

ASX Announcement

30 January 2019

DECEMBER 2018 QUARTERLY ACTIVITIES REPORT

Highlights

- **Tongo Front End Engineering & Design (FEED) program nearing completion with expected release in Q1 2019**
- **Underground mine optimization & scheduling program revised**
- **25-year Large Scale Mining lease signed for adjacent 9.98 km² Tongo Dyke 1 licence held by subsidiary company Sierra Diamonds Limited**
- **Mineral Resource estimate update for Tongo announced (26th November 2018)**
- **Mine portal entrance / Boxcut geotechnical drilling completed and excavation of Boxcut decline has commenced**
- **Bulk sample processing 90% complete and second diamond export completed**
- **1,626 carats of diamonds from processed bulk samples exported for valuation of which some 48% are considered “collection goods” (D to G colours)**
- **Environmental Impact Assessment for Tongo underground mine completed**

Newfield Resources (**Newfield** or **the Company**) advises of its activities during the December 2018 quarter.



Figure 1: Partially excavated Boxcut at the Tongo mine

1. Tongo Diamond Project (Sierra Leone)

Newfield Resources Limited (ASX:NWF) (**Newfield**) is pleased to provide a further update on the progress of the FEED program and new Mineral Resource estimation for its Tongo Diamond Project in Sierra Leone (Tongo Project).

Front End Engineering and Design (FEED) program

All key workstreams of the FEED program have been completed with the program focusing on completing the geotechnical field work for the conceptual model and design of the Boxcut for the mine portal entrance from which the decline will assess ore from the Kundu and Lando dykes. Designs for the mine infrastructure to be located at the portal site have been prepared while the mine design has been completed. With the release of the microdiamond results, an updated geological block model (incorporating the new grade and value estimates) was provided to SRK Consulting who have run optimization scenarios on Datamine to generate the mine development, production and estimated revenue profile. Once the final optimization has been accepted this will be captured into the project financial model bring the FEED program to a close. Review and finalisation of all FEED outcomes, including documentation, is expected to see release of the key FEED outcomes during 1Q 2019.

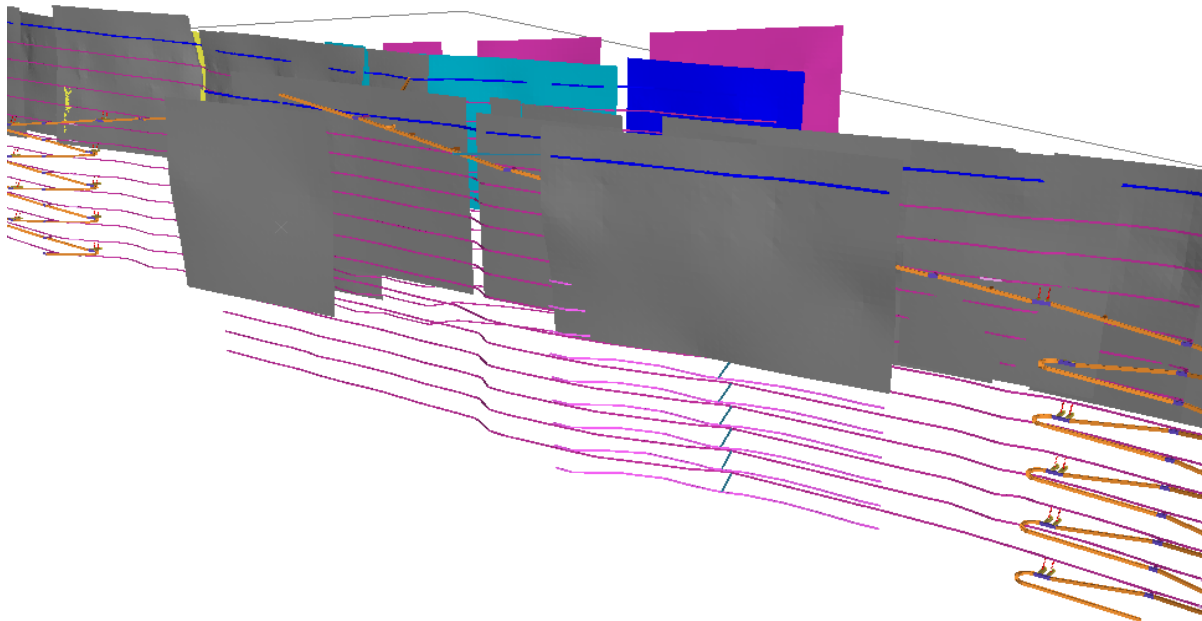


Figure 2: Initial optimized mine design developed by Datamine

Tongo (Dyke 1) Mining Licence

Newfield’s wholly owned subsidiary company, Sierra Diamonds Limited, has now received the signed, large scale mining licence (ML02/18) for the 9.98 km² area that hosts the Tongo Dyke-1 kimberlite resource. This licence sits adjacent to the 124 km² Tonguma mining licence (ML02/12) (see Figure 3). ML02/18 is valid for a 25-year period from 16 May 2018.

