

**ASX Announcement**

31 January 2020

## DECEMBER 2019 QUARTERLY ACTIVITIES REPORT

### Highlights

- **Tongo Project gears up to commence underground development**
- **Further encouraging Microdiamond results from the Panguma Kimberlite**
- **Positive exploration results at the Kumbgo Project in Liberia.**

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

### 1. Tongo Diamond Project (Sierra Leone)

The final quarter of 2019 was occupied with gearing up to start underground drill and blast development in 1Q 2020.

#### Recruitment of Mining Skills

A number of key appointments were made during the quarter, including underground mining skills, engineering and supply chain management staff. These expatriate appointments represent a total of several decades of experience working on underground diamond mines in South Africa, and place the Company in good stead to commence the decline development and subsequent stope mining of the kimberlites. The project now has a total of 33 skilled expatriates and 316 National staff.

#### Mine Infrastructure Construction

Several components of the mine infrastructure are at an advanced stage of construction, and a stone crushing plant has been erected to enable the Company to fabricate its own concrete and bricks to reduce the cost of construction.

At the camp, construction of 36 additional accommodation units was completed in preparation to receive additional skilled employees, whilst lay-down and stores areas have been prepared to receive mining machinery, equipment and stock items expected early in 1Q 2020.

At the mining portal, the change house, ablutions, lamp room, first aid room, washbay, security access control, dining area, offices, compressed air plant and transformer bays are all at an advanced stage of construction.

The Explosives Magazine design was signed off by the National Minerals Agency and construction commenced. The magazine will be ready for the start of underground decline blasting in 1Q 2020.

**Figure 1:** Aerial view of the Project camp showing newly completed infrastructure elements and laydown areas for further construction work.



**Figure 2:** Aerial view of the Portal area showing infrastructure elements under construction.



### 100tph Plant

The 100 tph plant design was completed and long lead time components have been ordered and fabrication is progressing well. At site, work commenced with preparation of the foundation work and

modifications to the haul road. The final recovery building design was completed, and final tenders will be considered in Q1-20. The three Deotech X-Ray machines for the final recovery were purchased and are currently being shipped to site.

**Figure 3: 100tph Plant Design**



### **Procurement and Shipping**

This quarter saw a large increase in the procurement activity for many mining and processing items. First batches of sea born containers will arrive on site in February 2020, including the drill rigs, loaders and haul trucks for the mining as well as ancillary items to equip the portal to enable drilling, blasting and underground decline development to commence.

### **Panguma Mineral Resource Expansion Programme**

The Panguma kimberlite, located in the west of the mining licence area, does not currently have a Mineral Resource estimate. However, Newfield has previously declared an Exploration Target Range 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 (refer ASX announcement dated 28 November 2018).

The current drilling program at Panguma was completed using an in-house diamond drill rig and the maximum dyke thickness intersected at Panguma is 0.73m. The updated geological model was prepared by MPH Consulting in Canada, and has a much-improved confidence level based on a higher density of drill holes relative to the previous model based on fewer drill holes. A total of 15 holes (for 1,051 m) were drilled, with all holes intersecting the Panguma kimberlite. This brings the total drilling at Panguma (historical and current) to 43 holes (for 10,857 m).

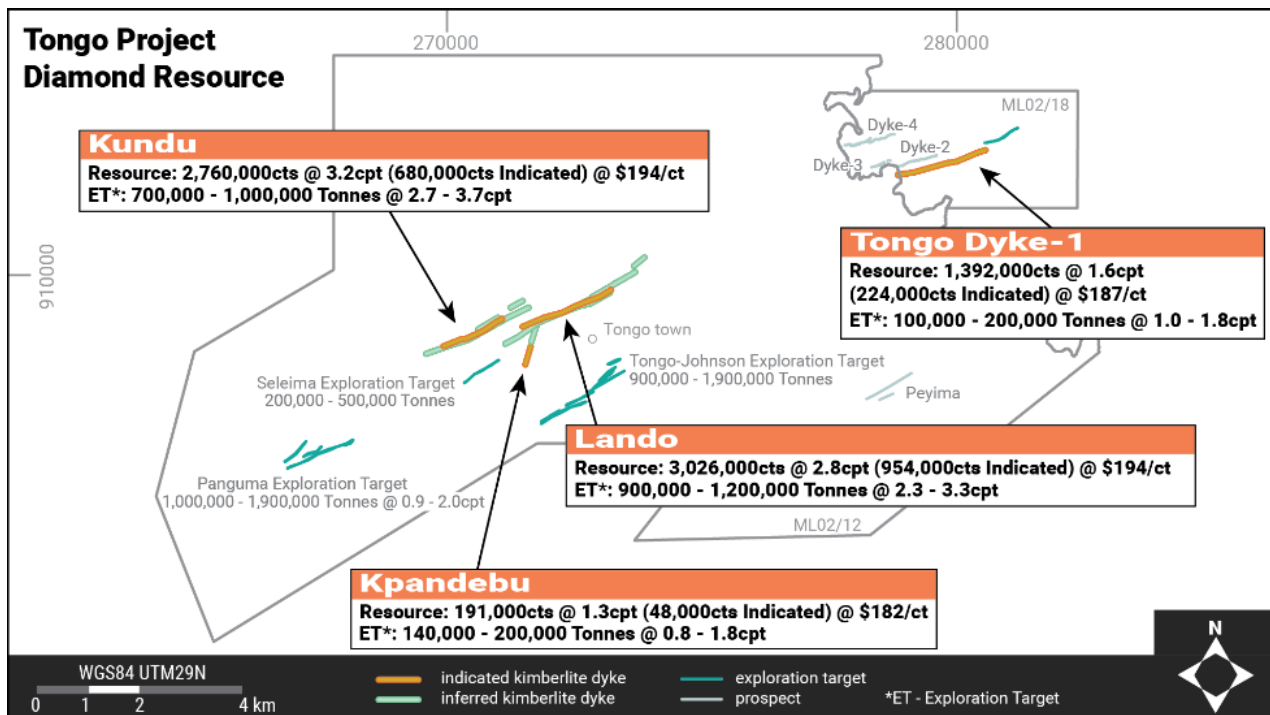
Results from a further 156.05 kg of kimberlite microdiamond sample were received from the Saskatchewan Research Council (SRC) in Canada, which reported a further 477 diamonds, including

