

Newcrest to acquire potential Tier 1 orebody in Canada

Newcrest Mining Limited (Newcrest) has entered into an agreement with TSX-listed Imperial Metals Corporation (Imperial) to acquire a 70% joint-venture interest in, and operatorship of, the Red Chris mine and surrounding tenements in British Columbia, Canada (Red Chris) for US\$806.5m. Red Chris is a copper-gold porphyry with an operating open-pit mine and Mineral Resources of 20 million ounces of gold and 13 billion pounds of copper¹. The acquired property comprises 23,142 hectares of land with 77 mineral tenures, five of which are mining leases and sits within the traditional territory of the Tahltan Nation.

Investment highlights

- **Supports strategic goals** – The acquisition of Red Chris is a measured entry into North America and aligns with Newcrest’s stated strategic goals of building a global portfolio of Tier 1 orebodies, where Newcrest can deliver value through application of its unique operating capabilities.
- **Acquisition of a majority interest in a high-quality orebody in a premier jurisdiction** – Red Chris is a copper-gold porphyry mine, located in the prospective ‘Golden Triangle’ of British Columbia, Canada, with the potential to be a Tier 1 orebody through block caving. Newcrest will be the operator.
- **Immediate asset and geographic diversification** – The acquisition of Red Chris adds a producing, multi-decade orebody to Newcrest’s already strong asset portfolio, providing immediate asset, geographic and earnings diversification.
- **Large mineral endowment** - Red Chris has reported a Mineral Resource of approximately 20 million ounces of gold and 13 billion pounds of copper¹.
- **Significant upside opportunity** - Newcrest believes it will be able to unlock significant value from the deposit by applying its unique technical expertise in block caving, operations optimisation and selective processing.
- **Exploration potential** - Newcrest sees promising exploration opportunities on the acquired prospective land package.
- **Utilises balance sheet strength and liquidity** – Newcrest plans to fund the acquisition from cash and committed undrawn bank facilities which together amounted to over US\$3.0 billion as at 31 December 2018.

Newcrest Managing Director and CEO, Sandeep Biswas, said: “We are delighted to add this asset into the Newcrest portfolio. Following due diligence, we believe we can bring our unique technical capabilities to unlock the full value potential of this orebody in one of the premier gold districts in the world. We have identified a clear pathway to potentially turn this orebody into a Tier 1 operation. The geology of Red Chris is similar to our Cadia orebodies in Australia and we will be applying our considerable experience in exploration, open pit mining, caving and processing to maximise the value of Red Chris and the opportunities in the surrounding region. We look at this opportunity in the same way as we do with Cadia, where we have proven we can create significant value from deep underground porphyry orebodies. We are pleased to be establishing a joint venture with Imperial and look forward to building a collaborative relationship with the Tahltan Nation and the Government of British Columbia.”

¹ The information in this announcement that relates to the Mineral Resource estimates of Imperial is based on the “National Instrument 43-101 Technical Report” dated 30 September 2015 and filed by Imperial on SEDAR (www.sedar.com) in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities. The estimates of the Imperial Mineral Resources contain Measured and Indicated Mineral Resources of 1.0Bt at 0.35 g/t Au and 0.35% Cu for 12Moz contained gold and 8.0Blb contained copper and Inferred Mineral Resources of 0.7Bt at 0.32 g/t Au and 0.29% Cu for 8.1Moz contained gold and 5.0Blb contained copper (Data reported to two significant figures and this may cause discrepancies in totals). Note under Newcrest reporting convention for copper 13Blb contained copper is equivalent to 5.9Mt contained copper. See also Foreign Estimates – clarifying statements at the end of this market announcement.

Newcrest's plan to add value

Following an intensive due diligence process, Newcrest has identified a significant opportunity to add value for all shareholders in Red Chris.

Newcrest has a two-stage plan to deliver value from the acquisition:

Stage 1 – Apply Newcrest's Edge transformation approach to existing Red Chris open pit and processing plant

Newcrest believes it can add significant value to Red Chris by applying the same Edge mindset and approach that has led to significant operating improvements across all Newcrest operations over the last five years. Examples of where successful changes have been implemented to safely accelerate cash maximisation include process plant optimisation (debottlenecking, recovery uplifts, process control, improving concentrate quality), mine optimisation (improving orebody knowledge, grade control, fleet management system, mine planning) and supply chain cost reduction. As part of this stage, Newcrest will initiate an extensional drilling program.

