



**NEWFIELD RESOURCES LIMITED  
ACN 153 219 848**

## **PROSPECTUS**

This Prospectus is being issued for a non-renounceable pro rata offer to Eligible Shareholders of 74 New Shares for every 100 Shares held on the Record Date, at an issue price of \$0.15 each, to raise approximately \$30 million ("Entitlement Offer").

**THE ENTITLEMENT OFFER CLOSSES AT 5PM WST ON 6 APRIL 2018.\***

This Prospectus is also being issued for the offer of any Shortfall under the Entitlement Offer at an issue price of \$0.15 per New Share ("Shortfall Offer").

**THE OFFER UNDER THIS PROSPECTUS IS CONDITIONAL ON THE STELLAR SCHEME BECOMING EFFECTIVE. REFER TO SECTION 1.4 FOR DETAILS.**

The Entitlement Offer and the Shortfall Offer are underwritten by Townshend Capital Pty Ltd. Refer to Sections 5.3 and 5.4 for details of the underwriting and sub-underwriting.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**AN INVESTMENT IN THE SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.**

\* The Company reserves the right, subject to the Corporations Act, Listing Rules, Stellar Scheme, Underwriting Agreement and other applicable laws to extend the Closing Date without prior notice.

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## IMPORTANT INFORMATION

This Prospectus is dated 12 March 2018 and was lodged with the ASIC on that date with the consent of all Directors and the Proposed Director. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at 79 Broadway, Nedlands, Western Australia, 6009, during normal business hours.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for New Shares will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. The Shares offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by Shareholders and potential investors are outlined in Section 4.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

## TABLE OF CONTENTS

Section	Page No.
Important Information .....	i
Table of Contents .....	ii
Corporate Directory .....	1
Proposed Timetable .....	2
Letter to Shareholders.....	3
Investment Overview .....	5
1. Details of the Offer .....	9
2. Action required by Shareholders.....	19
3. Effect of the Offer .....	22
4. Risk Factors .....	25
5. Additional information .....	32
6. Directors' Statement and Consent .....	43
7. Glossary .....	44

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## CORPORATE DIRECTORY

### Directors

Mr Anthony Ho Executive Director  
Mr Michael Lynn Executive Director  
Mr Robert Ang Non-Executive Director

### Proposed Executive Director

Mr Karl Smithson

### Company Secretary

Mr Kim Hogg

### Registered Office

79 Broadway  
Nedlands WA 6009  
Telephone: (08) 6389 2688  
Fax: (08) 6389 2599  
Email: [info@newfieldresources.com.au](mailto:info@newfieldresources.com.au)  
Website: [www.newfieldresources.com.au](http://www.newfieldresources.com.au)

**ASX Code:** NWF

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Solicitors

Bellanhouse  
Level 19, Alluvion  
58 Mounts Bay Road  
Perth WA 6000

### Underwriter

Townshend Capital Pty Ltd  
15 McCabe Street  
North Fremantle WA 6159

\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

## PROPOSED TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX Notice of Offer sent to Option holders	12 March 2018
Notice of Offer sent to Shareholders	14 March 2018
Shares quoted on an "Ex" basis	15 March 2018
Record date for determining Entitlements	16 March 2018
Prospectus and Application Form despatched to Eligible Shareholders	21 March 2018
Last day to extend the Offer closing date	3 April 2018
Closing Date of Offer	6 April 2018
General Meeting	11 April 2018
Issue date of Placement Shares	11 April 2018
Stellar Scheme becomes Effective	26 April 2018
Issue Date of New Shares and Stellar Consideration Shares	27 April 2018
Commencement of New Shares and Stellar Consideration Shares trading on an ordinary settlement basis	30 April 2018

### Notes

1. As completion of the Offer is conditional on the Stellar Scheme becoming Effective, the New Shares will not be subject to deferred settlement trading following the Closing Date of the Offer.
2. All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only. The Company reserves the right, subject to the Corporations Act, Listing Rules, Stellar Scheme and Underwriting Agreement and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.

## LETTER TO SHAREHOLDERS

Dear Shareholder

### Entitlement Offer

On behalf of the Directors of Newfield Resources Limited (**Company**), I am pleased to invite you to participate in this Entitlement Offer at an issue price of \$0.15 per Share to raise approximately \$30 million (before costs).

Eligible Shareholders also have the opportunity to subscribe for any Shares that are not subscribed for under the Entitlement Offer pursuant to the Shortfall Offer under this Prospectus.

Any Shares not subscribed for by Eligible Shareholders under the Entitlement Offer, or issued by the Company pursuant to the Shortfall Offer, are to be subscribed for by Townshend Capital Pty Ltd or its nominees pursuant to the Underwriting Agreement (summarised in Section 5.3 of the Prospectus) and the sub-underwriting arrangements (summarised in Section 5.4 of the Prospectus).

### Stellar Offer

On 12 March 2018, the Company announced that the Boards of the Company and Stellar Diamonds plc (**Stellar**) had reached agreement on the terms of a recommended combination of the Company and Stellar via an all-scrip transaction to be effected by a Court-sanctioned scheme of arrangement of Stellar under Part 26 of the UK Companies Act 2006 (**Stellar Scheme**). Pursuant to this combination, the Company would acquire 100% of the issued and to be issued share capital of Stellar (**Stellar Offer**).

A detailed summary of the Stellar Offer is contained in the announcement of 12 March 2018. A copy of the announcement is available on the Company's website ([newfieldresources.com.au/investors/asx-announcements](http://newfieldresources.com.au/investors/asx-announcements)) or the ASX market announcements platform. Further details regarding the Stellar Offer is also contained in the notice of general meeting announced on 12 March 2018.

**The Offer is conditional on the Stellar Scheme (described below) becoming Effective. If the Stellar Scheme does not take Effect on or before the proposed Issue Date, then the Offer will be withdrawn and any Application Monies received by the Company in relation to the Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.**

### Proposed Director

Upon the Stellar Scheme taking Effect, it is proposed that the current Chief Executive Officer of Stellar, Mr Karl Smithson, will be appointed as an executive director of the Company.

Karl has been the Chief Executive Officer of Stellar since its inception in 2007 and has been instrumental in the development of Stellar's portfolio of diamond projects in Sierra Leone. He has 29 years of resource sector experience gained with a number of companies in senior management positions, including De Beers (10 years), SouthernEra Diamonds (2 years) and Mano River Resources and Stellar Diamonds (17 years). Karl's working career has been focussed on diamond exploration and development in Africa and he has been responsible for a number of new diamond discoveries in Botswana, Zimbabwe, Sierra Leone and Liberia. Karl is a geology graduate of Kingston University in the UK. He completed his MBA with distinction in 2006 at the Graduate School of Business in Cape Town, South Africa.