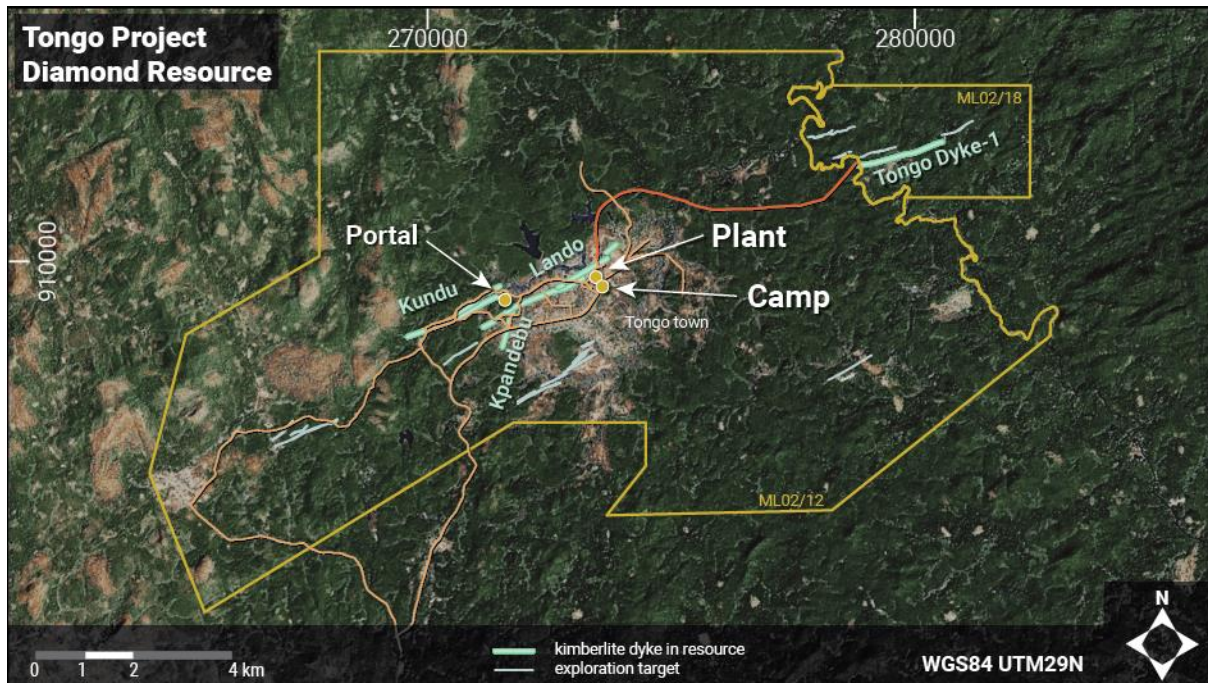


Figure 3: Newly signed Tongo (Dyke 1) Mining Licence in juxtaposition to Tonguma (Lando/Kundu)

Mine portal entrance and Boxcut preparation

Based on the FEED studies, a single portal entrance has been designed to access the high-grade Kundu and Lando kimberlites. This entrance is situated at a site on the side of a hill that is located between the two kimberlites. Whilst this will result in slightly more decline development metres being required, it will provide significant cost savings and operational efficiencies as opposed to having a separate portal entrance for each kimberlite.

Geotechnical trenching, pitting and drilling, guided by SRK Consulting, has been completed around the portal site. Some 467 meters of drilling from 16 holes were completed providing geological and structural data relevant for the design of the boxcut. Based on this drilling and geotechnical studies, a volume of 45,160 m³ of overburden, weathered granite and competent granite is required to be excavated to shape the box cut prior to the portal entrance blasting commencing. This process has commenced with some 22,386 m³ of overburden and weathered granite having been removed to date, with the topsoil overburden being stockpiled separately for rehabilitation purposes. Drilling and blasting are now required to advance further into the harder material as the boxcut development continues.



