

## UPDATE & SUMMARY

**NEWCREST** are an Australian mining, exploration company who acquired their current name in 1990. Their main focus is gold, but they also mine copper and silver. They are Australia's largest gold mine company, with four working mines. Newcrest's largest mining operation is the Lihir Goldmine on Lihir Island, Papua New Guinea which was purchased in August 2010.

**Newcrest have a twenty year record of environmental and human rights abuses in Africa, Papua New Guinea, Indonesia, and now Ecuador. They receive generous incentives from compliant governments when planning, constructing and running their mines, which are almost always against the wishes of indigenous people. Despite claims to the contrary, they have little to no environmental or social responsibility, with negative impacts from their mines lasting for generations.**

With their 27% stake in the Fruta Del Norte mine, their 15.2% share in SolGold and recent Heads of Agreement with Cornerstone Capital Resources, Newcrest Mining are amongst the most active presence amongst Australian mining companies operating in Ecuador.

## MINING COMPANY RELATIONSHIPS

### **Newcrest-SolGold relationship**

Newcrest are 15.2% shareholders of SolGold as of February 2019. (BHP also acquired an 11.1% stake in SolGold in 2018.)

SolGold holds numerous concessions throughout Ecuador, including the Cascabel copper/gold deposit in the north of the country. Newcrest's experience in block cave mining may make them a useful partner to SolGold in mining their Cascabel mine.

### **Newcrest-Lundin Gold relationship**

In January 2018, Newcrest bought a 27% stake (\$250m) in Lundin Gold, appointing two directors to their Board. Lundin Gold are developing the Fruta Del Norte (FDN) project in Southern Ecuador, believed to be Latin America's largest deposit of gold with 6.8million ounces of gold in reserve. The mine is expected to open in 2019.

The Lundin family is based in Sweden, but Lundin Gold is a Canadian company with mining interests predominantly in Chile and the United States.

Lundin has 64,000ha of exploration concessions throughout Ecuador, the bulk of which are located in the south-east part of the country, and southeast of Fruta Del Norte. These include: El Puma, Barbasco, Puente-Princesa, Rio Negra, Fruta del Norte South-West, Fruta del Norte East, Alejandro, Gata Salvaje, Emperador, Sandia, El Quimi, Las Nubes, Bella Vista and Pavo Salvaje and Maicu concessions.

The two companies have also set up a 50% interest over eight exploration licences north and south of Fruta del Norte. Newcrest will invest \$20m into managing these exploration licences.

