

# The Sydney Morning Herald

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HD **Newcrest set to be cash-flow positive**  
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**Gold** - Cost reductions exceed expectations

Newcrest **Mining** is on track to be cash-flow positive in the 2014 financial year after the goldminer revealed big cost reductions across its international portfolio.

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Costs of production were always going to be the focus of Thursday's December-quarter results after Newcrest revealed stronger than expected production numbers on January 15. But the cost reductions revealed to the market were well beyond expectations, and allowed the goldminer to operate at a **company** wide "all in" cost of \$921 an ounce.

That result was 16 per cent lower than the September quarter and well below Newcrest's previous goal of being cash-flow positive over the full year so long as the **gold** price averaged \$1450 an ounce.

Most importantly for the miner, the "all in" cost was easily below the average price that Newcrest received for selling its **gold**, which came in at \$1372 an ounce.

Newcrest chief executive Greg Robinson said the cost reductions had been achieved through less intensive **mining** processes, a reduction in processing of lower grade materials, and a range of other measures. "We've shown over the last three quarters that it is something that we can be successful at," he said, before adding that the theme would continue over the next six months too.

While there was clear margin between Newcrest's "all in" costs and the received price, it remains unclear whether the **company** was cash-flow positive in the period.

Certain expenses, such as capital expansions, tax, and exploration in virgin territory, are not included in the "all in" number, and Newcrest said it would not reveal whether it was cash-flow positive until its financial results in February.

CIMB analyst David Coates said Newcrest would be very close to being cash-flow positive based on the numbers published on Thursday.

"We think it's going to be pretty line ball, but considering that at the start of the year people were expecting them to blow \$440 **million** in cash over the year, it's a big improvement," he said.

Expectations that Newcrest would lose money in fiscal 2014, combined with a high gearing ratio, had many speculating that an **equity** raising could be imminent.

However, Mr Coates said that prospect was looking less likely.

With 586,573 ounces of **gold** produced in the September quarter and 621,125 ounces of **gold** in the December term, Newcrest has already produced more than 1.2 **million** ounces of **gold** so far this year.

That means the **company** is well ahead of schedule on its production guidance, which was to produce between 2 **million** and 2.3 **million** ounces over the full year.

Newcrest shares initially rose on Thursday morning, but closed the day 21¢ lower at \$9.13 as the broader market fell on weak **Chinese** data.

**CO** newmoh : Newcrest Mining Ltd

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