Karl will be a key member of the combined management team of the Company and Stellar, which will have over 100 combined years of diamond sector experience in Africa.

## Use of Funds

Funds raised under the Offer are intended to be used as follows:

- for the development of Stellar's Tongo-Tonguma kimberlite project in Sierra Leone into production in accordance with the mine plan as will be determined by the ongoing Front End Engineering Design programme;
- to repay Stellar's outstanding loan notes and accrued interest of approximately US\$3.2 million in aggregate and other creditors; and
- general working capital and transaction costs.

## Placement

On 1 February 2018, the Company announced that in connection with the progression of the Stellar Offer, the Company had received binding commitments for a placement raising \$7 million (before costs) by the issuance of 35 million Shares at \$0.20 per Share. This placement was settled on 8 February 2018.

The Company is proposing to undertake a further placement to raise an additional \$3 million, by the issuance of 15 million Shares at \$0.20 per share. The Company is seeking Shareholder approval for the issue of these 15 million Shares at the general meeting to be held on 11 April 2018 (or any date to which the meeting is adjourned). The funds raised pursuant to this placement are intended to be applied towards the advancement of the Company's existing projects, namely, continued exploration work on its Allotropes Diamond Project in Sierra Leone and its gold projects in Kalgoorlie, Western Australia, as well as for general working capital.

## Your Entitlement

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Application Form that is attached to this Prospectus. If you take up your full Entitlement, you can also apply for additional New Shares under the Shortfall Offer.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Please read in full the details on how to submit your application, which are set out in this Prospectus. Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (08) 6389 2688. For general shareholder enquiries, please contact Advanced Share Registry Services on (08) 9389 8033. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Offer.

The Directors believe that the acquisition of Stellar represents a significant milestone in the operating history of the Company in Sierra Leone since 2014. The funding raised by the Entitlement Offer will enable the Company to advance the well-defined development objectives from the Tongo-Tonguma Project. There is much to look forward to.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Anthony Ho  
Executive Director

## INVESTMENT OVERVIEW

This Section is intended to highlight key information for Shareholders and potential investors. It is an overview only, and is not intended to replace the Prospectus. Shareholders and potential investors should read the Prospectus in full before deciding to invest in New Shares.

	Further Information
<p><b>Transaction specific prospectus</b></p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 5.5
<p><b>Risk factors</b></p> <p>Shareholders and potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> <li>• <b>Stellar Resource risk:</b> Inferred resource estimates have previously been declared for Stellar's Tongo-Tonguma Project. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available, or assumptions change. These resource estimates have not been verified by the Company and there is a risk that these resource estimates may not be reliable. Following the Stellar Scheme taking Effect, the Company intends to review and re-assess the previous resource estimates. Until this time, the Company considers that these resource estimates ought not to be relied upon by investors in the Company.</li> <li>• <b>Political:</b> The Company's Allotropes Diamond Project and Stellar's Tongo-Tonguma Project are located in Sierra Leone and are therefore exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.</li> <li>• <b>Control:</b> There is a risk that the Offer will have a significant effect on the control of the Company. In the unlikely event that no Entitlements are taken up, and the Underwriter and Lead Sub-Underwriter are required to subscribe for 100% of the Offer, the Underwriter's and Lead Sub-Underwriter's voting power in the Company is expected to increase from 0% to 17.25% in the case of the Underwriter, and 19.14% to 26.13% in the case of the Lead Sub-Underwriter.</li> <li>• <b>Exploration risk:</b> Whilst the Company is of the view that exploration to date over the Allotropes Diamond Project and Stellar's Tongo-Tonguma Project have yielded results that justify further exploration,</li> </ul>	Section 4

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	Further Information
<p>the Company is subject to exploration risk.</p> <ul style="list-style-type: none"> <li>• <b>General economic risks:</b> The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption.</li> </ul>	
<p><b>The Offer</b></p> <p>This Prospectus is for a non-renounceable entitlement issue of 74 New Shares for every 100 Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.15 per New Share to raise approximately \$30 million (before costs).</p> <p>This Prospectus is also being issued for the Shortfall Offer.</p>	Sections 1.1 and 1.2
<p><b>Conditional Offer</b></p> <p>The Offer is conditional on the Stellar Scheme taking Effect.</p> <p>If the Stellar Scheme does not take Effect on or prior to the Issue Date, then the Offer will be withdrawn. If the Offer is withdrawn, any Application Monies received by the Company in relation to the Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.</p> <p>In accordance with the requirements pursuant to the Corporations Act, all Application Monies received in respect of the Offer will be held in trust in a separate bank account, until either the New Shares are issued, or the Application Monies are returned to the Applicants.</p>	Section 1.4
<p><b>Eligible Shareholders</b></p> <p>The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> <li>• are the registered holder of Shares as at 5.00pm (WST) on the Record Date; and</li> <li>• have a registered address in Australia or New Zealand.</li> </ul>	Sections 1.1 and 1.15 - 1.19
<p><b>Use of Offer proceeds</b></p> <p>Funds raised under the Offer are intended to be used as follows:</p> <ul style="list-style-type: none"> <li>• for the development of Stellar's Tongo-Tonguma Project into production;</li> <li>• to repay Stellar's outstanding loan notes and accrued interest and other creditors; and</li> <li>• general working capital and costs of the Transactions.</li> </ul>	Section 1.3
<p><b>Shortfall Offer</b></p> <p>Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.</p> <p>Eligible Shareholders may apply for Shares under the Shortfall Offer subject to such applications being received by the Closing Date. The issue price for each New Share to be issued under the Shortfall Offer shall be \$0.15 being the price at which New Shares have been offered under the</p>	Section 1.2

