

# Newcrest forms strategic partnership with Lundin Gold

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MELBOURNE, AUSTRALIA--(Marketwired - Feb 25, 2018) - Newcrest has entered into agreements with TSX listed [Lundin Gold](#) (Lundin Gold) to invest in Lundin Gold and farm-in to a selection of its exploration concessions in Ecuador. Lundin Gold's Fruta del Norte gold mine in Ecuador which is expected to have first production by the end of 2019.<sup>1</sup>

## Transaction Highlights

- Newcrest to invest US\$250 million (at CAD\$5.50 per share) to acquire a total of 57.7 million common shares representing a 27.1% interest in Lundin Gold, as part of a US\$400 million equity private placement financing by Lundin Gold
- Lundin Gold's total equity raising of US\$400 million to be applied to fund the development of the Fruta del Norte gold mine in Ecuador
- Newcrest to have the right to appoint two directors to the Lundin Gold board, subject to certain ownership thresholds and anti-dilution rights customary for a strategic investor including anti-dilution rights
- Newcrest to have the right to appoint one of its nominated directors to the Project Advisory Committee which will oversee the development of the Fruta del Norte gold mine
- Newcrest's ability to purchase further shares is subject to certain standstill restrictions<sup>2</sup>
- First production from the Fruta del Norte gold mine is expected by the end of 2019<sup>1</sup>
- A binding Exploration Heads of Agreement has been signed with Newcrest to earn up to 50% direct interest in exploration concessions in Ecuador by spending up to US\$20 million over five years
- Newcrest is to manage the exploration activities and the joint venture company, when formed

Further information in relation to the Fruta del Norte gold mine is contained in the release titled "Lundin Gold Announces Construction of Mine Facilities and Completion of Project Update for Fruta del Norte", released by Lundin Gold to the TSX Exchange on 30 May 2017. ([www.lundin.gold.com/s/operations-update.asp](http://www.lundin.gold.com/s/operations-update.asp))

## Equity Investment

Newcrest Managing Director and Chief Executive Officer, Sandeep Biswas, said "We see this equity investment and exploration as a strategic partnership with Lundin Gold and consistent with our strategy of securing exposure to high potential orebodies. The Fruta del Norte epithermal orebody has many similarities with our Gosowong operation and we look forward to sharing our expertise with Lundin Gold to further develop this high-quality deposit. This equity investment aligns with our aspiration of being a top tier 1 orebodies by 2020."

As part of the strategic partnership, up to three Newcrest employees can be seconded to the Fruta del Norte project. The placement has obtained the approval of the required percentage of Lundin Gold shareholders, remains subject to customary regulatory approvals and is expected to be completed before the end of March 2018.

Newcrest does not currently own or have control or direction over any securities of Lundin Gold. Following completion of the placement, Newcrest, through its indirect wholly-owned subsidiary Newcrest Canada Inc., will beneficially own and have direction over an aggregate of 57,736,721 common shares of Lundin Gold (Common Shares) representing approximately 27.1% of the issued and outstanding Common Shares (after giving effect to Lundin Gold's total US\$400 million private placement as announced in a press release of Lundin Gold dated 25 February 2018).

Newcrest has agreed to acquire the Common Shares for investment purposes. In the future Newcrest may, from time to time, increase or decrease its investment in Lundin Gold through market transactions, private agreements, treasury issuances or other means, subject to the terms of the subscription agreement between Newcrest Canada Inc. and Lundin Gold and other applicable restrictions.

## Exploration Earn-In

Newcrest and Lundin Gold have also signed a binding Heads of Agreement to form a joint venture company to explore eight early stage concessions held by Lundin Gold. These concessions are to the north and south of Fruta del Norte, and exclude the large block of concessions surrounding the Fruta del Norte deposit (see Figure 1). Newcrest can earn up to a 50% interest in the joint venture company by spending US\$20 million over a five year period.

To view *Figure 1: Exploration Concessions*, please visit the following link:  
[http://media3.marketwire.com/docs/Newcrest\\_figure1.jpg](http://media3.marketwire.com/docs/Newcrest_figure1.jpg)

Under the earn-in, Newcrest is committed to spend a minimum of US\$4 million over the next two years and has the option to spend a further US\$6 million over the following 18-month period to earn an initial 25% interest. By spending an additional US\$10 million within five years, Newcrest can earn a further 25% interest. Newcrest will manage the exploration activities and be the manager of the joint venture company, once formed.

Newcrest Chief Executive Officer, Sandeep Biswas said "This new joint venture forms part of our strategy of building a high-quality exploration portfolio. We are pleased to partner with Lundin Gold to explore in this prospective part of Ecuador and we see potential for new discoveries to be made through the combined experience of both companies in exploring for epithermal gold and deep gold/copper porphyry deposits."

Lundin Gold's head office is located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada.

Newcrest's head office is located at Level 8, 600 St. Kilda Road, Melbourne, VIC 3004, Australia.

An early warning report will be filed by Newcrest in accordance with applicable securities laws and will be available under Lundin Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com), and may also be obtained by contacting the persons named below.

This information is available on our website at [www.newcrest.com.au](http://www.newcrest.com.au)

#### Notes

1. Lundin Gold Project - This information has been derived from information prepared by Lundin Gold and has not been independently verified by Newcrest. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This information should not be relied upon as a forecast by Newcrest.
2. Standstill - Newcrest has agreed to certain restrictions on buying shares beyond a 32% ownership in Lundin Gold for a period of 8 years (Standstill). The Standstill falls away in certain situations including but not limited to: a takeover bid for Lundin Gold by a third party or Newcrest; a significant M&A transaction not supported by Newcrest; certain significant changes in the Lundin Trust's ownership of Lundin Gold; and Lundin Gold defaulting on its financing agreements.

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