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HD **Newcrest Cuts Jobs in Papua New Guinea**

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SYDNEY-- Newcrest Mining Ltd. said it cut hundreds of jobs in Papua New Guinea in a push toward austerity. The decision comes after the company launched a raft of cost-cutting projects across its operations last quarter.

The Melbourne-based gold miner, one of the world's biggest, said it cut 208 jobs across a range of roles at its Lihir site from January to March. Newcrest said it also eliminated another 32 vacant roles at the site, its most expensive to operate.

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Newcrest pinned its 11% drop in third-quarter gold production on maintenance work at sites including Lihir and Cadia East in eastern Australia.

Newcrest's priority is now on bolstering cash flow, "not maximizing production ounces," said Chief Executive Greg Robinson.

Some of the world's largest resources companies, including BHP Billiton Ltd. and Anglo American PLC, have been cutting spending, shelving major projects and looking to run existing operations harder after pledging better capital discipline after years of heavy investment in new mines. This has resulted in hefty job cuts across the industry.

Commodity prices from coal to gold slumped as mine supply increased, the U.S. moved to tighten monetary policy and economic growth in China cooled.

Newcrest has curbed spending over the past 18 months, which included closing its Brisbane office in Australia's Queensland state. This came after a sudden halt to a more-than-decadelong bull run for the gold market. Spot gold prices are currently down about 25% from 2013's highs.

In February, Newcrest reported a slide in first-half net profit--to 40 million Australian dollars (US$37 million) from the A$323 million in the same period a year earlier--as it posted write downs against exploration assets and extra tax charges tied to research and development.

"I think there is more room for us to move," said Mr. Robinson of the company's ability to cut costs further, on a call last Wednesday with analysts and investors. He said the Lihir mine would be a focus for cash savings and productivity improvements in the period ahead.

It costs the company A$1,344 an ounce to sustain operations at Lihir, compared with A$875 an ounce at its Telfer mine in Australia, and A$381 an ounce at its Cadia Valley site.

Newcrest separately confirmed Mr. Robinson would stand down in early July, and will be replaced by Sandeep Biswas. The former Rio Tinto PLC executive joined Newcrest as chief operating officer in January with the expectation he would take over Mr. Robinson's role in the latter half of 2014.

Shares in the company were recently up 1.5%, outperforming a 0.5% rise in the broader S&P/ASX 200. While third-quarter gold output fell to 551,590 ounces from 621,125 last quarter, production was still up 7% compared with a year earlier.

The company also stuck to earlier estimates that gold output would reach the higher end of its 2.0-million ounce to 2.3 million-ounce guidance range this fiscal year.

Still, some fund managers are cautious. "Its balance sheet remains quite constrained, burdened by too much debt, and some of its major assets are simply being run for cash generation, which I believe is a very short-term approach," said Ben Lyons, a Sydney-based portfolio manager at ATI Asset Management, who sold his fund's holdings in Newcrest about 18 months ago.

In its half-year report in February, Newcrest said its operational cash flow had nearly halved, while debt-to-**equity** level jumped above 30% from 17% in the same period a year earlier.

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