Newcrest intends to optimise the current open pit mine plan and pursue initiatives to improve operational productivities and milling recoveries. The current open pit mine has an existing 11mtpa processing plant and associated infrastructure which allows 'brownfield' expansion options in the future.

Stage 2 – Apply Newcrest's industry leading technology

Newcrest believes it can add significant shareholder value by applying technology to Red Chris that it has successfully applied at its other operations. Examples include:

1. Block Caving – Newcrest believes the orebody has the potential to become a high margin bulk underground block cave. Newcrest will accelerate the necessary drilling and studies. Newcrest intends to conduct studies and review the Ore Reserve of the Red Chris operation to allow for reporting in accordance with JORC 2012 to take into account the potential transition to a future block cave operation.
2. Coarse Ore Flotation – Having demonstrated the recovery benefits of coarse ore flotation at Cadia, Newcrest will look to apply this technology to Red Chris.
3. Mass Sensing and Sorting – Positive results from trials underway at Telfer may lead to this technology being deployed at Red Chris.
4. Exploration – Applying Newcrest's experience in deep underground brownfield and greenfield exploration on the existing orebody and the broader land package.

Exploration upside potential

Newcrest has identified opportunities to expand Red Chris's Mineral Resources along strike and at depth in areas where there has been limited deep drilling to date. Historical shallow drilling indicates that there is also potential for further deep discoveries to be made in the larger tenement package.

Newcrest will be targeting prospective regions beyond the current mine looking for further porphyry centres including small footprint, higher grade gold rich porphyry systems leveraging knowledge gained from Cadia which has similar geological features.

About Red Chris

Red Chris is a copper-gold porphyry orebody located on the northern edge of the Skeena Mountains, approximately 1,700 kilometres north of Vancouver and 18 kilometres south east of the town of Iskut in British Columbia. Red Chris commenced construction in 2012 and was completed in November 2014 for a total cost of C\$661 million. Commercial production commenced in July 2015. It currently employs approximately 500 people. The mine site is located on 23,142 hectares comprising of the main and south claim groups, consisting of 77 mineral tenures, five of which are mining leases. In the first 9 month of calendar 2018, Red Chris produced 44.8 million pounds of copper and 29,569 ounces of gold at a cash cost of US\$2.41/lb of copper.²

Figure 1: Aerial photograph of processing plant



Figure 2: Aerial photograph of Red Chris mine



² Source: Imperial Metal Third Quarter Report 2018 Management Discussion and Analysis

Transaction terms and financial commitments.

Newcrest has entered into an asset purchase agreement with Imperial to acquire a 70% ownership interest in the Red Chris Mine Assets, which includes the assets and property of the Red Chris mine and its operations for a consideration of US\$806.5m. The consideration payable will be subject to customary adjustments for certain assumed equipment loans and non-financial debt.

The acquisition is subject to customary conditions precedent including all required regulatory approvals and the assignment or transfer of material permits and contracts. The acquisition is not subject to any shareholder approval. Closing is expected to occur in Q3 CY19 with an outside date for closing by 15 August 2019.

On closing of the asset purchase, an unincorporated joint venture between wholly-owned subsidiaries of Newcrest and Imperial will be established. Newcrest will be the operator of the joint venture. Each party to the joint venture will contribute exploration and development expenditure according to its participating interest (Newcrest 70%/Imperial 30%). Dilution provisions apply if a party does not contribute to a program and budget. Transfers of joint venture interests will be subject to rights of first refusal. Subject to closing of the asset purchase, Newcrest will report Red Chris production results during the 2019-2020 financial year.

Investor Conference Call

We invite you to join our investor webcast from Melbourne at 11.00am (AEDT) on Monday 11 March 2019.

Please register prior to this broadcast on the Newcrest website;

<http://www.newcrest.com.au/investors/>

Should you be unable to join us, the webcast will also be available for viewing following the live presentation.