	Further Information																		
<p><b>Entitlement Offer.</b></p> <p>Any Shortfall Shares will be allocated firstly to Eligible Shareholders who apply for Shortfall Shares, then to the Underwriter and the Lead Sub-Underwriter.</p>																			
<p><b>Underwriting</b></p> <p>The Offer is underwritten by Townshend Capital Pty Ltd and sub-underwritten by a substantial Shareholder in the Company, the Lead Sub-Underwriter.</p>	Sections 1.6 and 5.3																		
<p><b>Effect on control of the Company</b></p> <p>Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are set out in the table in Section 1.8.</p> <p>In the unlikely event that no Entitlements are taken up, and the Underwriter and Lead Sub-Underwriter are required to subscribe for 100% of the Offer, the Underwriter's and Sub-Underwriter's voting power in the Company is expected to increase from 0% to 17.25% in the case of the Underwriter, and 19.14% to 26.13% in the case of the Lead Sub-Underwriter.</p>	Section 1.8																		
<p><b>Indicative capital structure and pro-forma balance sheet</b></p> <p>The indicative capital structure upon completion of the Transactions, including the Offer, is set out below:</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Options</th> </tr> </thead> <tbody> <tr> <td>Existing Securities</td> <td>270,583,335</td> <td>6,000,000<sup>1</sup></td> </tr> <tr> <td>To be issued pursuant to the Offer</td> <td>200,231,668<sup>2</sup></td> <td>-</td> </tr> <tr> <td>Placement Shares</td> <td>15,000,000<sup>3</sup></td> <td>-</td> </tr> <tr> <td>Underwriting Options</td> <td>-</td> <td>50,000,000<sup>3,4</sup></td> </tr> <tr> <td>Stellar Consideration Shares</td> <td>95,100,000<sup>5</sup></td> <td>-</td> </tr> </tbody> </table>		Shares	Options	Existing Securities	270,583,335	6,000,000 <sup>1</sup>	To be issued pursuant to the Offer	200,231,668 <sup>2</sup>	-	Placement Shares	15,000,000 <sup>3</sup>	-	Underwriting Options	-	50,000,000 <sup>3,4</sup>	Stellar Consideration Shares	95,100,000 <sup>5</sup>	-	Sections 3.1 and 3.2
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Underwriting Options	-	50,000,000 <sup>3,4</sup>																	
Stellar Consideration Shares	95,100,000 <sup>5</sup>	-																	

<sup>1</sup> Unquoted options exercisable at \$0.50 each on or before 30 December 2020.

<sup>2</sup> Subject to rounding.

<sup>3</sup> Subject to the receipt of Shareholder approval being sought at the General Meeting.

<sup>4</sup> Unquoted Options exercisable at \$0.30 each on or before 31 March 2021.

<sup>5</sup> The expected number of Stellar Consideration Shares is 95,100,000. Were all the holders of rights over Stellar shares to exercise those rights, then the number of Shares that would need to be issued as consideration would exceed 96,000,000. To prevent this, the Company has sought and received irrevocable undertakings not to exercise those rights and to accept the appropriate terms summarised in the UK Rule 2.7 Announcement from nearly all the existing option holders and warrant holders in Stellar. It is expected that the rest of the warrant and option holders will follow this approach. However, if some decided to exercise their rights then additional Shares may need to be issued as Stellar Consideration Shares but such number is not expected to exceed 96,000,000 Shares in aggregate.

			Further Information															
<b>TOTAL</b>	<b>580,915,003</b>	<b>56,000,000</b>																
The indicative pro-forma balance sheet showing the effect of the Transactions, including the Offer, is in Section 3.2.																		
<b>Interests in Shares of Directors and the Proposed Director</b> The relevant interest of each of the Directors and the Proposed Director in Shares as at the date of this Prospectus, together with their respective Entitlement (assuming no Options are exercised), is set out in the table below:			Section 5.9(b)															
<table border="1"> <thead> <tr> <th>Name</th> <th>Shares</th> <th>Entitlement</th> </tr> </thead> <tbody> <tr> <td>Mr Anthony Ho</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Michael Lynn</td> <td>300,000</td> <td>222,000</td> </tr> <tr> <td>Mr Robert Ang</td> <td>4,160,300</td> <td>3,078,622</td> </tr> <tr> <td>Mr Karl Smithson (Proposed Director)</td> <td>Nil<sup>1</sup></td> <td>Nil</td> </tr> </tbody> </table>			Name	Shares	Entitlement	Mr Anthony Ho	-	-	Mr Michael Lynn	300,000	222,000	Mr Robert Ang	4,160,300	3,078,622	Mr Karl Smithson (Proposed Director)	Nil <sup>1</sup>	Nil	
Name	Shares	Entitlement																
Mr Anthony Ho	-	-																
Mr Michael Lynn	300,000	222,000																
Mr Robert Ang	4,160,300	3,078,622																
Mr Karl Smithson (Proposed Director)	Nil <sup>1</sup>	Nil																
<b>Forward looking statements</b> This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors, the Proposed Director and the management. The Directors and the Proposed Director cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors and the Proposed Director have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.			Section 4															

<sup>1</sup> Mr Smithson does not hold a relevant interest in any Securities of the Company as at the date of this Prospectus. However, it is expected that Mr Smithson will receive approximately 2,104,360 Shares as Stellar Consideration Shares, based on his holding of securities in Stellar as at the date of this Prospectus.

	Further Information
These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.	

## 1. Details of the Offer

### 1.1 Entitlement Offer

The Company is making a non-renounceable pro-rata offer of ordinary fully paid Shares at an issue price of \$0.15 each to Eligible Shareholders on the basis of 74 New Shares for every 100 Shares held at 5:00pm (WST) on the Record Date (**Entitlement Offer**).

The Company has as at the date of this Prospectus 270,583,335 Shares, and 6,000,000 Options on issue.

The market price of Shares at the date of this Prospectus is such that it is unlikely that any of the existing Options will be exercised before the Record Date. Accordingly, as at the Record Date, the Company expects to have 270,583,335 Shares on issue and 200,231,668 New Shares are expected to be issued under the Entitlement Offer, subject to rounding. Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

New Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Entitlement Offer are contained in Section 5.1.

### 1.2 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus. The issue price of any Shortfall Shares will be \$0.15 each, which is the issue price at which New Shares have been offered to Eligible Shareholders under the Entitlement Offer.

The allocation policy for the issuance of Shortfall Shares will be as follows:

- (a) To the extent there is a Shortfall (**First Shortfall**), each Eligible Shareholder who has validly applied for Shortfall Shares will be allocated their proportionate share of the First Shortfall in proportion to their Shareholdings as at the Record Date. If an Eligible Shareholder has made a valid application for Shortfall Shares but has applied for a lower number of Shortfall Shares than the amount of New Shares which that Shareholder would otherwise be allocated under this process, that Shareholder will be allocated the lower amount.
- (b) If, following allocation of the First Shortfall, there remains a Shortfall between the allocated New Shares and the total number of New Shares proposed to be issued under the Entitlement Offer (**Second Shortfall**), the

above allocation process will be repeated in respect of the Second Shortfall and any subsequent shortfalls until either all the New Shares proposed to be issued under the Entitlement Offer have been allocated or all valid applications for Shortfall Shares have been satisfied in full.

- (c) If, following allocation of the Second Shortfall and any subsequent shortfalls in accordance with the above, there remains a Shortfall between the allocated New Shares and the total number of New Shares proposed to be issued under the Entitlement Offer, that remaining Shortfall will be subscribed for pursuant to the Underwriting Agreement.

