

ASX Announcement

31 October 2019

Newfield Resources Limited
ASX:NWF

ABN: 98 153 219 848

15 McCabe St
North Fremantle WA 6159

T: +08 9389 8880

F: +08 9389 8890

E: info@newfieldresources.com.au

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

Highlights

- **Blasting of box cut for underground mine decline access completed with 53,000m³ of material excavated**
- **Detailed 100 tph Plant design delivered**
- **Infrastructure construction, including camp accommodation and mine changehouse and lamp room in progress.**
- **Resource development drilling of Panguma kimberlite in progress**
- **Significant microdiamond results received from Panguma kimberlite**
- **Lease agreement for mining equipment signed**

Newfield Resources (**Newfield** or **the Company**) advises of its activities during the September 2019 quarter.

1. Tongo Diamond Project (Sierra Leone)

Box Cut Blasting

The drilling, blasting and excavation of the box cut has been completed. Five blasts were undertaken in total and some 52,000 cubic metres of blasted granite have been removed to the waste dump stockpile, where Newfield has recently established a crushing plant to produce aggregate for the mine construction. The box cut is now at the elevation required based on the geotechnical studies to ensure that the 6m x 4m portal entry for the decline to access both the Kundu and Lando kimberlites can be drilled and blasted. A consulting rock engineer has visited the site and undertaken a geotechnical study to make recommendations on the required support for the box cut and the initial development of the portal and decline to ensure a safe working environment.

Procurement of capital items to support the box cut and commence the portal opening and decline development will now be made, in advance of the expected arrival of the rock drills, loaders and haul trucks in late December.



Figures 1 and 2: Photos of Box Cut Development

100 tph Processing Plant

As part of an optimisation program following the FEED Study completed in May 2019, Newfield assessed options for potential rapid expansion of processing capacity and diamond production rates. This review included weighing a single enlarged plant design against planned refurbishment of the existing 50tph plant coupled with investment in a stand-alone 25tph processing plant at the Tongo Dyke-1 site. The outcome of this review is that it is more efficient, in both capital investment and operating terms, to implement a modular 100tph plant design from the outset of the Tongo Mine Development.

Various key components of the 50tph plant can be used in the development of the 100tph plant. The aggregate capital investment with the expanded capacity is only marginally higher than the original 50tph refurbishment approach. As the expanded plant design can be implemented on a modular basis, a portion of the capital requirement is capable of being deferred to later years as mine production levels progressively increase.

The detailed design of the 100tph plant has been completed and earthworks excavations for plant civils have commenced.

Figure 3: Artist impression of new plant



Buildings and Infrastructure

Construction of buildings at the camp continues, and accommodation for an additional 40 skilled local and expatriate staff, as well as a camp clinic and extra office accommodation will be completed in the December Quarter.

At the portal site, a stone aggregate crusher has been established to produce sufficient rock aggregate for the additional construction. Construction of the foundations for the lamp room, changehouse, ablutions, and offices has commenced.

Panguma Kimberlite Resource Drilling

As previously reported the Tongo global Mineral Resource estimate is currently 7.4 million carats (+1.0mm cut off). For full details of this Mineral Resource estimate, please refer to Newfield ASX release dated 26 November 2019, *7.4 million carats Resource for the Tongo Diamond Project*.

(Newfield confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that release continue to apply and have not materially changed.)

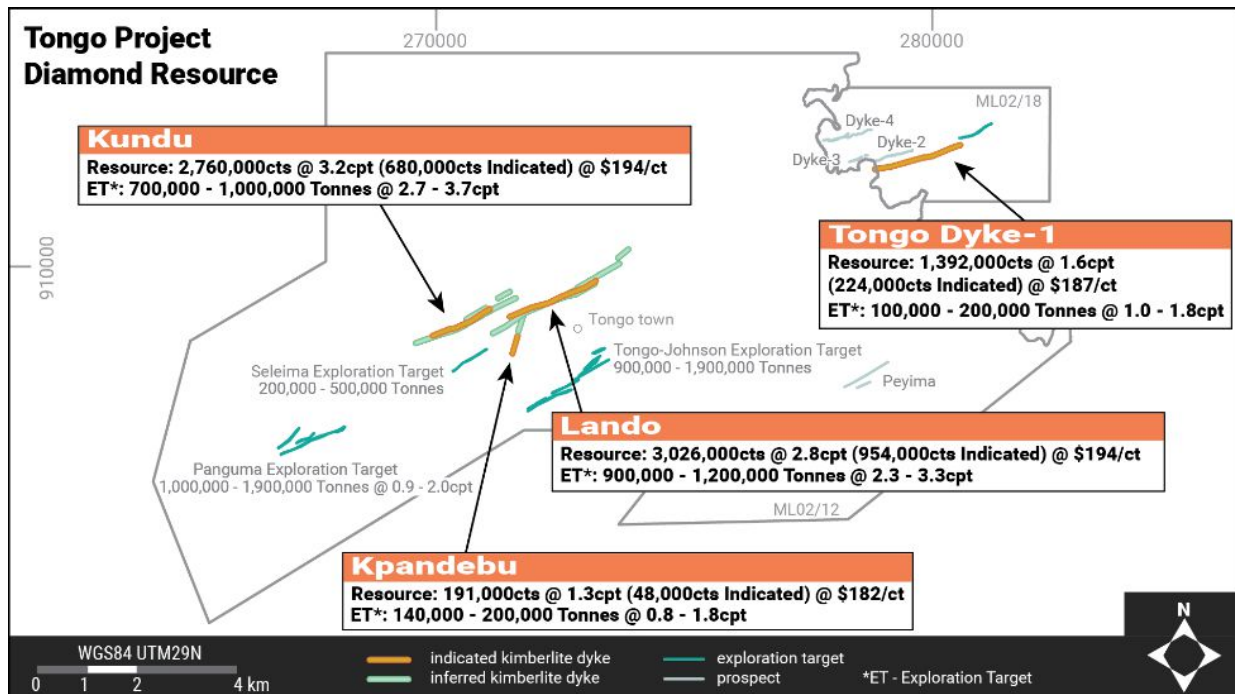
The Panguma kimberlite, located in the west of the Tongo mining licence area, does not currently have a Mineral Resource estimate. However, Newfield has previously declared an Exploration Target Range for the Panguma kimberlite of 1,000,000 to 1,900,000 tonnes at a grade of 0.9 to 2.0 carats per tonne, based on historical drilling and bulk sampling data.*