Figure 4: Tongo Boxcut preparation and excavation activities, including preparation for drilling and blasting for the Mine Portal

Bulk sampling processing and diamond exports

During previous bulk sampling campaigns on the Tongo Project, samples of material were extracted from above selected Lando and Kundu kimberlite bulk sample sites. This material comprised a highly diluted mixture of kimberlite, saprolite, country rock granite and overburden which had previously been stockpiled at the Tonguma camp. Processing of this material has now been completed.

A total of some 2,170.50 carats have been recovered from processing of the stockpiled bulk samples of the Kundu, Lando and Pandebu kimberlites. In 4Q 2018, two diamond parcels totalling approximately 1,626 carats (post acid cleaning) were exported to Antwerp for assortment and valuation, comprising Lando (958.33cts), Kundu (300.19cts) and Pandebu (367.33cts) stones. These parcels contain an unusually high proportion of “collection goods” (D to G colours), including 48% in the case of Lando, which is particularly encouraging. All diamonds exported are fully Kimberley Process Compliant and all required taxes and royalties were paid to the Government of Sierra Leone upon export.

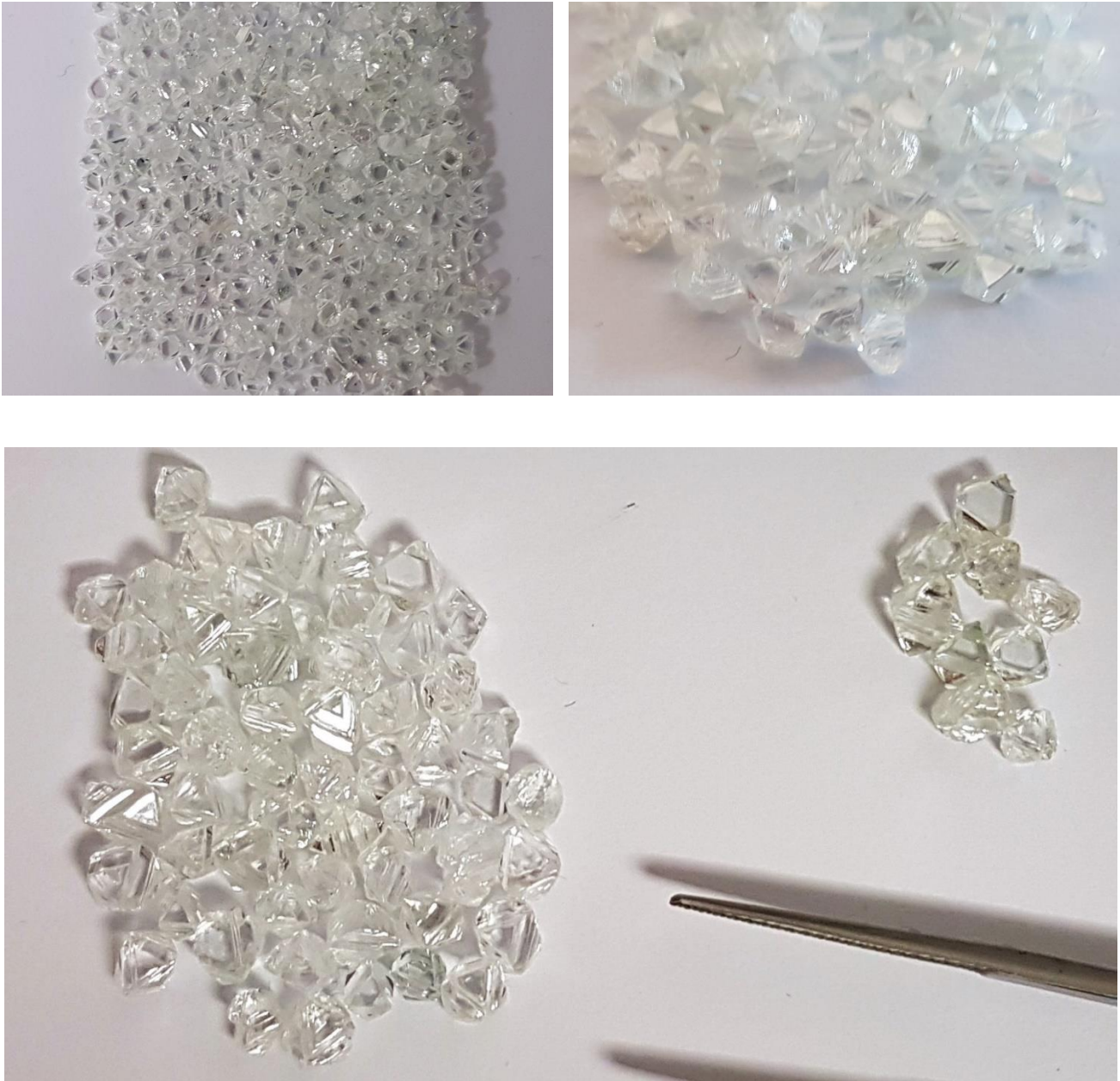


Figure 5: Tongo diamond export parcels

Environmental Impact Assessment for Tongo Underground Project

In 2014, then operator Octea Mining conducted an Environmental Social & Impact Assessment (ESIA) study on the Tonguma proposed surface mining project. Following the assumption of operational control of the Tongo Project by Newfield, the Company has retained the services of Cemmat Group Ltd, a Sierra Leonean environmental consultancy, as an independent consultant to update its ESIA studies to reflect the change of Tonguma Ltd's operations from surface to underground mining. The ESIA exercise involved the compilation of baseline studies together with an Environmental Management Plan (EMP) as well as a Community Development Plan all of which was presented to the local and regional community and civil leaders during two Public Disclosure sessions in December. The documentation relevant for this considerable undertaking has been submitted to the Environmental Protection Agency – SL and approval for the ESIA is anticipated during Q1 2019.