Notwithstanding the above, no Shortfall Shares will be allocated or issued to any related party of the Company (including Directors and their associates) or to any person to the extent that the Company is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act.

Applications by Eligible Shareholders for Shortfall Shares are to be made by completing the appropriate section on their Application Form or by making payment for such New Shares using BPAY® (refer to Section 2.4).

Excess Application Monies for the Shortfall Offer will be refunded without interest.

It is a term of the Shortfall Offer that, should the Company scale back applications for Shortfall Shares in accordance with the allocation policy described above, the Applicant will be bound to accept such lesser number allocated to them.

Subject to the above, Directors reserve the right to issue the Shortfall at their discretion.

New Shares issued under the Shortfall Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Shortfall Offer are contained in Section 5.1.

### 1.3 Use of Funds

The Company intends to apply the funds raised from the Offer and the Placement, together with existing funds, in the 12 months following completion of the Offer as detailed below.

Source of funds	\$
Funds currently available	7,525,581
Placement	3,000,000
Offer	30,034,750
<b>TOTAL</b>	<b>40,560,331</b>

Allocation of funds	\$	%
Continuing exploration work on Newfield's existing projects:		
• Allotropes diamond project in Sierra Leone	4,000,000	9.86%
• Newfield gold projects in Western Australia	200,000	0.49%
Repayment of existing Stellar debt	4,534,167	11.18%
Mine development capital expenditure on Stellar's Tongo-Tonguma project	26,500,000	65.33%
General working capital (including costs of the Transactions) <sup>1</sup>	5,326,164	13.13%
<b>TOTAL</b>	<b>40,560,331</b>	<b>100%</b>

**Note:**

- Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and additional travel costs.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including the success of exploration activities, access conditions, weather and any changes in the business and economic environment.

#### 1.4 Conditional Offer

The Offer is conditional on the Stellar Scheme taking Effect. If the Stellar Scheme does not take Effect on or prior to the Issue Date, then the Offer will be withdrawn. If the Offer is withdrawn, any Application Monies received by the Company in relation to the Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.

In accordance with the requirements pursuant to the Corporations Act, all Application Monies received in respect of the Offer will be held in trust in a separate bank account, until either the New Shares are issued, or the Application Monies are returned to the Applicants.

As a result of the Offer being conditional on the Stellar Scheme taking Effect, the New Shares will not be subject to deferred settlement trading following the Closing Date of the Offer.

#### 1.5 Opening and Closing Date

The Closing Date for the Offer is 6 April 2018. All applications by Eligible Shareholders under the Entitlement Offer and the Shortfall Offer must be received by the Company by no later than the Closing Date.

Eligible Shareholders are encouraged to submit their applications under the

Entitlement Offer and the Shortfall Offer as soon as possible.

The Company reserves the right, subject to the Corporations Act, Listing Rules, Stellar Scheme and Underwriting Agreement to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

## 1.6 Underwriting and Lead Sub-Underwriting

Townshend Capital Pty Ltd has been appointed as the underwriter (**Underwriter**) to fully underwrite the Offer.

The Company understands that the Underwriter has entered into sub-underwriting arrangements with Mr Rustiyan Oen (**Lead Sub-Underwriter**), a substantial Shareholder of the Company.

A summary of the Underwriting Agreement is in Section 5.3.

A summary of the arrangement between the Underwriter and the Lead Sub-Underwriter is in Section 5.4.

## 1.7 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Number of Shares	Voting power
Mr Rustiyan Oen	51,793,028	19.14%
Asia Pacific Horizon	37,140,236	13.73%
PT Griyainsani Cakrasadya	25,000,000	9.24%
Sparkle Investment Trust	21,860,613	8.08%
Wonder Holdings Pty Ltd	19,858,334	7.34%

Refer to Section 1.8 for details regarding the potential effects of the Offer on the voting power of the Lead Sub-Underwriter.

## 1.8 Effect of the Offer on control of the Company

### (a) General

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- (i) from 20% or below 20% to above 20%; or
- (ii) from a starting point of above 20% and below 90%.

One of the exceptions to section 606(1) is where that increase occurs as a result of an issue under a disclosure document to an underwriter or sub-underwriter to the issue. The Company intends that the Offer will fall within this exception in respect of the Lead Sub-Underwriter.

In relation to other existing Shareholders, an increase in voting power that occurs as a result of acquiring Shares under the Offer will not fall within that or any other exception to section 606 of the Corporations Act. Accordingly, the Company will not issue New Shares to any Applicant or other person (other than the Lead Sub-Underwriter) if any such issue would result in any person (and that person's associates) acquiring a relevant interest in excess of 20% of the issued capital of the Company subsequent to the Closing Date.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation in the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach.

**(b) Lead Sub-Underwriter**

As at the date of this Prospectus, the Lead Sub-Underwriter holds a relevant interest in 51,793,028 Shares, constituting a voting power of 19.14% in the Company.

The Company understands that the Lead Sub-Underwriter will be allocated 25,000,000 of the Underwriting Options at Transaction Completion (subject to Shareholder approval being received at the General Meeting for the issue of the Underwriting Options). These Underwriting Options will be allocated as part of the fee payable to the Underwriter.

The Lead Sub-Underwriter has informed the Company that the Lead Sub-Underwriter does not have any associates who hold a relevant interest in any Securities and that the Lead Sub-Underwriter and the Underwriter are not associates.

The Lead Sub-Underwriter's maximum potential relevant interest in Shares and voting power in the Company under several scenarios are set out in the table below. The figures in this table are based on the assumptions that:

- (i) no further Shares are issued by the Company (other than the Shares to be issued at Transaction Completion);
- (ii) no Options are exercised;
- (iii) the Lead Sub-Underwriter subscribes for its maximum Entitlement; and
- (iv) the number of Stellar Consideration Shares issued is 95,100,000<sup>1</sup> (in the unlikely event that existing convertible securities are exercised, a maximum of 96,000,000 Stellar Consideration Shares may be issued).

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<sup>1</sup> Were all the holders of rights over Stellar shares to exercise those rights, then the number of Shares that would need to be issued as Stellar Consideration Shares would exceed 96,000,000. To prevent this, the Company has sought and received irrevocable undertakings not to exercise those rights and to accept the appropriate terms summarised in the UK Rule 2.7 Announcement from nearly all the existing option holders and warrant holders in Stellar. It is expected that the rest of the warrant and option holders will follow this approach. However, if some decided to exercise their rights then additional Shares may need to be issued as Stellar Consideration Shares but such number is not expected to exceed 96,000,000 Shares in aggregate.



