest Expense	189	174	182
Total Liabilities	6309	5880	6,095
Implied Cost of Debt	3.00%	2.96%	2.98%
After Tax	1.73%	1.71%	1.72%
Effective Tax Rate			42%

Appendix 10 – Terminal Growth Rate

Terminal Growth Rate Estimation										
	2010	2011	2012	2013	2014	2015	2016F	2017F	2018F	Average
AS51		-14.5%	14.6%	15.1%	1.1%	-2.1%	1.7%	-	-	AS51 2.7%
Inflation		1.7%	2.5%	2.4%	1.5%	2.0%	2.5%	3.0%	2.5%	CPI 2.3%
Gold Pricing Growth		-9.17%	7.06%	-28.28%	-1.44%	-10.41%	15.13%	0.91%	1.01%	XAU -3.15%
XAU Gold Price	1421	1565	1675	1202	1184	1061	1222	1233	1245	- -
AS51 INDEX	4746	4057	4649	5352	5411	5296	5388			- -

Appendix 11 – Terminal Growth Rate 2 (Econometric Model)

	B x AVE	Beta	AVE Growth	RFR
Index Growth(15%)	0.40%	0.35	2.70%	0.023
Inflation (35%)	0.79%	1.84	2.30%	
XAU Gold Price (50%)	-1.57%	1.43	-3.15%	
Terminal Growth Rate				-0.0038
Cost of Equity				3.6222

Appendix 12 – Multiples Pricing Model











Multiples Pricing Model					
P/E	2011	2012	2013	2014	2015
NEWMONT MINING	13.1792	12.1231	26.0332	18.3574	18.3094
ANGLOGOLD ASHANTI	11.1209	9.95	58.4198	44.187	57.16
GOLD FIELDS	17.5613	10.9846	20.7532	120.538	97.4719
RANDGOLD	24.3159	20.5617	20.7898	26.868	30.0704
KINROSS GOLD	18.226	9.9445	4.3788	4.058824	2.674419
Median P/E per year	17.5613	10.9846	20.7898	26.868	30.0704
Newcrest (ASX: NCM) P/E	29.83	15.49	15.21	20	18.29
Historical Premium/Discount	12.2687	4.5054	-5.5798	-6.868	-11.7804
MEDIAN	-5.5798				
EV/EBITDA	2011	2012	2013	2014	2015
NEWMONT	11.38	6.77	7.5	8.46	6.62
ANGLOGOLD ASHANTI	7.03	5.81	4.78	4.62	4.21
GOLD FIELDS	7.45	6.2	5.2	4.43	3.52
RANDGOLD	15.44	13.92	12.23	15.06	16.83
KINROSS GOLD	-12.7672	-7.56208	-3.58105	-28.5318	19.78
Median EV/EBITDA per year	7.45	6.2	5.2	4.62	6.62
Newcrest (ASX: NCM) EV/EBITDA	14.55	9.04	8.75	8.01	8.21
Historical Premium/Discount	7.1	2.84	3.55	3.39	1.59
MEDIAN	3.39				

Appendix 13 – CSR Targets

MEASURING OUR PERFORMANCE CONTINUED

Our ongoing commitment to Enduring Value and our efforts to implement ICMM's principles and elements across our business continues to drive Company targets for our sustainability performance each year. An update on these targets is tabled below.

TABLE 2: NEWCREST'S FY2015 SUSTAINABILITY PERFORMANCE TARGETS AND PROGRESS AS AT 30 JUNE 2015

Area	Target	Progress	Comment
Environment	Newcrest environmental standards revised and supporting guidelines developed.		A gap analysis of the updated Standards continued to identify focus areas.
	Cyanide Code certification program implementation to continue.		As a signatory to the Cyanide Code, Newcrest remains committed to progressive certification of our sites. Hidden Valley retained its certification during the year, while Telfer underwent a pre-audit gap assessment for certification. Gosowong conducted its recertification assessment during the year, but did not meet all requirements. Gosowong continues to address improvement actions for recertification.
	Total Recordable Environmental Incident Frequency Rate (TRBFR) per million exposure hours <0.91.		The TREIFR increased from 0.5 in FY2014 to 0.6 in FY2015. Newcrest continues to focus its efforts on recording and reporting environmental incidents to learn from events and improve its environmental performance.
Safety and Health	Total Recordable Injury Frequency Rate (TRIFR) per million exposure hours <3.0.		The TRIFR increased from 3.1 in FY2014 to 3.6 in FY2015. Newcrest updated its health and safety strategy during FY2015, and commenced implementation of key activities aimed at sustained improvements.
	On-time completion of risk reduction actions >95 percent.		Completion of actions related to Major Hazards Risk and Assurance activities, and arising from Significant Potential Incidents, was 92.7 percent.
	Malaria management program developed and implemented to schedule.		Through the partnership with Medicines for Malaria Venture, the Lihir Malaria Elimination Program was established and Stage 1 trial commenced during the year. A reduction in malaria cases continued at Bonikro and Gosowong, but malaria cases increased at Lihir.
Social and Community	Major Community Benefits Agreements progressed.		There are two community agreement review/negotiation processes currently underway. The first is the Lihir Integrated Benefits Package (IBP) review with the people of Lihir and the second is the development of a comprehensive Indigenous Land Use Agreement (ILUA) with the Martu peoples of the western desert in Western Australia. Subsequent to the reporting period, the ILUA was unanimously approved by the Martu people at their Annual General Meeting in November 2015. In July 2014, the Lihir IBP review was suspended in connection with a change in leadership of the landowner association. Formal negotiations are expected to recommence following reconciliation activities between government bodies and the landowner groups.
Employees and Diversity	Increase the representation of women in management Levels 2–4 to a minimum of 16 percent by 31 December 2016.		As at 30 June 2015, women in management accounted for 13.7 percent (63 women) of Newcrest's Australian workforce. The percentage of women has increased by 1.0 percent when compared with 30 June 2014. Newcrest will continue to identify innovative ways to attract, develop and progress women within the business and accelerate its performance under this measure.
	Increase the proportion of women accessing programs aimed at accelerating development, by a minimum of 20 percent by 31 December 2016.		Accelerated development programs are put in place for high-potential employees to realise the employee's potential with structured support in a compressed timeframe. As at 31 December 2014, when Newcrest conducted its most recent review of high-potentials, approximately 17.9 percent of women were represented within the accelerated development pool. Over the coming 12 months, Newcrest will conduct a comprehensive review of its approach to development, with the intent of strengthening the accelerated development offering for team members who possess potential.
	Increase the representation of women selected for the graduate program to a minimum of 40 percent by 31 December 2016.		Newcrest has eight graduates employed on the Newcrest Graduate program. Female participation on the Newcrest Graduate Program stands at 62.5 percent. Newcrest continues to invest heavily in its Vacation and Scholarship programs. In FY2015, female vacation students accounted for 33 percent of the total population.

