

## ACQUISITION

ASX Code: **NWF**

### Executive Summary

Newfield Resources Limited (**Newfield Resources** or the **Company**) is pleased to announce that it has entered into a conditional agreement under which it will acquire a 100% interest in Allotropes Diamonds Pty Ltd (**Allotropes**) which holds a diamond exploration project in Sierra Leone (the “**Acquisition**”).

The Acquisition is subject to due diligence, shareholder approval and a fresh capital raising. It represents an expansion of the Company’s exploration focus to include diamonds. The Allotropes Diamond Project is complementary to the current exploration activity of Newfield Resources which is focused on its gold projects located in the Kalgoorlie region of Western Australia.

As part of the Acquisition, Newfield Resources will undertake a capital raising of up to \$6,000,000 with a minimum of \$4,000,000. The additional capital will be applied to continue its exploration activities in Western Australia as well as the diamond exploration activity subject of the Acquisition.

### Highlights

- The Allotropes Exploration Licence covers a 101.52km<sup>2</sup> area along the diamondiferous Sewa River in Sierra Leone.
- A total of nineteen exploration bulk sample pits have been excavated by Allotropes and previous explorers. The recent Allotropes exploration bulk sample pits have returned an average grade of 47cpht (carats per hundred tonnes).
- The consideration for the Acquisition is to be satisfied by the issue of 29,000,000 fully paid ordinary shares and 29,000,000 options.
- Following completion of the minimum capital raising, the Company will have over \$5.8m to fund its diamond and gold projects.
- The management team of Allotropes will join Newfield Resources to expand its exploration capability.



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ACN 153 219 848

### DIRECTORS

Mr Anthony Ho  
(Executive Director)

Mr Murray Kornweibel  
(Non-Executive Director)

Ms Sanny Nanang  
(Non-Executive Director)

Mr Giap Ch’ng Ooi  
(Non-Executive Director)

### CAPITAL STRUCTURE

Shares on Issue: 96.75M  
Options on Issue: 30M

## THE ALLOTROPES DIAMOND PROJECT

Allotropes Diamonds Pty Ltd was formed in 2011 as a resource-development company, to explore for diamonds along the Sewa River in the Bo District of southern Sierra Leone. The Allotropes exploration licence, EL15/2012, covers 101.5km<sup>2</sup>, and is centred on the Sewa River alluvial diamond field. The floor-rocks to these wide-spread gravel occurrences comprise the Leonean Granite and Gneiss Terrane of the Man Craton of West Africa (Figure 1).



