

# Newcrest Mining Limited

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## What does Newcrest's ongoing emphasis on exploration at Havieron mean for Greatland Gold?

It was interesting to watch the signals being sent out by Newcrest Mining Ltd (ASX:NCM) at its most recent annual general meeting, held in the second week of November.

Newcrest, as seasoned mining investors will know, is the Australian gold mining champion, a company which boasts annual production 2.5mln ounces of gold as well as significant amounts of copper, and at good margin.

Its shares have risen by nearly a third over the past year, and have tripled in value over the past five.

This is neither a company that's prone to sitting still, nor one to eschew growth opportunities when they are available.

And, as part of a lengthy and detailed presentation given by chief executive Sandeep Biswas, it was emphasised that Newcrest is taking particular interest in exploration and development, and noted too that it has 20 joint ventures with junior mining companies in place to forward these goals.

Newcrest doesn't rank these joint ventures, at least not publicly, but it's a fair bet that the undertaking at Havieron in the Paterson Range would be high on the list if it did.

This project was originally prospected up by Greatland Gold PLC (LON:GGP), and when it hit intercepts of the kind that you only see once or twice in a year, Newcrest was quick to pounce. The combination of Newcrest's endorsement and the results themselves boosted Greatland's market capitalisation almost fourfold, catapulting it into radars of investors who had hitherto been writing it off as a tiddler.

Somewhat perversely, the shares have drifted a bit since the deal with Newcrest was signed back in March 2019, but it's fair to say that that's more down to the fickleness of the junior mining market in London than to any lingering doubts about the true potential of Haveiron.

After all, since the deal was signed, there have been three subsequent sets of excellent drill results, as Newcrest has hit the ground running, including 45 metres at 7.1 grams per tonne gold and 96.4 metres at 4.5 grams. Both holes come with additional copper, and although they're deep, they're not that deep, and certainly well within the competency of a company like Newcrest to get down into and mine.

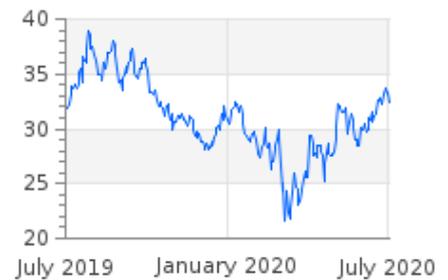
So what do these results mean? The first point to note is that the strong results, with high grades over extremely lengthy widths, are now coming with a significant degree of consistency. It's not clear yet what sort of size Havieron is eventually going to ring in at when the resource numbers are finally established, but it's already obvious that this will be a project of significant scale.

Which is of course why Newcrest is interested.

**Price:** 33.26

**Market Cap:** \$27.14 billion

### 1 Year Share Price Graph



### Share Information

**Code:** NCM

**Listing:** ASX

**52 week High Low**  
38.87 20.7

**Sector:** Mining

**Website:** [www.newcrest.com.au](http://www.newcrest.com.au)

### Company Synopsis:

*Newcrest Mining Ltd (ASX:NCM) is one of the world's largest gold mining companies and operates mines in four countries, with a global workforce of around 16,000.*

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But Newcrest isn't just interested, it's really interested. This isn't just a tasty looking target that's been gobbled up by a major for the rainy day when resource depletion begins to look like a serious concern and the drill rigs need to be sent out.

No, almost as soon as the ink had dried on the joint venture deal Newcrest had people down on the ground and working. The company currently has six rigs on the go and, as was emphasised at the AGM, exploration work at Havieron is a major priority.

Could it be that Newcrest is already envisaging its next big mine development, before it's even established the limits of the mineralisation?

Such an outcome wouldn't be too surprising. After all, the Paterson Range is extremely hot for exploration at the moment, and not just because of Greatland's success at Havieron. Major and mid-tier company's have locked up all the ground for hundreds of miles around, including amongst their number Newcrest, which is already successfully operating the Telfer mine less than 100 kilometres away.

What that means is that this is territory that Newcrest is comfortable working in, and that it's working up ground that is already repaying its investment.

Greatland too, is likely to benefit. It's expected that a resource will be established at Havieron within nine-to-12 months. How big will it be? No-one knows. But say it's three million ounces, which would be a standard sort of target for Newcrest, then Greatland would be in for 30% of that, or 900,000 ounces, and whatever discount you apply for metal in the ground, in dollar terms that still works out at a substantial sum, particular given the premium valuation paid by the market for Australian-based assets.

Jonathan Guy, Director of Metals & Mining at Numis, recently noted in an interview given at the Denver Gold show, that Australian companies are tending currently to trade at two-to-two and a half times net asset value, which is a significant premium to their global peers.

But just why is Newcrest going at such a speed at Havieron. Could it be that it thinks the resource could be bigger than that? If so, the value-add to Greatland will be significant too.

Greatland meanwhile, it won't surprise anyone to learn, hasn't had that much difficulty raising money on its own terms. It's got a sizeable exploration portfolio both in the neighbourhood of Havieron and elsewhere.

Of particular interest have been recent results from Scallywag and Paterson Range East.

Here, says Greatland chief Gervaise Heddle, some of the early results the company is getting are pointing towards the existence of another Haveiron.

"It's not exactly the same," he emphasises.

"But certainly these are exciting geophysical targets. My feeling is that there is another Havieron out there, and if there is then we want to find it within the next 18 months."

And if the company does deliver on that goal, you can bet the Newcrest will come knocking on the door one more time, and at double quick pace.

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