The current drilling program at Panguma, using an in-house diamond drill rig, continues to provide a better density of drilling along strike of the kimberlite, and thus a higher confidence geological model. So far eight holes (for 574 metres) have been drilled, with all holes intersecting the Panguma kimberlite. It is envisaged that a further four holes will be drilled and then samples of kimberlite core will be consigned to the Saskatchewan Research Council (SRC) for further microdiamond analysis and grade estimation.

The objective of this additional drilling and evaluation work is to enable a JORC compliant inferred resource to be declared for the Panguma kimberlite, which can in turn increase the overall JORC resource of the Tongo Mine Development.

** The Exploration Target Ranges are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource in these areas and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

Figure 3: Tongo Diamond Resources and Exploration Targets (at a +1.0mm cut off)



Panguma Kimberlite Microdiamond Analysis Results

Two separate samples of the Panguma kimberlite, totalling 329.95kg, were collected as part of the current work program and were consigned to the SRC for caustic fusion (microdiamond analysis). Combined, these samples yielded 962 diamonds, weighing 1.69 carats (see Table 1). A total of 28 diamonds were classified as >0.85mm in size, with the largest stone measuring 5.5mm x 4.7mm x 3.0mm (0.79 carats in weight). The two samples showed consistent results and are thus reported together in Table 1 below.

Table 1: Panguma Kimberlite Microdiamond Results

Number of Diamonds According to Sieve Size Fraction (mm)		
From	To	No. of Stones
-4.75	3.35	1
-3.35	2.36	0
-2.36	1.70	3
-1.7	1.18	9
-1.18	0.85	15
-0.85	0.6	23
-0.6	0.425	35
-0.425	0.3	54
-0.3	0.212	103
-0.212	0.15	158
-0.15	0.106	244
-0.106	0.075	317
Total No. of Stones		962
Total Sample Weight (kg)		329.95
Total No. Carats		1.69
Total Diamonds per kg		2.92

Mining Equipment Lease

Newfield has entered into a finance lease agreement with BauMart Holdings Limited (ASX:BMH) for the lease of mining equipment that is required for the initial stages of the Tongo underground mine development. The equipment comprises 2x Drill Rig Jumbos, 2x Haul Trucks and 2x LHD Loaders with an aggregate value of US\$2.8 million.

The finance lease runs for an initial term of three years, at the end of which Newfield has the option to purchase the equipment at a cost of US\$50,000.

Delivery of the equipment to Sierra Leone is expected to be in late December 2019. Under the contract BauMart will provide service and maintenance support for the first 12 months. Thereafter Newfield will assume the responsibility for servicing and maintaining the equipment for the remainder of the term.

Community Development Agreement

Newfield takes its responsibility to the local communities in which it operates very seriously and seeks to make a positive transformational impact on the community around the Tongo Mine Development. The Company is therefore pleased to announce that it has signed a Community Development Agreement (**CDA**) with the local community at Tongo.

The CDA describes the terms for the financing of a Community Development Fund, which will be funded by a 0.3% royalty from the revenues generated by the mine. A committee comprising a wide selection of interested local stakeholders, as well as Newfield representatives, will be responsible for the administration of the fund and for ensuring it is used transparently to create sustainable development projects that benefit the community as a whole.

