

mining- technology

New Gold signs earn-in agreement with Rimfire Pacific Mining for Fifield project in Australia

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Canadian-based mining company New Gold has entered an earn-in agreement with Rimfire Pacific Mining for the Fifield project in central New South Wales, Australia.

According to the agreement, New Gold can earn up to 70% interest in the Fifield project by spending A\$12m (\$9.11m) on exploration over the next five-year period.

New Gold executive vice president of business development Hannes Portmann said: "The Fifield earn-in fits New Gold's strategy of disciplined growth in stable jurisdictions.

"The project offers excellent potential for significant new discoveries and resource growth, while the earn-in structure maximises our company's flexibility as exploration is advanced."

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Fifield is located nearly 300km southeast of New Gold's Peak Mines, which include a 673km² land package.

The project is of huge importance due to its strategic position along the Lachlan Transverse Zone, which hosts multiple established mining operations.

Fifield's geology indicates significant potential for both gold-silver and copper-gold discoveries.

In addition to multiple exploration targets, the project includes an established mineral resource at the Sorpresa gold and silver deposit discovered in 2010.

New Gold vice president of exploration Mark Petersen said: "We are excited to work with the Rimfire team as the Fifield project demonstrates large-scale, world-class discovery potential in a geologic setting very familiar to us."

All rights and obligations of New Gold stated in the agreement are subject to customary conditions and approvals, including the consent from the Australian Government Foreign Investment Review Board.

After fulfilling all customary conditions, New Gold will pay a minimum of A\$2m of exploration expenditures on the project in the first year. Thereafter, New Gold can earn 51% interest in the project by incurring an additional A\$5m before the third anniversary of the deal.

In the final two years, New Gold can increase its ownership interest by 19% to 70% by providing an additional A\$5m of exploration expenditures.

With this agreement, New Gold has also secured 2.5% pro forma ownership interest in Rimfire by buying approximately 23.8 million Rimfire common shares with a price of A\$0.021 per share.