	New Shares issued to Lead Sub-Underwriter	Total Shares of Lead Sub-Underwriter	Voting power of Lead Sub-Underwriter
Date of Prospectus	-	51,793,028	19.14%
Participation in Offer by Other Shareholders:			
Fully subscribed	38,326,841	90,119,869	15.51%
75% subscribed	78,803,048	130,596,076	22.48%
50% subscribed	100,000,000	151,793,028	26.13%
0% subscribed	100,000,000	151,793,028	26.13%

The term "Other Shareholders" as used in the above table refers to Eligible Shareholders excluding the Lead Sub-Underwriter.

As illustrated above, the maximum voting power of the Lead Sub-Underwriter in the event that no other Eligible Shareholders subscribe for New Shares (either pursuant to the Entitlement Offer or the Shortfall Offer), on an undiluted basis, is 26.13%. On a fully diluted basis, the maximum voting power of the Lead Sub-Underwriter is expected to be approximately 27.76%, applying the assumptions noted above, and assuming 25 million Underwriting Options are issued to the Lead Sub-Underwriter.

It is highly unlikely that no Eligible Shareholders will subscribe for New Shares. The sub-underwriting obligation and therefore voting power of the Lead Sub-Underwriter will be reduced by a corresponding amount for the amount of New Shares subscribed for by the other Eligible Shareholders. As noted in Section 1.2, any Shortfall Shares will be allocated firstly to the Eligible Shareholders who apply for Shortfall Shares, then pursuant to the Underwriting Agreement.

The Company notes the following in respect of the Underwriter and Lead Sub-Underwriter arrangements:

- (i) The Stellar Board recommendation of the Stellar Offer is based primarily on the assumption that the capital raising under the Offer completes successfully.

Due to the importance of Stellar Board support for the Stellar Offer, the Underwriting Agreement was required to include limited termination events and other conditionality. Such terms were agreed by the Underwriter on the basis of the Lead Sub-Underwriter's commitment.

The Underwriting Agreement is therefore on terms materially more favourable to the Company than market standard, as a result of the Lead Sub-Underwriter's commitment.

- (ii) The Lead Sub-Underwriter and Underwriter will not benefit from the proposed use of funds raised pursuant to the Offer, other than as a holder of Shares and the portion of Underwriting Options received (or underwriting fees, should Shareholder approval not be received for the issue of the Underwriting Options).

- (iii) It is the view of the Directors that Eligible Shareholders have been provided with adequate notice of the proposed Entitlement Offer and therefore will be provided with a reasonable opportunity to participate in the Entitlement Offer and the Shortfall Offer.
- (iv) Eligible Shareholders have the ability to subscribe for Shortfall Shares in excess of their Entitlement, in priority to the underwriting.

(c) **Potential dilution**

Eligible Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below. This table also includes the dilution impact of the issue of the Stellar Consideration Shares (assuming 95,100,000 Stellar Consideration Shares are issued) and Placement Shares.

Holder	Holding as at Record Date	% at Record Date	Entitlement	Holdings if Entitlement not taken up	% post Offer
Shareholder 1	40,000,000	14.78%	29,600,000	40,000,000	6.89%
Shareholder 2	20,000,000	7.39%	14,800,000	20,000,000	3.44%
Shareholder 3	10,000,000	3.70%	7,400,000	10,000,000	1.72%
Shareholder 4	5,000,000	1.85%	3,700,000	5,000,000	0.86%
Shareholder 5	2,500,000	0.92%	1,850,000	2,500,000	0.43%

**1.9 Minimum subscription**

As the Offer is fully underwritten, the minimum subscription under the Offer is the number of New Shares offered under the Offer (subject to rounding).

**1.10 No rights trading**

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your Entitlement to any other party. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.

**1.11 Issue Date and dispatch**

All New Shares are expected to be issued on or before the date specified in the Timetable in this Prospectus as the Issue Date.

Security holder statements will be dispatched at the end of the calendar month following the issue of the New Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

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As completion of the Offer is conditional on the Stellar Scheme becoming Effective, the New Shares will not be subject to deferred settlement trading following the Closing Date of the Offer.

#### **1.12 Application Monies held on trust**

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued under the Offer. All Application Monies received in respect of the Offer will be returned (without interest) if the New Shares under the Offer are not issued for any reason, including if the Stellar Scheme does not take Effect.

#### **1.13 ASX quotation**

Application has been or will be made for the official quotation of the New Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

#### **1.14 CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Advanced Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

#### **1.15 International Offer Restrictions**

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus, and any accompanying Application Form, may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia or New Zealand.

## **1.16 New Zealand offer restrictions**

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## **1.17 Ineligible Foreign Shareholders**

The Company believes that it is unreasonable to extend the Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the New Shares that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Offer.

## **1.18 Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

## **1.19 Nominee sale procedure**

No nominee has been approved by the ASIC to act as nominee to sell the New Shares that might have otherwise been issued to Ineligible Foreign Shareholders.

Accordingly, Applicants under the Entitlement Offer will not be able to rely on the exception allowed by item 10 of section 611 of the Corporations Act which would otherwise permit an Applicant to acquire a voting power of more than 20% in the Company as a result of accepting their entitlement under the Entitlement Offer without breaching section 606 of the Corporations Act. As a consequence, the Company will not issue New Shares (including Shortfall Shares) to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest in excess of 20% of the issued capital of the Company subsequent to the Closing Date. This may result in the Company scaling back applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offers do not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot

or issue New Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act.

## **1.20 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Shares.

## **1.21 Major activities and financial information**

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2017 and the half-year ended 31 December 2016 can be found in the Company's Annual Financial Report and Interim Financial Report lodged with ASX.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report on 29 September 2017 and Interim Financial Report on 14 March 2017 are listed in Section 5.6.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that potential Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

## **1.22 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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## **2. Action required by Shareholders**

### **2.1 Action in relation to the Offer**

Should you wish to acquire New Shares as part of the Entitlement Offer, you may either take up all of your Entitlement (refer to Section 2.2) or part of your Entitlement (refer to Section 2.3) as shown on the accompanying personalised Application Form.

If you take up all of your Entitlement, you may also apply for Shortfall Shares under the Shortfall Offer (refer to Section 2.4).

If you do not wish to take up any of your Entitlement to New Shares, you may allow your Entitlement to lapse (refer to Section 2.5).

### **2.2 Acceptance of Entitlement**

Applicants are encouraged to pay by BPAY. You will be treated as applying for as many New Shares as your payment will pay for in full.

Should you wish to accept all of your Entitlement to New Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Newfield Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

### **2.3 If you wish to take up only part of your Entitlement**

Should you wish to only take up part of your Entitlement to New Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at \$0.15 per New Share accepted), and attach a cheque, bank draft or money order for the appropriate amount.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Newfield Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address specified in Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form. Please note that if you pay by BPAY and you subscribe for less than your Entitlement or you do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of Shares that is covered in full by the funds transferred.