2. Kumbgo Kimberlite Project (Liberia)

The Kumbgo kimberlite project comprises two exploration licences that cover a total area of 670 Km² located in the western part of Liberia. Kimberlites were first discovered in this region during the 1960's and more recently (2000 - 2010) new discoveries (dykes and pipes) have been made to the south of Newfield's licences. Western Liberia has historically experienced considerable artisanal diamond digging activity and yielded large and high value diamonds.

During the quarter, the previously collected 195 stream samples, comprising the 1st reconnaissance phase of sampling, were submitted to specialist kimberlitic indicator mineral processing and recovery / sorting laboratories in South Africa, and results were received.

Some 81% of the stream samples reported positive for indicator minerals with a substantial number containing a high abundance of visually kimberlitic ilmenite and spinel. In order to verify and hence give greater confidence in the results received, some 20% of the indicator minerals were selected and dispatched to a specialist university laboratory in South Africa for electron microprobe analysis. This is standard practice during early phase exploration work to discriminate kimberlitic v non-kimberlitic minerals, and which areas have the highest diamond potential.

The results have been carefully analysed and a number of anomalous areas of confirmed kimberlitic minerals have been identified warranting further follow up field work; the majority of these occurring within the northern Zoi licence. Of note has been the identification of fresh surface textures on ilmenites, suggesting potentially proximal primary sources. Furthermore, a probe confirmed kimberlitic pyrope garnet was recovered from one sample within the Zoi licence. A detailed follow up programme will commence in the December Quarter.

The two licences have been renewed for a further two-year period, expiring in February 2021 and have also been awarded Environmental Permits valid until March 2021. Both licences statutory reporting requirements are up to date.

3. Corporate

US\$30.5M Bond Issuance

In July 2019 the Company announced that it had entered into binding agreements to issue two tranches of unlisted, unsecured corporate bonds totalling up to approximately US\$30.5 million, delivering funding to allow commencement of development at Tongo. The bonds will be drawn down in accordance with an agreed timetable, with the first drawdown of A\$4.5 million having occurred in the quarter.

Small shareholding sale facility

During the quarter the Company established a small shareholding sale facility for shareholders who hold less than \$500 worth of fully paid ordinary shares in the Company. Those shareholders who qualify for the facility have a period of time in which to notify the Company that they wish to retain their shares. The closing date for share retention advices is 21 November 2019, after which the relevant shares will be sold. The facility is designed to allow smaller shareholders who want to sell their holdings to do so in a cost-effective manner, whilst also reducing Company overheads through rationalising the members register.

For further details please contact:

Anthony Ho

Executive Director

Newfield Resources

E: anthony.ho@newfieldresources.com.au

Competent Person's Statement:

The information in this report is based on information compiled and reviewed by Karl Smithson, Executive Director of Newfield and Chief Executive Officer of Newfield's subsidiary company Sierra Diamonds Limited, a qualified geologist and Fellow of the Institute of Materials, Metals, Mining, with 30 years' experience in the diamond and natural resources sector. Mr Smithson has sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Information included in this report that relates to the diamond resource estimate is extracted from Newfield's ASX announcement dated 28 November 2018 titled "Revised Announcement and Retraction of Valuation References". Newfield confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all the material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

Information included in this report that relates to the Ore Reserve estimate for the Kundu and Lando dykes is extracted from Newfield's ASX announcement dated 9 May 2019 titled "Tongo Ore Reserve Estimate and FEED Study Outcomes". Newfield confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all the material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

**** ENDS ****

Schedule of Tenements at 30 September 2019

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	Kumbgo	Stellar Diamonds (Liberia) Inc.	90%
	MEL1158/14	Kumbgo	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	

* Subject to farm-out agreement with Syndicated Minerals Limited.

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

98 153 219 848

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,375)	(2,375)
(b) development	(1,310)	(1,310)
(c) production	-	-
(d) staff costs	(1,220)	(1,220)
(e) administration and corporate costs	(377)	(377)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	39	39
1.5 Interest and other costs of finance paid	(1)	(1)
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	(5,244)	(5,244)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(750)	(750)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	4,300	4,300
2.4	Dividends received (see note 3)	16	16
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	3,566	3,566

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	4,500	4,500
3.6	Repayment of borrowings	(23)	(23)
3.7	Transaction costs related to loans and borrowings	(975)	(975)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,502	3,502

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	491	491
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,244)	(5,244)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,566	3,566
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,502	3,502
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	Cash and cash equivalents at end of period	2,305	2,305

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	2,305	491
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)	2,305	491

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
(248)
-

Directors' Remuneration	(223)
Professional services provided by entities associated with directors	(25)

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

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)	44,500	4,500
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.		

Corporate Bond facility of US\$20m and A\$15m, repayment after 3 years from the draw down date subject to commercial production or after 5 years, attracting 12% interest (payable in arrears) on a semi-annual basis and unsecured with limited covenants relating to restrictive pledges, further indebtedness and disposal of assets.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,533)
9.2 Development	(5,156)
9.3 Production	-
9.4 Staff costs	(1,838)
9.5 Administration and corporate costs	(273)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(8,800)

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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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: **31 October 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.