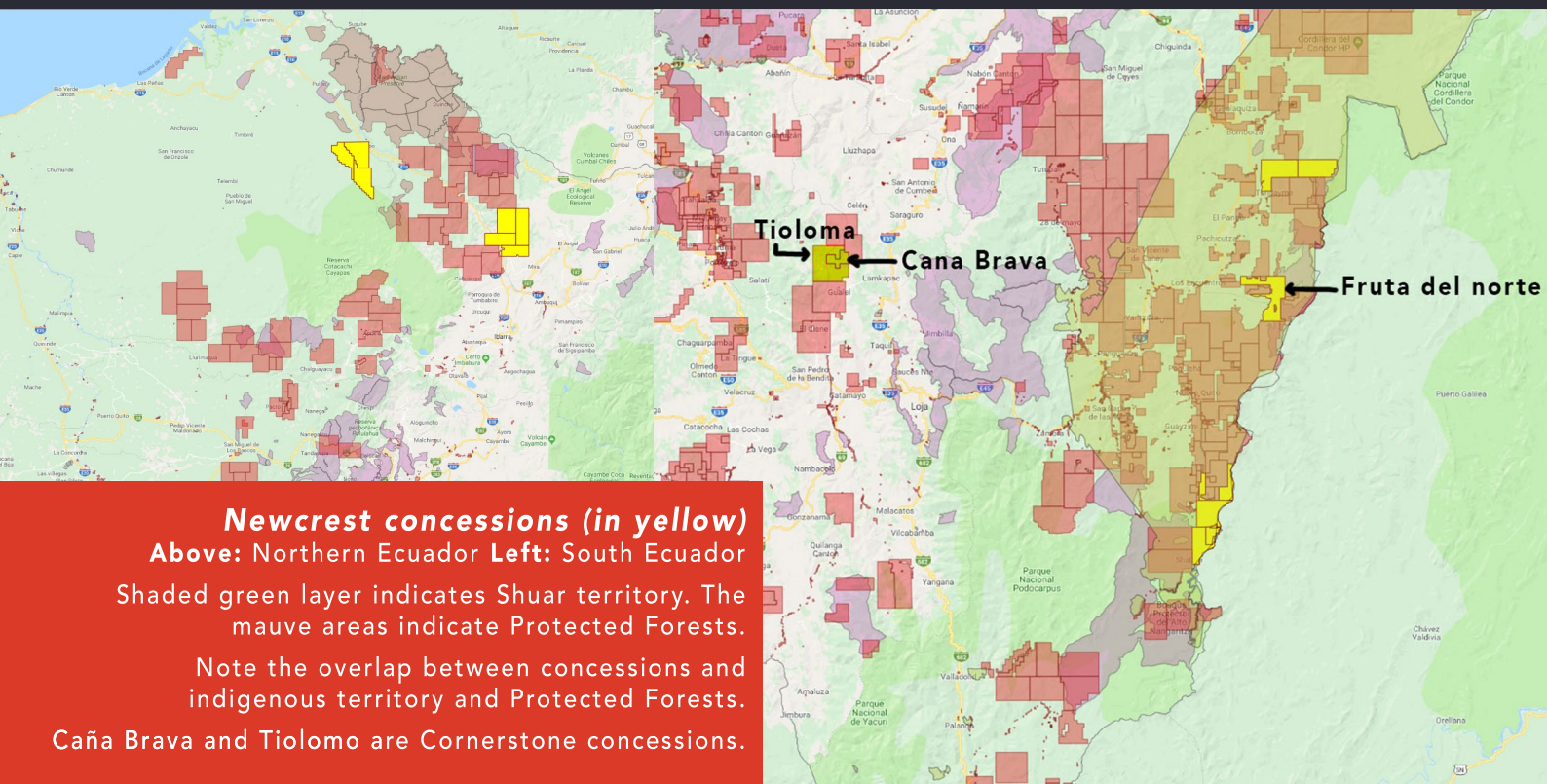
### **Cornerstone-Newcrest agreement**

In February 2019 Cornerstone Capital Resources and its subsidiary Cañabrava Mining S.A. signed an Option and Farm-in Heads of Agreement with Newcrest for Cornerstone's gold copper deposits in their Caña Brava and Tioloma properties in south central Ecuador.

Under the deal, a subsidiary of Newcrest will have the option to earn up to a 75% interest in two early-stage gold, copper and silver projects — Caña Brava and Tioloma, located in south-central Ecuador. Newcrest would be the operator of the proposed mines in phase one, which extends to 18 months after receiving a drill permit.



# FRUTA DEL NORTE MINE UPDATE



**Newcrest concessions (in yellow)**

**Above: Northern Ecuador Left: South Ecuador**

Shaded green layer indicates Shuar territory. The mauve areas indicate Protected Forests.

Note the overlap between concessions and indigenous territory and Protected Forests.

Caña Brava and Tiolomo are Cornerstone concessions.

Fruta del Norte in the south-east of Ecuador is being developed by Aurelian Ecuador SA, a wholly-owned subsidiary of Lundin Gold. Newcrest's \$US250m (27.1%) stake helped kickstart the mine, with production expected to begin at the end of 2019. In January 2018, Lundin Gold inaugurated two tunnels and got approval to build a 44 kilometre power line to the mine.

In July 2018, Lundin Gold announced that it had secured \$350m for the development and construction of FDN with a syndicate of seven lenders.

Lundin gold plans to sell about half of its gold concentrate production over its first eight years of operations to Boliden, a high-tech metal company with a network of mines and smelters across Europe. Another offtake agreement was also signed with Orion Mine Finance. In February 2019 Lundin announced it would increase its exploration for minerals in Ecuador after securing \$30m in financing from GMP Securities and BMO Capital Markets.

In January 2019 investigators published an English version of a report published in July 2018, "Fruta del Norte: La manzana de la Discordia" (Northern Fruit: The apple of discord) which claims that FDN produced deep-seated and long-lasting impacts on people's lives, particularly in the community of El Zarza who were promised development.

*"There is an increasingly noticeable presence of dump trucks, haul trucks, and heavy machinery constantly travelling through the Cordillera, day and night. The glow of their headlights has replaced that of the fireflies, the vibrations have damaged the community's infrastructure, the dust affects the water system, and wildlife, feeling displaced, have begun to affect daily life in a significant way.*

*"The families of El Zarza feel that their hands are tied. They conceive of large-scale mining as a punishment. They live in a form of submission or consensual slavery, in which it has become the norm to beg for work as labourers in conditions of exploitation that are subcontracted and with no labour rights. With increasing government control and regulation of the productive use of their territories, and lacking incentives for artisanal agriculture and livestock farming, communities could not guarantee their material reproduction and, gradually, people saw no option but to leave."*

(MiningWatch Canada, 21 January 2019)