**Figure 1** Locality of Allotrope’s Exploration licence along the diamondiferous Sewa River, Bo District, Sierra Leone.

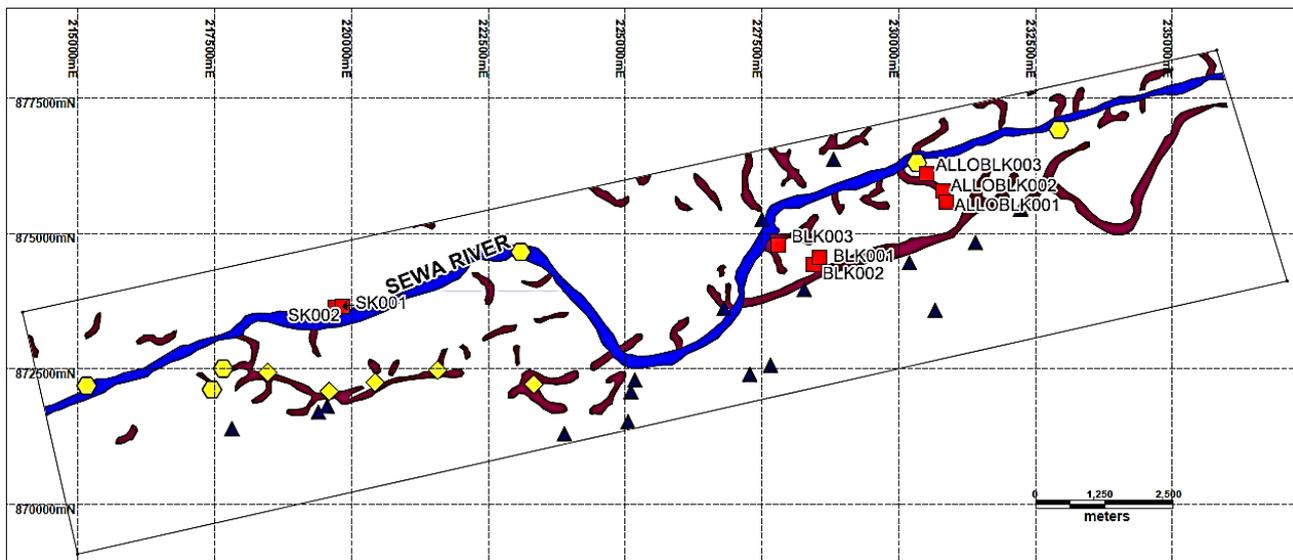
### Rationale

Newfield Resources has made a conscious decision to assess the potential that alluvial diamond deposits, an attractive focus of the diamond resource sector, have to offer. Alluvial diamond deposits are favoured by junior resource-developers and miners alike, largely due to their relatively short lead-time to production over primary diamond deposits, their high-margins and their potential for early generation of cash flow. These factors also bring the added value of minimising financial exposure to their investors. Moreover, alluvial diamond deposits are generally shallow and relatively easier to explore and exploit, and the associated lower unit costs involved in extracting the ore means that alluvial mines can be brought into production with less lead-time and with significantly less capital investment than that required to exploit a primary diamond ore body.

### Previous Exploration

Exploration undertaken by Allotropes and previous explorers on the licence area has included the acquisition of detailed aeromagnetic data, stream sediment sampling and the excavation of nineteen exploration bulk sample pits. The bulk sample exploration pits were excavated at various locations within the licence area along the Sewa River, which hosts both Modern and palaeo diamondiferous gravel deposits. The exploration bulk samples targeted a variety of alluvial facies types that are present in the licence area and included high terrace, low terrace, swamp and river depositional environments.

Of the nineteen exploration bulk-sample pits completed within the Allotropes licence area, eleven of these were excavated by a previous explorer, Sierra Leone Diamond Company Ltd (“SLDC”). Of these bulk-sample results, 6 pits returned average recovered grades of 36 cpht or more and 5 returned average recovered grades of 72 cpht or more. A total of eight infill pits were completed by Allotropes under the supervision of experienced field technicians, with an encouraging average recovered grade of 47 cpht (Table 1). The locations of both historic and current bulk sampling activities are shown in Figure 2.



**Figure 2** Locality map showing position of alluvial sampling activities conducted to date on the Allotropes licence area EL15/2012. Sinuous shapes (purple fill) are swamps.

- SLDC B/S pits >0.5 cts/yd<sup>3</sup> (equivalent >36 cpht)
- ◆ SLDC B/S pits >1 ct/yd<sup>3</sup> (equivalent >72 cpht)
- ▲ SLDC Reconnaissance stream sediment (RSS) samples
- Allotropes exploration B/S pits

Bulk Sample Pit #	Location Area	Location Type	Sample ID	Coordinates		Mined Surface Area (m <sup>2</sup> )	Overburden (m)	Gravel Mass (tons)	Gravel Thickness (m)	Total Carats	Total Stones	Average Size (ct)	Grade (cpht)	Largest diamond (cts)
				Easting	Northing									
1	Sewa River	River	BLK003	227 797.81E	874 789.06N	281	0.65	151.74	0.3	38.27	38	1.00	25.22	3
2	Gbinema	High Terrace	BLK002	228 448.42E	874 420.49N	10	0.65	19.80	1.1	8.09	9	0.90	40.86	2.27
3	Gbinema	Low Terrace	BLK001	228 554.28E	874 559.29N	12	1.5	28.08	1.3	7.52	19	0.40	26.78	1.5
4	Jembe N/W	Low Terrace	ALLOBLK003	230 518.50E	876 112.67N	3.5	0.6	8.82	1.4	2.9	4	0.73	32.88	1.5
5	Jembe W	Swamp	ALLOBLK002	230 815.22E	875 785.83N	4	0.8	5.76	0.8	0.3	1	0.30	5.21	0.3
6	Jembe S/W	High Terrace	ALLOBLK001	230 873.05E	875 581.78N	4.2	0.3	7.56	1	0.5	1	0.50	6.61	0.5
8	Golu	Low Terrace	SK002	219 697.96	873 628.74	20	2.5	21.60	0.6	9.5	15	0.63	43.98	2.2
9	Golu	Low Terrace	SK001	219 841.08	873 655.98	47	2.52	43.99	0.52	68.58	101	0.67	155.89	8.09
								<b>287.35</b>	<b>7.02</b>	<b>135.66</b>	<b>188</b>	<b>0.64</b>	<b>47.21</b>	

**Table 1** Results of Allotropes’s exploration bulk-sampling program.

All the samples collected from the Allotropes bulk-sampling campaign were treated on site, using a diesel-powered Dove Explorer™ 3tph combined trommel and jig wash plant (bottom screen size (BSS) 1mm square slots). Photographs of the SK001 exploration bulk sample pit and the diamonds recovered are shown in Figure 3.



