Newcrest agrees to divest Bonikro for $81m

Newcrest has signed an agreement to sell its 89.89% interest in the Bonikro operation to a consortium consisting of F&M Gold Resources Ltd. and Africa Finance Corporation, for consideration comprising:

- $72m cash payable on transaction completion, part of which is contingent on the successful progression of the Akissi-so pit extension; and
- Net smelter royalty on future ore mined at the Bonikro lease, with an estimated value of $9m.

The sale of the Bonikro operation follows a strategic review of the asset by Newcrest.

Newcrest Managing Director and Chief Executive Officer, Sandeep Biswas, commented “following this extensive review we are pleased to be able to announce the sale of Bonikro to a consortium having the operating experience of the Forbes & Manhattan Group and the financial backing of the Africa Finance Corporation. This outcome delivers value for Newcrest shareholders and provides a clear future path for the Bonikro mine for the benefit of its employees, the community and all our Côte d’Ivoire stakeholders.”

The royalty applies to the first 560,000 ounces of gold production from the next pushback of the Bonikro pit following the completion date, at a rate of 2.5% for gold prices above US$1,251/ounce, increasing by 0.5% for every US$50 increase in the gold price up to 4.5% at US$1,450/ounce or above.

The economic effective date for the transaction will be 1 October 2017. Production until transaction completion will be included in Newcrest’s production results but the economic interest for the period after 1 October 2017 will be to the benefit of the acquirer. Newcrest’s guidance for FY18 will be updated following transaction completion.

Completion of the transaction remains subject to conditions precedent, including Côte d’Ivoire government approval, renewal of the Bonikro Mining Investment Convention which expired in May 2017, and no material adverse change in the business. It is expected that the transaction will complete in the March 2018 quarter.

Subject to completion and the timing thereof, Newcrest expects to recognise a small net profit on sale after taking into account the sales proceeds less written down value of the assets sold, transaction costs and a foreign currency translation reserve gain.

Newcrest retains its exploration tenements within Côte d’Ivoire outside of the Bonikro / Hiré area, including the Séguela project where drilling is underway at the Antenna prospect to confirm the extent of discovered mineralisation. Newcrest continues to see the country as both highly prospective for near surface gold discoveries and an attractive jurisdiction for mining investment.

For further information please contact

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