For further information please contact

Investor Enquiries

Chris Maitland
+61 3 9522 5717
+61 439 525 135

Chris.Maitland@newcrest.com.au

Kasun Liyanaarachchi
+61 3 9522 5576
+61 477 068 440

Kasun.Liyanaarachchi@newcrest.com.au

North American Investor Enquiries

Tamara Brown
+1 647 255 3139
+1 416 930 4200

Tamara.Brown@newcrest.com.au

Media Enquiries

Chris Maitland
+61 3 9522 5717
+61 439 525 135

Chris.Maitland@newcrest.com.au

This information is available on our website at www.newcrest.com.au

Foreign Estimates – clarifying statements as required by ASX Listing Rule 5.12

The estimates of Mineral Resources for Red Chris deposit are qualifying foreign estimates under the ASX Listing Rules reported in accordance with the National Instrument 43-101 (NI 43-101) by Imperial and filed on SEDAR (www.sedar.com) on 30 September 2015. These qualifying foreign estimates were re-stated by Imperial in their July 2017 Mineral Resource and Mineral Reserve statement (www.imperialmetal.com) but have not been updated since 30 September 2015, and have not been depleted for production to date. Production depletion to date would likely result in approximately 5% reduction in reported Mineral Resources and approximately 15% reduction in reported Mineral Reserves.

The categories of Mineral Resource classification used are in accordance with NI 43-101 and the CIM Standards. NI 43-101 is a 'qualifying foreign estimate' (Chapter 19, ASX Listing Rules) and has similar categories of resource classification as the JORC Code (Appendix 5A, ASX Listing Rules).

Newcrest considers these estimates to be both material and relevant to Newcrest given that Red Chris has the potential to be a material mining project to Newcrest.

In accordance with NI 43-101 and CIM Standards, Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of Mineral Resources will be converted to Mineral Reserves. Additional drilling will be required to verify geological and mineralisation continuity, and there is no certainty that all of the Inferred Resources will be converted to Measured and Indicated Resources. Quantity and grades are estimates and are rounded to reflect that the estimates are an approximation.

Newcrest has experience in managing similar operations to the Red Chris operation. Newcrest's key technical and operational personnel conducted a site visit as part of the due diligence process. Imperial provided information on Mineral Resources, Mineral Reserves and operational performance to date for Newcrest to review. The estimates of Mineral Resources were reported in compliance with NI 43-101 technical report "2012 Technical Report on the Red Chris Copper-Gold Project", amended and re-stated September 30, 2015. This technical report contains a summary of work programs and key assumptions, mining and processing parameters and methods used to prepare the estimates of Mineral Resources and Mineral Reserves. The open pit Mineral Reserve is based on an ultimate pit shell developed in 2004.

Newcrest believes that the information provided is the most recent publicly available. Following completion of the transaction it is Newcrest's intention to conduct a work program, including additional exploration and resource definition drilling, resource optimisation for both open pit and underground mining scenarios and pre-feasibility level studies to define the high value optimum plan for conversion of the Mineral Resource to Ore Reserves. It is anticipated to be completed within three years and will be funded using internal cash reserves.

Cautionary statement

The estimates of Mineral Resources for the Red Chris deposit are qualifying foreign estimates under the ASX Listing Rules and are not reported in accordance with the JORC Code.

Competent persons have not done sufficient work to classify the qualifying foreign estimates as Mineral Resources in accordance with the JORC Code.

It is uncertain, that following evaluation and further exploration, the foreign estimates will be able to be reported as Mineral Resources in accordance with the JORC code.

Competent Person Statement

In accordance with ASX listing rule 5.12.2 to 5.12.7, Mr Kevin Gleeson confirms the information in this market announcement that relates to the Mineral Resources for the Red Chris NI 43-101 qualifying foreign estimate is an accurate representation of the available data and studies based on data provided to Newcrest by Imperial. Mr Gleeson is the Head of Mineral Resource Management, a full-time employee of Newcrest Limited and holds options and shares in Newcrest Mining Limited and is entitled to participate in Newcrest's executive equity long term incentive plan, details of which are included in Newcrest's 2018 Remuneration Report. He is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Gleeson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr Gleeson consents to the inclusion of the material in this report in the form and context in which it appears.