#### **2.4 If you wish to apply for Shortfall Shares**

If you wish to apply for Shares in excess of your Entitlement by applying for Shortfall Shares you may do so by completing the relevant separate section of the Application Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Any New Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued at the discretion of the Directors in accordance with the allocation policy outlined in Section 1.2.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Newfield Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address specified in Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

#### **2.5 Entitlements not taken up**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

## 2.6 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with an Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or New Zealand;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the United States Securities Act of 1933, as amended.

## 2.7 Enquiries concerning your Entitlement or this Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (08) 6389 2688.

For general shareholder enquiries, please contact Advanced Share Registry Services on (08) 9389 8033.



### 3. Effect of the Offer

#### 3.1 Capital structure on completion of the Offer

The anticipated effect of the Transactions, including the Offer, on the Company's capital structure is detailed below.

	Shares	Options
Balance at the date of this Prospectus	270,583,335	6,000,000 <sup>1</sup>
To be issued pursuant to the Placement	15,000,000 <sup>2</sup>	-
To be issued pursuant to the Offer	200,231,668 <sup>3</sup>	-
To be issued as Underwriting Options	-	50,000,000 <sup>4</sup>
To be issued as Stellar Consideration Shares	95,100,000 <sup>5</sup>	-
<b>TOTAL</b>	<b>580,915,003</b>	<b>56,000,000</b>

<sup>1</sup> Unquoted Options exercisable at \$0.50 each on or before 30 December 2020.

<sup>2</sup> Subject to the receipt of Shareholder approval being sought at the General Meeting.

<sup>3</sup> Subject to rounding.

<sup>4</sup> Unquoted Options exercisable at \$0.30 each on or before 31 March 2021. Subject to the receipt of Shareholder approval being sought at the General Meeting.

<sup>5</sup> The expected number of Stellar Consideration Shares is 95,100,000. Were all the holders of rights over Stellar shares to exercise those rights, then the number of Shares that would need to be issued as consideration would exceed 96,000,000. To prevent this, the Company has sought and received irrevocable undertakings not to exercise those rights and to accept the appropriate terms summarised in the UK Rule 2.7 Announcement from nearly all the existing option holders and warrant holders in Stellar. It is expected that the rest of the warrant and option holders will follow this approach. However, if some decided to exercise their rights then additional Shares may need to be issued as Stellar Consideration Shares but such number is not expected to exceed 96,000,000 Shares in aggregate.

#### 3.2 Pro-forma consolidated statement of financial position

The unaudited balance sheet as at 31 December 2017 and the unaudited pro-forma balance sheet as at 31 December 2017 (which takes into account the Transactions, including the Offer) shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming the Offer is fully subscribed and Transaction Completion occurs, and including expenses of the Offer. The pro-forma balance sheet therefore includes the unaudited balance sheet of Stellar as at 31 December 2017 (converted into Australian dollars using an exchange rate of US\$1: A\$1.2809).

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Newfield 31 December 2017 Unaudited \$	Stellar 31 December 2017 Unaudited \$	Adjustments \$	Pro Forma \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	457,919	67,662	35,019,489	35,545,070
Trade and other receivables	9,976	40,097	-	50,073
Inventory	178,847	-	-	178,847
Other current assets	228,154	-	-	228,154
<b>Total Current Assets</b>	<b>874,896</b>	<b>107,759</b>	<b>35,019,489</b>	<b>36,002,144</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	2,899,736	71,514	-	2,971,250
Exploration and evaluation assets	22,389,678	10,966,453	23,089,574	56,445,705
<b>Total Non-Current Assets</b>	<b>25,289,414</b>	<b>11,037,967</b>	<b>23,089,574</b>	<b>59,416,955</b>
<b>TOTAL ASSETS</b>	<b>26,164,310</b>	<b>11,145,726</b>	<b>58,109,063</b>	<b>95,419,099</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	534,126	1,440,039	-	1,974,165
Provision for employee benefits	97,208	-	-	97,208
Loans and borrowings	-	4,265,261	(4,265,261)	-
<b>Total Current Liabilities</b>	<b>631,334</b>	<b>6,183,450</b>	<b>(4,265,261)</b>	<b>2,071,373</b>
<b>NON-CURRENT LIABILITIES</b>				
Income tax payable	32,772	-	-	32,772
<b>Total Non-Current Liabilities</b>	<b>32,772</b>	<b>-</b>	<b>-</b>	<b>32,772</b>
<b>TOTAL LIABILITIES</b>	<b>664,106</b>	<b>5,705,300</b>	<b>(4,265,261)</b>	<b>2,104,145</b>
<b>NET ASSETS</b>	<b>25,500,204</b>	<b>5,440,426</b>	<b>62,374,324</b>	<b>93,314,954</b>
<b>EQUITY</b>				
Contributed equity	38,964,752	75,324,978	(6,760,228)	107,529,502
Other reserves	(4,193,519)	21,900,959	(21,700,959)	(3,993,519)
Accumulated losses	(9,271,095)	(91,785,511)	90,835,511	(10,221,095)
Non-controlling interest	66	-	-	66
<b>TOTAL EQUITY</b>	<b>25,500,204</b>	<b>5,440,426</b>	<b>62,374,324</b>	<b>93,314,954</b>

**Notes:** The above balance sheet has been adjusted for the following:

1. completion of both tranches of the placement announced on 1 February 2018, raising an aggregate of \$10,000,000 (before costs);
2. advance of the Loan of US\$3,000,000 to Stellar;
3. completion of the Offer, raising \$30,034,750 (before costs);
4. issue of the Stellar Consideration Shares;

5. repayment of convertible debts and loans within Stellar of A\$4,534,167; and
6. costs of the Transactions.

### **3.3 Market price of Shares**

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest:                   \$0.310 (on 8-12 and 15 January 2018)

Lowest:                    \$0.280 (on 12 December 2017)

The latest closing sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.29 per Share on 9 March 2018.

### **3.4 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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## 4. Risk Factors

An investment in New Shares should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders and prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Shareholders and prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

### 4.1 Risks specific to the Company

#### (a) Stellar resource risk

Inferred resource estimates have previously been declared for Stellar's Tongo-Tonguma Project.

The Company has not verified the historical resource estimates and cannot comment on the continuing reliability of these estimates. The Company therefore does not adopt or endorse these former estimates.

It is the Company's intention that, if the Stellar Scheme becomes Effective, it will undertake a thorough review of the work programs on which the estimates were based, as well as the key assumptions, mining and processing parameters and methods used to prepare these estimates. The Company will also review any more recent estimates or data relevant to the reported mineralisation, and undertake any further evaluation and/or exploration work that needs to be completed in order for the Company to report the estimates as mineral resources in accordance with the JORC Code 2012 and the Listing Rules.

