



Newcrest – another Golden Year

Company/ASX Code	Newcrest Mining Limited / NCM
AGM date	11 th November 2020
Time and location	10.30am, virtual meeting at https://agmlive.link/NCM20
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Rod McKenzie for Gavin Morton
Pre AGM Meeting?	Yes with Chair Peter Hay, Claire Hannon Deputy Company Secretary & Legal Counsel

Note: The meeting will be held as a Virtual meeting due to Covid-19 restrictions on public gatherings.

The individual(s) (or their associates) involved in the preparation of this voting intention does not have a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Newcrest Mining Limited (NCM) has had a very good year. Gold production decreased around 12% due to lower head grades at Cadia and Lihir mines, mill throughput issues at the Telfer mine and the sale of the Gosowong mine in Indonesia. Despite this, statutory and underlying profit rose over FY2019, earnings per share (EPS) rose and the dividends were increased from 22cps to 25cps.

Newcrest aims to own and operate a number of Tier 1 gold / copper assets around the world. They focus on large mines with potential for high throughput, long mine life and stable legal / political situations.

The sale of their Bonikro assets in Cote d’Ivoire in West Africa in 2018 and now Gosowong this year are testament to their focus on large long term mines and assets. The Gosowong mine was seen as a “declining asset” that was nearing the end of its life. Selling the asset now passes the rehabilitation and closing costs onto the buyer.

The company is advancing the status of the Red Chris mine in Canada. NCM owns 70% of this mine and is working on an updated JORC (Australasian joint ore reserves committee) compliant mineral resource by early to mid-2021. Their JV partner Imperial Metals, a gold miner in their own right, owns the remaining 30%.

Newcrest is also actively exploring the Havieron deposit located some 45km to the east of Telfer in WA. Newcrest are actively exploring this deposit under a joint venture agreement with Greatland

Gold Plc. It is expected that if mining proceeds, ore will be trucked across to the Telfer facilities for processing.

Newcrest has benefited from the rising gold price. During the year the average realised gold price was US \$1530/ounce compared to US \$1269/ounce for FY2019. Gold produced in FY2020 was 2,171 thousand ounces compared to 2,488 thousand ounces for FY2019. Forward gold hedge sales over the Telfer operation production represented a net revenue loss of \$82m during the financial year. This covered approximately 205 thousand ounces at an average price of A\$1729/ounce. The hedges were established in 2018 when the gold prices was around A\$1751/ounce. No new hedging has been put in place since 2018.

Governance and culture

The company has a sound corporate governance process. Chairman Peter Hay has held that role since 2014. The company does have 2 executives on the board. MD&CEO Sandeep Biswas has been in the role since mid-2014 and Finance Director & Chief Financial Officer Gerard Bond has been on the board as an Executive Director since February 2012. Whilst this is against ASA guidelines, it is felt that for geographically diverse companies such as Newcrest, the arrangement makes good sense.

The company has an excellent approach to gender diversity. Three of the 8 directors are women (33%) however this will reduce to two women (or 25%) when Dr Xiaoling Liu resigns at the end of the 2020 AGM. Leadership roles are comprised of approximately 40% women.

Financial performance including dividends and shareholder returns

All of the key performance figures show positive trends this financial year. Earnings per share (EPS) rose from 73c US to 83.4c US reflecting the increased gold price. Dividends were increased from 22c US to 25c US per share. The share price dropped slightly from A\$31.95 at 30 June 2019 to A\$31.53 at 30 June 2020.

It is noted that Newcrest recently listed on the Toronto Stock Exchange (TSX) to increase overall attractiveness of the company to North American investors.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (US \$m)	647	561	202	308	332
UPAT (US \$m)	750	561	459	394	323
Share price (A\$)	31.53	31.95	21.80	20.16	23.00
Dividend (US cents)	25	22.0	18.5	15.0	7.5
TSR (%)	(0.3)	50.0	15.8	(12.3)	
EPS (US cents)	83.4	73.0	26.3	40.2	43.3
CEO total remuneration, actual (US \$m)	7.312	6.378	6.731	6.644	3.367
CEO total remuneration, actual (AUD \$m) (A\$1 = US\$0.6715)	10.9	9.28	9.79	9.67	4.9

For FY2020, the CEO's total actual remuneration was **118 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Item 2: Director Elections / Re-elections

Item 2a	Election of Sally-Ann Layman as a Director
ASA Vote	Undecided

Summary of ASA Position

Ms Layman is an Australian resident and was appointed to the board of Newcrest in October 2020. She is a member of the Audit & Risk Committee. Ms Layman is an experienced non-executive director (NED) with extensive experience in the resources and corporate finance sectors. Ms Layman is a non-executive director at Beach Energy Limited, Pilbara Minerals and Imdex Limited. She recently retired from similar roles at Perseus Mining and Gascoyne Resources.

ASA has some reservations regarding Ms Layman as she was a director of Gascoyne when they went into receivership. This was briefly discussed with the chairman in the pre-AGM meeting. He insists that Ms Layman had been appointed to the role of non-executive chair then she placed the company into administration due to operational issues at the Dalgaranga gold mine in WA.

Hopefully we can hear Ms Layman speak at the AGM.