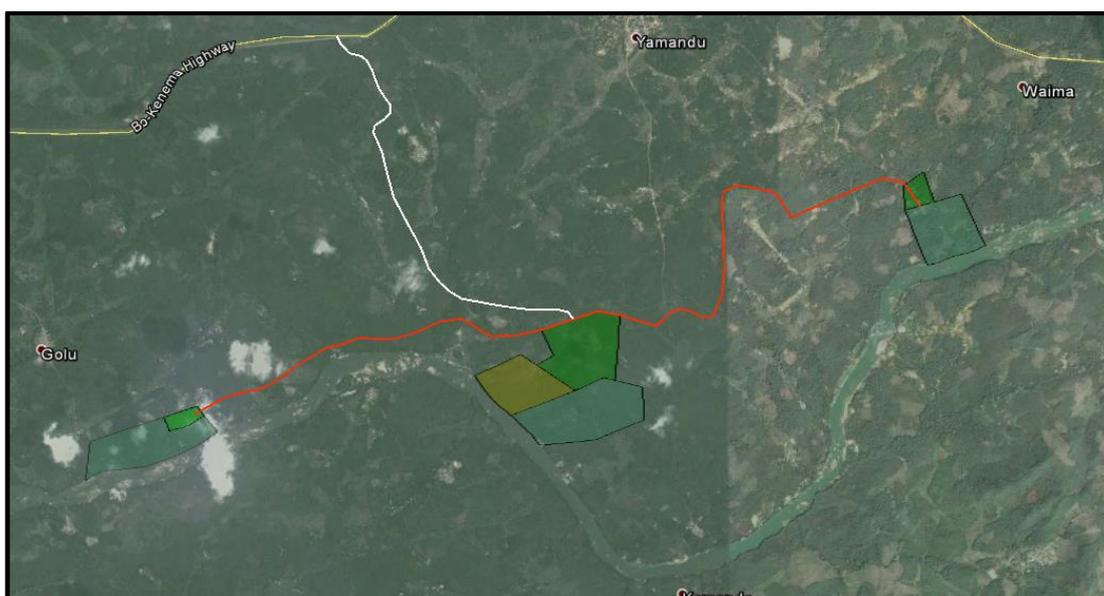
**Figure 3** Photograph of the SK001 exploration bulk sample pit completed by Allotropes on a lower terrace and the 101 diamonds that were recovered from this pit.

In summary, results from the Allotropes exploration bulk sample pits are considered to be encouraging with a total of 135.66 carats recovered to date from the exploration bulk-sampling at an average recovered grade of 47cpht, returning an average stone size of 0.64cts/stn.

## Proposed Exploration Program

The Company's immediate focus will be an intensive ore resource delineating and reconnaissance bulk-sampling campaign of the alluvial diamond occurrences to verify the extent of the alluvial diamond occurrences and their diamond content.

Three broadly defined start-up bulk-sampling areas have been provisionally outlined for the first phase of the program (Figure 4).



**Figure 4** Planned Sewa River alluvial start-up bulk-sampling sites on the north bank of the Sewa River. A centralised bulk-sampling and processing site on high-interest alluvials at the Yamandu Node, will accommodate 2 additional satellite nodes; Golu Node to the West and Waima Node to the East. These will be linked via a main arterial haul road (red line) (Google Earth image).

The objective of the systematic exploration bulk sampling program is to establish the extent and grade of the alluvial diamond occurrences with the view to defining an economic resource. Through necessity, this activity will comprise a phased approach, with an initial pitting and exploration bulk sampling program. These planned activities will also be aligned at improving confidence levels on the resource both in terms of grade (distribution of contained mineralisation) and resource delineation (distribution of gravels). It is anticipated that this program will take twelve to eighteen months to complete and will cost approximately \$3 million, of which c.\$2 million has been allocated to a Dense Media Separation (DMS) processing plant required to beneficiate the gravels.

Also worthy of note is that exploration conducted by Allotropes to date, has recovered a diamond population with a large average stone size and which is unlikely to have travelled from the known primary, or kimberlite deposits in Sierra Leone, typified by the kimberlite pipes and dykes of the Koidu and Tongo diamond fields .

Therefore the medium term exploration plan will also include a program of drilling to systematically test geophysical targets within the licence that may potentially represent kimberlite dykes, blows or pipes. An ongoing loaming and reconnaissance stream sediment (RSS) exercise will aim at recovering kimberlite indicator minerals (KIMs) for analysis in determining the disposition of primary ore bodies, if any, that lie within the Allotropes licence area.

