

# Notes to the Financial Statements

For the year ended 30 June 2013

## 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), the Port Moresby Stock Exchange (PoMSOX) and the Toronto Stock Exchange (TSX). The registered office of Newcrest Mining Limited is Level 9, 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 2013 was authorised for issue in accordance with a resolution of the Directors on 12 August 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial report are:

### (a) Basis of Preparation and Statement of Compliance

The 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 has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which have been measured at fair value.

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

The financial report has been presented in Australian dollars and all values are rounded to the nearest \$1,000,000 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.

### (b) 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 is presented in Note 31.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. 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.

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

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

### (c) Interest in Jointly Controlled Assets

Where the Group's activities are conducted through unincorporated joint ventures that are jointly controlled assets, its share of the assets, liabilities, gold production and related operating costs are included in the financial statements. Details of the Group's interests in jointly controlled assets are shown in Note 34.

### (d) Foreign Currency

#### Functional and Presentation Currency

Both the functional and presentation currency of Newcrest Mining Limited and its Australian controlled entities is Australian 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 functional currency of the Group's foreign operations is US dollars (US\$).

#### 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 report are taken to the Income Statement with the exception of differences on certain US dollar denominated borrowings 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 taken directly to a reserve in equity 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 of Foreign Operations

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of Newcrest Mining Limited (Australian dollars) at the rates of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve (refer Note 2(w)). If the foreign operation were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the Income Statement.

### (e) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.