As the Company has not undertaken the above review and additional works, there is a risk that the historical resource estimates may not be reliable. Until such time as the Company has completed its review and validation of the resource estimates for the Tongo-Tonguma Project, the Company considers that these resource estimates ought not to be relied upon by investors in the Company.

#### (b) Resource estimates

The Company has previously announced an inferred mineral resource estimate for its Gboyeyia Alluvial Project, which forms part of the Company's Allotropes Project in Sierra Leone.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the

Company employs industry-standard techniques including compliance with the JORC Code 2012 to reduce the resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

(c) **Risks associated with operating in Sierra Leone**

The Company's main project, the Allotropes Project, lies within the West African country of Sierra Leone. Stellar's Tongo-Tonguma Project is also located in Sierra Leone.

The Company is therefore, and will continue to be, subject to the risks associated with operating in this region. Such risks can include economic, social or political instability or change, disease outbreak, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents. The security of the Company and its personnel, contractors and assets is also at a greater risk while operating in this region.

In addition, changes to exploration, mining or investment policies and legislation or a shift in political attitude in the jurisdiction in which the Company operates may adversely affect the Company's proposed operations and profitability. The Company may also be required by local authorities to invest in social projects for the benefit of the local community. Additional social expenditures in the future may have a negative impact on the Company's profitability.

(d) **Legal system in Sierra Leone**

The legal system operating in Sierra Leone may be less developed than more established countries, which may result in risk such as:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a higher degree of discretion on the part of governmental agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and court in such matter.

The commitment to local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

There can be no assurance joint ventures, licences, license applications or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(e) **Acquisition and integration risk**

The proposed acquisition of Stellar, which is a condition precedent to completion of this Offer, was the subject of due diligence investigations undertaken by the Company. There is a risk that a material matter affecting Stellar or its business was not identified as part of this due diligence exercise, and that this matter may adversely affect the Company's operations and financial position, or lead to litigation that could take up management's time in defending any such litigation.

There are also risks that the integration between the businesses of the Company and Stellar may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups and the potential loss of key personnel, although no such differences have been identified as part of the due diligence reviews undertaken by the Company.

(f) **Control**

As noted in Section 1.8, there is a risk that the Offer will have an effect on the control of the Company. In the unlikely event that no Entitlements are taken up, and the Underwriter and Lead Sub-Underwriter are required to subscribe for 100% of the Offer, the Lead Sub-Underwriter's voting power in the Company will increase from 19.14% to approximately 26.13% (subject to the assumptions outlined in Section 1.8).

The Company and its Directors will comply with all applicable laws and the Listing Rules in relation to any dealings between the Lead Sub-Underwriter and the Company, including obtaining any Shareholder approvals for transactions between the Lead Sub-Underwriter and the Company, where required by applicable law or the Listing Rules.

However, there is a risk that investors will discount the Company's Shares as a result of the level of control that may be acquired by the Lead Sub-Underwriter and the decreased likelihood of a third party making a takeover bid for the Company.

(g) **Title**

All of the permits or licences in which the Company has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

In Sierra Leone, artisanal mining licences are routinely issued over exploration licences such as those held by the Company and Stellar.

**(h) Currency and commodity price volatility**

The Company's ability to proceed with the development of its projects and benefit from future mining operations will depend on market factors, some of which may be beyond its control.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for diamonds and other minerals that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. Metals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

**(i) Future capital needs**

Further funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Company's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to develop its projects and it may impact on the Company's ability to continue as a going concern.

Any additional equity financing will dilute Shareholders and debt financing, if available, may restrict the Company's financing and operating activities.

**(j) Reliance on key management**

The Company is reliant on a number of key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Company's projects. The Board adopts remuneration policies designed to ensure the attraction and retention of key personnel accordingly.

## 4.2 Mining Industry Risks

### (a) Exploration and development risks

The Company is exposed to the risks inherent in exploration, development, mining and processing of gravels and/or ore containing diamonds. The key risks include:

- (i) the grade and volumes of valuable constituent in an ore-body may not be what was originally estimated from the sampling, drilling, analysis and gravels/resource/reserve estimation;
- (ii) exploration for additional diamond bearing gravels/primary ore-bodies or extension of existing diamond bearing gravels/primary ore-bodies may not be successful or yield results which are either lower than expected or inconsistent with earlier data;
- (iii) applications for mining tenements may not be granted and/or mining title companies may not be incorporated;
- (iv) the feasibility study for the development of any proposed mines and processing facilities may provide results which mean that the development of a mine is either uneconomic in current market conditions or provides insufficient returns for the risks involved;
- (v) the capital and operating costs may be different to that estimated from the design and feasibility study;
- (vi) the production rates of gravels/ore mined and processed may be different to that forecast in the original estimates, design and feasibility study; and
- (vii) the product specification may be different to that expected from sampling, test-work and analysis at the original estimate, design and feasibility stage.

Also, because most of the Company's revenues and profits are related to its minerals operations, its results and financial conditions are directly related to the success of its exploration, development and acquisition efforts and the ability to replace existing diamond resources or reserves.

### (b) Recovery

There is the risk that existing diamond resources or new diamond bearing discoveries in which the Company invests may fail to realise their estimated potential recoverable grades from the diamond resources or reserves and/or meet required production rates.

### (c) Drilling and exploration programs

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating



plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease, inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.

(d) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

### 4.3 **General Risks**

(a) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) **Litigation risk**

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

(d) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

**4.4 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for New Shares pursuant to this Prospectus.

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## 5. Additional information

### 5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

(c) **Issues of further Shares**

Subject to the Corporations Act and the Constitution, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides. The Company must not issue shares or grant options if the issue or grant would result in a breach of the Listing Rules.

(d) **Variation of rights**

Unless otherwise provided by the Constitution or by the terms of issue of a class of Shares, the rights attached to the Shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued Shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, a member may transfer a share by any means permitted by the Corporations Act or by law.

(f) **Dividends**

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights attaching to Shares issued on special conditions, the Directors may from time to time declare that a dividend is payable to the holders of ordinary Shares and fix the time for payment.

(g) **Winding up**

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights, on a winding up of the Company, any surplus must be divided among the members in the proportions which the amount paid (including amounts credited) on the Shares of a member is of the total amounts paid and payable (including amounts credited) on the Shares of all members.

(h) **Dividend reinvestment and share plans**

The Directors may establish a dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a Dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company.

(i) **Directors**

The Company must have not less than 3 Directors.