Item 2b	Re-election of Roger Higgins as a Director
ASA Vote	For

Summary of ASA Position

Mr Higgins was appointed as a non-executive director in 2015. He is Chair of the Safety & Sustainability committee and a member of the Human Resources & Remuneration committee. He has extensive experience leading large mining companies and operations. He is a non-executive director of Ok Tedi Mining in PNG, chairman of Minotaur Exploration Limited and a director of Worley Limited. His extensive experience in PNG is seen as an important asset to the Newcrest board. Mr Higgins has sufficient skin in the game. ASA supports his re-election.

Item 2c	Re-election of Gerard Bond as a Director
ASA Vote	For

Summary of ASA Position

Gerard Bond is the Finance Director and the Chief Financial Officer. He was appointed as an executive director in February 2012. Mr Bond has extensive experience with large mining companies and corporate finance. As per above, whilst having two executive directors is against

ASA guidelines, it is felt that for geographically diverse companies such as Newcrest, the arrangement makes good sense. ASA supports his re-election.

Item 3a	Approval of LTI grant to CEO/Managing Director Sandeep Biswas
ASA Vote	For

Summary of ASA Position

MD & CEO Sandeep Biswas is to be offered long term incentives (LTIs) equivalent to 180% of his fixed remuneration. The LTIs are based on 3 equally weighted measures: comparative cost position, relative total shareholder return and return on capital employed (ROCE). Equity will be in the form of Performance Rights calculated using the volume weighted average price (VWAP) over the 5 trading days leading up to the date of the grant.

The total amount (based on 100% vesting) is \$4.32m.

The performance conditions will be tested over a 3 year period from July 2020 to end June 2023. Shares issued at the end of the performance period will be subject to a 12 month holding lock from the vesting date.

Item 3b	Approval of LTI grant to Director & CFO Gerard Bond
ASA Vote	For

Summary of ASA Position

Director & CFO Gerard Bond is to be offered long term incentives (LTIs) equivalent to 120% of his fixed remuneration. As per the MD & CEO, the LTIs are based on 3 equally weighted measures: comparative cost position, relative total shareholder return and return on capital employed (ROCE). Equity will be in the form of Performance Rights calculated using the volume weighted average price (VWAP) over the 5 trading days leading up to the date of the grant.

The total amount (based on 100% vesting) is \$1.2m.

The performance conditions will be tested over a 3 year period from July 2020 to end June 2023. Shares issued at the end of the performance period will be subject to a 12 month holding lock from the vesting date.

Item 4	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

Newcrest offers executives a mix of Fixed remuneration, short term incentives (STIs) and long term incentives (LTIs). The company includes a table of Actual remuneration and presents the remuneration of a number of their senior executives. Most of the tables are presented in US

denomination whilst some other details including details shown in the Notice of Meeting relating to equity awards for directors are presented in Australian currency.

The STI payments are paid as 50% cash at the end of the financial year and 50% as equity – half of the equity portion is restricted for one year and the other half restricted for 2 years. For the MD & CEO the STIs amount to 100% of fixed remuneration (TFR) at “Target” and 200% of TFR at “Maximum Performance”. The CFO has the opportunity to receive 80% of TFR and other executives the opportunity to receive 60% of TFR. Performance measures are an equal weighting of Safety, Earnings, AISC (all in sustaining cost per ounce) and Free Cash Flow. STI personal performance measures account for 40% of the total and vary for each executive.

LTI payments are paid in equity. The performance period is over 3 years. The CEO has the opportunity to earn 180% of his fixed remuneration at maximum. The performance conditions for award of the LTIs are based on 3 equally weighted measures: comparative cost position, relative total shareholder return and return on capital employed (ROCE).

The performance period of 3 years is shorter than the preferred ASA guideline of 4 or 5 years however the chairman considers the 3 year period appropriate for the company. In addition, there is a one year holding lock on shares vested under the LTI award.

REM. Framework CEO for FY20	Target* A \$m	% of Total	Max. Opportunity A \$m	% of Total
Fixed Remuneration	2.4	37%	2.4	20.8%
STI - Cash	1.2	18.5%	2.4	20.8%
STI - Equity	1.2	18.5%	2.4	20.8%
LTI	1.7	26%	4.3	37.4%
Total	6.5		11.5	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. The chairman considers the hurdles challenging and awards of the maximum amount are difficult to achieve.

Directors are well paid (chairman A\$600,000, directors A\$200,000) but due to the international direction of the company, these amounts appear reasonable.

Item 5	Renewal of proportional takeover provisions
ASA Vote	For

Summary of ASA Position

The resolution to renew the proportional takeover provisions was last renewed in 2017. Under the Corporations Act, it is necessary to renew Rule 104 of the company's constitution every 3 years. The matter is not considered controversial and the ASA supports the resolution.

Item 6	Amendment of the Constitution as proposed
ASA Vote	For

Summary of ASA Position

The company has not updated their constitution since 2008 apart from Rule 104 (see above). Newcrest has proposed changes to the following:

- General meetings;
- Delegation;
- Dividends;
- Non-cash distributions;
- Uncertificated share transfers, and
- Updates to definitions and interpretation.

The changes do not appear controversial. ASA supports the resolution.

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