## **Consideration for the Acquisition**

The consideration for the Acquisition is to be satisfied by the issue of 29,000,000 fully paid ordinary shares in the Company and 29,000,000 Options (**Consideration Securities**). The Options are exercisable at 30 cents each before 15 June 2016.

The Consideration Securities are subject to a 24 month voluntary escrow restriction.

## **Reasons for the Acquisition**

1. Newfield Resources regards the Acquisition as a sound diversification strategy of its exploration activity.
2. The Allotropes Diamond Project represents a highly prospective advanced alluvial diamond project with near-term production potential.
3. The Acquisition and fresh capital raising strengthens Newfield Resources' asset base and will enable it to more positively explore its gold projects.
4. The Acquisition is intended to broaden the Company's share register with fresh shareholders through its associated capital raising.

## **Shareholder approval**

Completion of the Acquisition and the associated capital raising requires the approval of the Company's shareholders pursuant to Chapter 7 of ASX Listing Rules because the issue of the Consideration Securities and the shares under the proposed capital raising will exceed 15% of its current issued capital.

Further details of the Acquisition and proposed capital raising will be provided to shareholders in the Notice of Meeting to shareholders seeking this approval.

## **Proposed New Director – Mr Joshua Letcher**

Upon settlement of the Acquisition, Mr Letcher will be appointed as an Executive Director of the Company. He has worked in various operational and technical roles with Rio Tinto, Schlumberger, and BHP Billiton. His experience with these mining groups included the design and establishment of mining camps and the development of mining and safety procedures.

Mr Letcher also worked at the Royal Australian Navy where he acquired his mechanical engineering qualification and experience.

He is a director of Allotropes. As Allotropes' founding and major shareholder, Mr Letcher was responsible for the development of Allotropes' interests in Sierra Leone. The roles in that capacity included project management, plant construction and commissioning, exploration management and marketing.

## **Allotropes Management**

Upon settlement of the Acquisition, the following senior executives will join Newfield Resources' staff:

### *Mr David Leavy – Chief Executive Officer*

Mr Leavy has had significant experience in financial management, funding and project development. During 18 years at Westpac he was involved in structuring financial derivatives in currencies, commodities and interest rates to manage the financial risks faced by the resources sector. He also undertook a number of project finance and debt funding structures for mining companies.

Subsequent to Westpac, he has been involved in the development of gold mining projects in Australia and Ghana and a bauxite project in Guinea. His responsibilities included corporate governance oversight, strategy development, project redevelopment planning, funding and cash flow management, company marketing and investor relations.

Mr Leavy has a Bachelor of Economics from Murdoch University and a Masters of Applied Finance from Macquarie University in Sydney.

### *Mr Richard Hall – Chief Technical Officer*

Mr Hall has over 28 years' experience in exploration and production geology and has worked largely in the African continent (Zimbabwe, South Africa, Namibia, Lesotho, Ghana and the Democratic Republic of Congo). His professional focus has primarily been on the diamond and gold resource sectors. As a founder member of the mid-tier diamond producer, Namakwa Diamonds Limited (listed London Main Board, 2007), Mr Hall was initially the Group's Chief Geologist and then later, Chief Technical Officer and Competent Person. He oversaw all aspects of mining, exploration and statutory reporting for that group which had a substantial diamond resource inventory in four African countries.

Mr Hall also acted as an Exploration Manager for De Beers Consolidated Mines and managed their extensive alluvial exploration program on the West Coast of South Africa, over a four-year period. He holds a Masters degree (Cum Laude) in Geology and is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Geological Society.

## **Capital Raising**

The Company anticipates that the proposed capital raising will be with sophisticated and institutional investors. The capital raising will raise up to \$6,000,000 with a minimum of \$4,000,000. Further details of the capital raising including the timetable will be provided after the general meeting of shareholders has been convened.

## **Conclusion**

The Company believes the Acquisition represents a sound diversification strategy with encouraging potential for exploration success and near-term production.

The Company is in the process of preparing a notice of meeting to seek the shareholder approvals set out above. This notice of meeting will include comprehensive technical and financial details relevant to the proposed Acquisition and associated capital raising. It is anticipated that the general meeting will be held early in the new year.

## **Authorised by:**

**Anthony Ho**  
**Executive Director**  
**Newfield Resources Limited**

*The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Richard Hall who is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Geological Society and who is a consulting geologist to Allotropes Diamonds Pty Ltd and Newfield Resources Limited. Information contained in this report has been compiled from unpublished information. Whilst third party sources are believed to be reliable, the accuracy and completeness of data herein cannot be guaranteed.*

*Mr Hall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*