 Reached  In progress  Not reached

Appendix 14 – CSR Targets

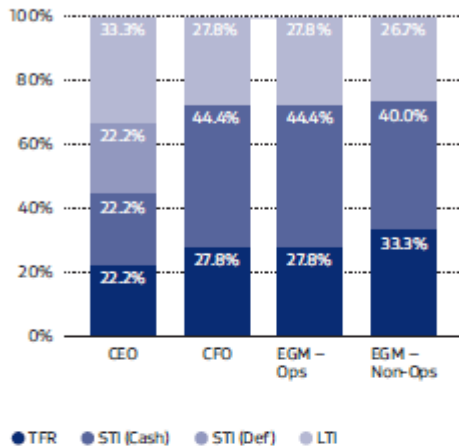
4. OUR REMUNERATION FRAMEWORK (continued)

4.5. Executive remuneration mix (continued)

The following diagrams show the remuneration mix for the CEO and other Executives for the 2015 and 2016 financial years. Although the components of TFR, STI and LTI are described separately, they should be viewed as part of an integrated package.

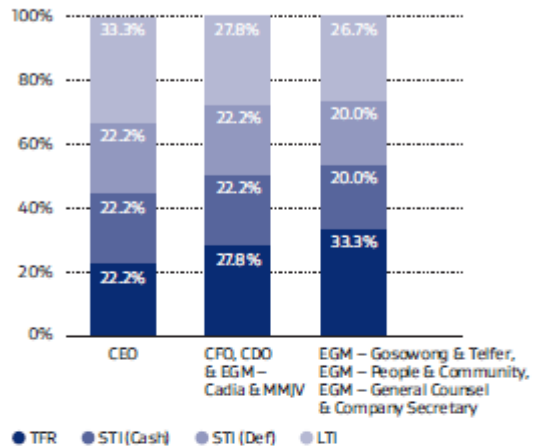
Newcrest's mix of remuneration components, expressed as a percentage of 'maximum' earning opportunity, for each grouping of current Executives disclosed in this Report, for the 2015 financial year is illustrated in the following graph.

Remuneration Mix as a Percentage of Maximum FY15



As a result of the changes effective from 1 July 2015, Newcrest's mix of remuneration components, expressed as a percentage of 'maximum' earning opportunity for each of the current Executives, for the 2016 financial year, is illustrated in the graph below.

Remuneration Mix as a Percentage of Maximum FY16



For the 2016 financial year, and subject to satisfaction of applicable performance conditions, the structure of the LTI and STI deferral plans will result in between 46% to 56% of an Executive's total maximum earning opportunity being provided as equity. Equity issued as LTI and STI awards is subject to relevant holding locks and restriction periods, and Executives are subject to minimum shareholding requirements, thereby serving to further align Executive and shareholder interests.

The table below outlines the remuneration package for the 2015 financial year for all Executives, broken down into the remuneration components. A higher proportion of the CEO's total package is at risk relative to other Executives because the CEO has the greatest scope to personally influence the Company's performance.

Executives Total Remuneration Package for the 2015 financial year

Name	TFR A\$	TFR US\$ ⁽¹⁾	STI ⁽²⁾		LTI
			Target Performance	Maximum Performance	
Current Executive Directors					
Sandeep Biswas	2,300,000	1,929,240	100%	200%	150%
Gerard Bond	918,494	770,433	80%	160%	100%
Former Executive Directors					
Greg Robinson	2,000,000	1,677,600	60%	120%	100%
Other Current Executives					
Craig Jones	770,494	646,290	80%	160%	100%
Francesca Lee	700,494	587,574	60%	120%	80%
Colin Moorhead	801,602	672,384	60%	120%	80%
Jane Thomas	690,000	578,772	60%	120%	80%
David Woodall	800,494	671,454	80%	160%	100%
Other Former Executives					
Geoff Day	728,774	611,296	60%	120%	60%
Debra Stirling	780,300	654,516	60%	120%	60%

⁽¹⁾ USD value for TFR determined on the basis of an average AUD/USD exchange rate of 0.8388 for the 2015 financial year.

⁽²⁾ STI and LTI (face value) are expressed as a percentage of TFR.