2. Allotropes Alluvial Diamond Project (Sierra Leone)

Bulk sampling of a river flat resource at Gboyieya, and ground penetrating radar (GPR) dredge targets in the Sewa River, continued until December. In December, a decision was made to suspend operations at the Allotropes Project to focus financial and management capacity on the Tongo Project. The current Allotropes Project diamond inventory totals 473.53 carats which will be exported and sold at a convenient time to add to the considerable database already compiled on the revenue model for lower Sewa River diamonds. The overall average stone size of 0.87 ct/stone for the combined parcel of diamonds is similar to the previous sale of alluvial diamonds at the end of 2017, which realized an average revenue of USD 462 per carat.

The current inventory of diamonds comprises the following:

Bulk Sampling	Carats Produced	Stones	Average Stone Size	Largest Stone
Sewa River Dredge	336.13 ct	370	0.91 ct/stone	7.40 ct
Gboyieya River Flat	137.40 ct	176	0.78 ct/stone	3.90 ct

The Company is looking at potential contractual opportunities to test further GPR targets within the Sewa River in the interim, and the Company will make a decision on these in due course.

Further rationalisation of the Allotropes tenement holding was completed to focus future work on the most prospective ground. Exploration licences EL12/2014, EL19/2014 and EL20/2014 were surrendered following the receipt of final kimberlitic indicator mineral sampling results from those areas.

3. Kumbgo Kimberlite Project (Liberia)

The Kumbgo kimberlite project comprises two exploration licences that cover a total of 670 square kilometres in the west of Liberia (Figure 6). The area has historically been known to yield large and high value diamonds from artisanal diamond diggings. A number of kimberlites are known in the area, mainly discovered in the 1970's.