10 stones >0.85 mm. This brings the total number of microdiamond samples reported from the Panguma dykes to 3, weighing a total of 486kg. All results are comparable in terms of stones reported per kg of sample processed and they are presented together as a combined sample in Table 1.

**Table 1: Panguma Kimberlite Microdiamond Results**

Number of Diamonds According to Sieve Size (mm) to 0.075 mm bottom cut-off		
From	To	Number of Diamonds
-4.75	3.35	1
-3.35	2.36	2
-2.36	1.70	4
-1.70	1.18	11
-1.18	0.850	20
-0.850	0.600	35
-0.600	0.425	52
-0.425	0.300	84
-0.300	0.212	157
-0.212	0.150	233
-0.150	0.106	366
-0.106	0.075	474
<b>Total number of stones</b>		<b>1,439</b>
<b>Total sample weight (kg)</b>		<b>486</b>
<b>Total carats</b>		<b>2.50</b>
<b>Average Diamonds per kg</b>		<b>2.96</b>

Utilising the updated drilling, microdiamond data and the historical bulk sampling data, MPH



Consulting will compile a maiden JORC compliant mineral resource estimate for the Panguma kimberlite. **Figure 4: Tongo Diamond Resources and Exploration Targets (at a +1.0mm cut off)**

## 2. Kumbgo Kimberlite Project (Liberia)

The Kumbgo kimberlite project comprises two exploration licences that cover a total area of 670 Km<sup>2</sup> 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 follow-up of positive probe-confirmed kimberlitic indicator mineral anomalies generated earlier in 2019 resulted in the confirmation of three kimberlite dykes in the Zoi area, in the north of the Newfield licence holding. The widest of these dykes is 6m though further delineation work is ongoing. Some 230kg of kimberlite material has been collected and consigned to the SRC Laboratory in Canada for microdiamond analysis to determine whether these kimberlites are diamondiferous.

Further follow up activity continues to broadly map the kimberlite dykes and identify further kimberlites associated with indicator mineral anomalies reported in the last quarter.

## 3. Corporate

### Bond drawdown

The Company continued to drawdown down on its loan facility with a total amount received this quarter of A\$5.1 million. The Company received an additional US\$5 million subsequent to year end and has an undrawn balance of US\$15million and A\$5.05million.

### Authorised by:

#### Anthony Ho

Executive Director

Newfield Resources

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## **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.

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**\*\* ENDS \*\***

**Schedule of Tenements at 31 December 2019**

PROJECT	TENEMENT NUMBER	TENEMENT NAME	REGISTERED HOLDER(S)	NEWFIELD'S INTEREST
<b><u>SIERRA LEONE</u></b>				
<b>TONGO KIMBERLITE MINE</b>	ML02/2018	Tongo	Sierra Diamonds Limited	100%
	ML02/2012	Tonguma	Tonguma Limited	Nil but subject to the tribute mining agreement
<b>ALLOTROPES DIAMOND PROJECT</b>	EL15/2012	Baoma	Allotropes Diamond Company Ltd	100%
<b><u>LIBERIA</u></b>				
<b>KUMBGO PROJECT</b>	MEL1157/15	Kumbgo	Stellar Diamonds (Liberia) Inc.	90%
	MEL1158/14	Kumbgo	Stellar Diamonds (Liberia) Inc.	90%
<b><u>WESTERN AUSTRALIA</u></b>				
<b>NEWFIELD GOLD PROJECT</b>	M77/0422 *	Newfield	Newfield Resources Ltd	100%
	M77/0846 *	Woongaring Hills	Newfield Resources Ltd	100%
<b>CREST YARD GOLD PROJECT</b>	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
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**ABN**

98 153 219 848
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**Quarter ended ("current quarter")**

31 December 2019
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(835)	(3,210)
(b) development	(4,833)	(6,143)
(c) production	-	-
(d) staff costs	(1,800)	(3,020)
(e) administration and corporate costs	(281)	(659)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	82
1.5 Interest and other costs of finance paid	(425)	(426)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(8,131)</b>	<b>(13,376)</b>

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



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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	2,400	6,700
2.4	Dividends received (see note 3)	3	20
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>2,403</b>	<b>5,970</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	5,100	9,600
3.6	Repayment of borrowings	(157)	(180)
3.7	Transaction costs related to loans and borrowings	-	(975)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,943</b>	<b>8,445</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,305	491
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,131)	(13,376)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,403	5,970
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,943	8,445
4.5	Effect of movement in exchange rates on cash held	5	(5)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,525</b>	<b>1,525</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	1,525	2,305
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,525</b>	<b>2,305</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(411)
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	
Directors' Remuneration (note 4)	(387)
Professional services provided by entities associated with directors	(24)

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	
N/A	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	44,500	9,600
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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(463)
9.2 Development	(5,736)
9.3 Production	-
9.4 Staff costs	(1,564)
9.5 Administration and corporate costs	(273)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(8,036)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 January 2020

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.
4. Payments to directors includes a one of bonus payment of \$186,000 based on the executive contracts.