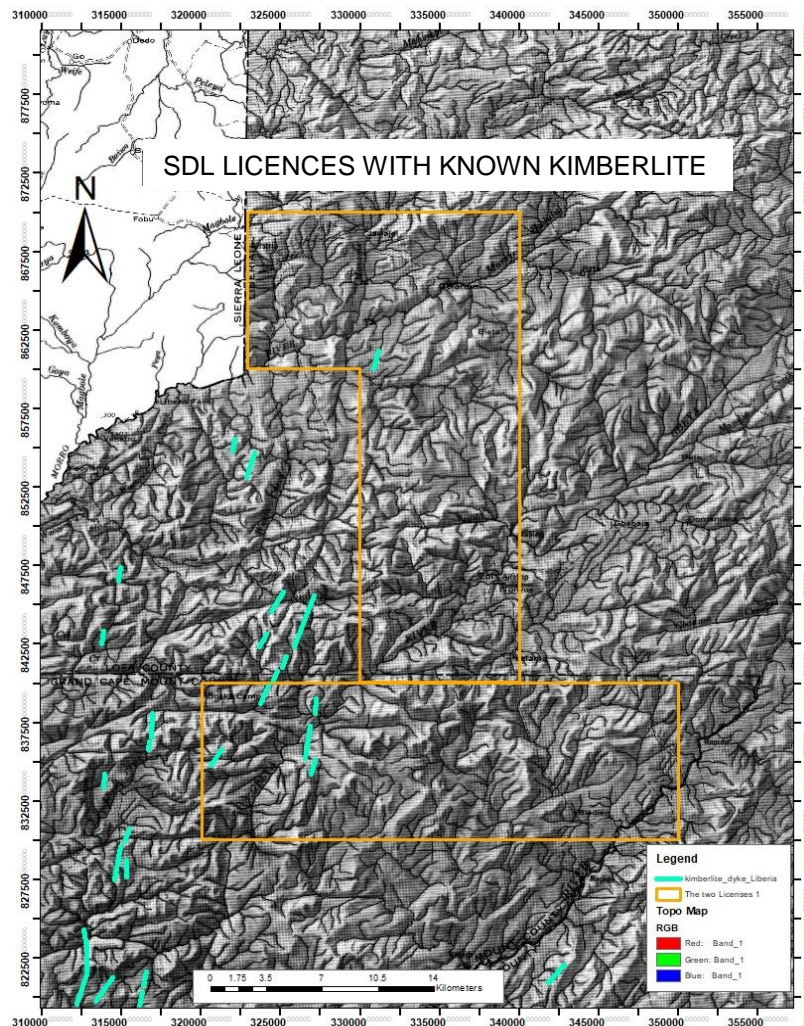


Figure 6: Location of Liberian Exploration Licences

Environmental consulting group Earthcons Consulting have been retained to prepare an environmental impact assessment for the work which was undertaken in 4Q 2018 and subsequently has been approved by the EPA - Liberia. An experienced diamond exploration field team returned to the southern Biedien licence in November and established a camp before conducting a low-cost reconnaissance stream sampling programme targeting the known strong indicator mineral anomalies from past work. Some of these indicator anomalies are in areas of current artisanal diamond workings and based on their abundance are likely to indicate the presence of as yet undiscovered kimberlites.

In total some 68 stream sediment hand concentrated samples have been collected which are in the process of being dispatched to MSA Group laboratories in South Africa for indicator mineral recovery and analysis. The results from this analytical work will guide future follow up sampling programs.

Schedule of Tenements at 31 December 2018

PROJECT	TENEMENT NUMBER	TENEMENT NAME	REGISTERED HOLDER(S)	NEWFIELD'S INTEREST
<u>SIERRA LEONE</u>				
TONGO KIMBERLITE MINE	ML02/2018	Tongo	Sierra Diamonds Limited	100%
	ML02/2012	Tonguma	Tonguma Limited	Nil but subject to the tribute mining agreement
ALLOTROPES DIAMOND PROJECT	EL15/2012	Baoma	Allotropes Diamond Company Ltd	100%
<u>LIBERIA</u>				
KUMBGO PROJECT	MEL1157/15	Kumgbo	Stellar Diamonds (Liberia) Inc.	90%
	MEL1158/14	Kumgbo	Stellar Diamonds (Liberia) Inc.	90%
<u>WESTERN AUSTRALIA</u>				
NEWFIELD GOLD PROJECT	M77/0422	Newfield	Newfield Resources Ltd	100%
	M77/0846	Woongaring Hills	Newfield Resources Ltd	100%
CREST YARD GOLD PROJECT	P16/2722	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2726	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2728	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2729	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2730	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2731	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	

For further details please contact:

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**** ENDS ****

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Newfield Resources Limited	
ABN	Quarter ended ("current quarter")
98 153 219 848	31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,243)	(7,289)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,148)	(2,609)
(e) administration and corporate costs	(367)	(766)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	241	321
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,518)	(10,345)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(392)	(419)
(b) tenements (see item 10)	-	-
(c) investments	-	(1,900)
(d) other non-current assets	-	-

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	19
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(1,750)	(1,750)
2.4 Dividends received (see note 3)	30	30
2.5 Other (cash acquired on acquisition of subsidiary)	-	-
2.6 Net cash from / (used in) investing activities	(2,112)	(4,020)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	51
3.6 Repayment of borrowings	(22)	(52)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(22)	(1)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,266	14,970
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,518)	(10,345)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,112)	(4,020)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(22)	(1)
4.5 Effect of movement in exchange rates on cash held	6	16
4.6 Cash and cash equivalents at end of period	620	620

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	620	6,266
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	620	6,266

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
(190)
-

Directors' remunerations	(175)
Professional services provided by entities associated with directors	(15)

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

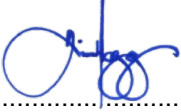
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,700)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(1,500)
9.5 Administration and corporate costs	(400)
9.6 Other	-
9.7 Total estimated cash outflows*	(3,600)

*To be funded by current cash on hand and other funds available totalling approximately \$8.75 million.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Sierra Leone EL19/2014	Diamond exploration	100%	-
	EL20/2014	Diamond exploration	100%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Sierra Leone M02/2018	Conversion of exploration licence APL752 into large scale mining licence M02/2018	100%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Company secretary)

Date: **30 January 2019**

Print name: **Kim Hogg**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.