(j) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors may exercise all the powers of the Company except any powers that the Corporations Act or this Constitution requires the Company to exercise in general meeting.

(k) **Unmarketable parcels**

The Constitution permits the Company to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules.

If a Shareholder does not want its Shares sold, that Shareholder may notify the Company accordingly.

As disclosed in the UK Rule 2.7 announcement, the Company intends to undertake a sale facility for its 'less than marketable parcels' of Shares in the three months following completion of the Stellar Offer. This facility will enable holders of less than marketable parcels of Shares to sell their Shares without incurring any costs that could otherwise make a sale of their shares uneconomic. Holders of less than marketable parcels of Shares will be provided with at least six weeks' notice of the facility and will have the right to elect to retain their less than marketable parcels of Shares should they so wish.

(l) **Capitalisation of profits**

The Directors may capitalise any profits of the Company and distribute that capital to the members, in the same proportions as the members are entitled to a distribution by dividend.

(m) **Preference Shares**

The Company may issue preference Shares including preference Shares which are liable to be redeemed in a manner permitted by the Corporations Act, and preference Shares in accordance with the terms of the Constitution.

## 5.2 **Voluntary Escrow Shares**

Certain Stellar shareholders, as well as certain holders of options, warrants, and other rights to be issued Stellar shares, have entered into voluntary restriction agreements with the Company in respect of the Stellar Consideration Shares proposed to be issued to those Stellar shareholders under the Stellar Offer (**Escrowed Shares**).

Pursuant to these voluntary restriction agreements, for a six month period following the date of issue of Escrowed Shares, the escrowed Shareholders must not:

- (i) dispose of, or agree or offer to dispose of, the Escrowed Shares;
- (ii) create, or agree or offer to create, any security interest in the Escrowed Shares; or
- (iii) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Escrowed Shares.

These restrictions will be subject to customary exemptions (including in the event of a change of control events occurring in respect of the Company or as otherwise required by law).

With the exception of the restrictions described above, the escrowed Shareholders will be entitled to all other rights applicable to holders of Shares in respect of the Escrowed Shares, including in relation to voting, entitlements to participate in pro rata offers to eligible security holders, bonus issues and dividends.

The Escrowed Shares are anticipated to constitute approximately 10.6% of Shares on issue following completion of the Transactions.

## 5.3 **Underwriting Agreement**

The Underwriter has agreed to underwrite the Entitlement Offer pursuant to the terms of the Underwriting Agreement.

The Company has agreed to pay the Underwriter an underwriting fee of \$200,000, which, subject to the receipt of Shareholder approval being sought at the General Meeting, is to be settled by the issue of the Underwriting Options to the Underwriter or its nominees. If the necessary Shareholder approval is not received, the Company will pay the \$200,000 underwriting fee to the Underwriter in accordance with the terms of the Underwriting Agreement.

The Company has also agreed to pay the Underwriter's costs and expenses of and incidental to the Entitlement Offer. The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

The Underwriter may terminate the Underwriting Agreement by the provision of written notice to the Company in any of the following circumstances:

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- (a) the Stellar Offer or the Stellar Scheme is withdrawn or modified by the Company or Stellar without the prior written consent of the Underwriter (except to the extent that such withdrawal or modification is required by the Takeovers Panel and does not affect the material commercial terms of the Stellar Offer);
  - (b) a Material Adverse Change occurs;
  - (c) an event of insolvency occurs in respect of a member of the Company Group or any member of the Stellar Group which has or is reasonably likely to have a significant adverse effect on the outcome of the Offer in so far as it relates to the assets, liabilities, financial position, performance, profitability or prospects of the Company Group as a whole or the Stellar Group as a whole;
  - (d) any Company disclosure materials given to the Underwriter by the Company after the date of the Underwriting Agreement and before completion discloses a matter which would cause any Company warranty to cease to be true and correct in all material respects and such matter has or ought reasonably to have a significant adverse effect on the outcome of the Offer in so far as it relates to the assets, liabilities, financial position, performance, profitability or prospects of the Company Group as a whole or the Stellar Group as a whole; or
  - (e) any Company warranty ceases to be true and correct in all material respects and the breach of such Company warranty has or ought reasonably to have a significant adverse effect on the outcome of the Offer in so far as it relates to the assets, liabilities, financial position, performance, profitability or prospects of the Company Group as a whole or the Stellar Group as a whole.

#### **5.4 Sub-Underwriting Arrangements**

The Underwriter has entered into an agreement with the Lead Sub-Underwriter pursuant to which the Lead Sub-Underwriter agreed to subscribe for a maximum of \$15,000,000 worth of New Shares under the Entitlement Offer and the Shortfall Offer (that is, by taking up the Lead Sub-Underwriter's Entitlement under the Entitlement Offer, and sub-underwriting the balance).

Any Shortfall for which the Underwriter is required to subscribe will first be allocated to the Lead Sub-Underwriter, up to the maximum described above.

It is also intended that the Lead Sub-Underwriter will be allocated 25,000,000 of the Underwriting Options, subject to the receipt of Shareholder approval being obtained at the General Meeting.

#### **5.5 Company is a disclosing entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.6 below). Copies of all documents announced to the ASX can be found at [www.newfieldresources.com.au/investors/asx-announcements](http://www.newfieldresources.com.au/investors/asx-announcements).

## 5.6 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2017 and half-year ended 31 December 2016, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
01/03/2018	Completion of Tribute Mining Agreement Over Tongo-Tonguma
28/02/2018	Extension of Deadline to Make Stellar Offer
19/02/2018	Change in substantial holding
13/02/2018	Change in substantial holding x 2
13/02/2018	Becoming a substantial holder
09/02/2018	Update Regarding UK Disclosure Requirements
08/02/2018	Tranche 1 Share Placement Completed
05/02/2018	Notice Regarding UK Disclosure Requirements
01/02/2018	Non-binding indicative proposal to acquire Stellar Diamonds
01/02/2018	Trading Halt
30/01/2018	Changes to Newfield Board
30/01/2018	Quarterly Activities and Cashflow Reports - December 2017
30/11/2017	Results of Meeting
17/11/2017	Diamond Sales Update
31/10/2017	Quarterly Activities and Cashflow Reports - September 2017

Date lodged	Subject of Announcement
26/10/2017	Notice of Annual General Meeting/Proxy Form
29/09/2017	Appendix 4G and 2017 Corporate Governance Statement
29/09/2017	Annual Report to shareholders

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at 79 Broadway, Nedlands, Western Australia:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.13 and the consents provided by the Directors and the Proposed Director to the issue of this Prospectus.

## 5.7 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

## 5.8 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

## 5.9 Interests of Directors and Proposed Directors

### (a) Proposed Director

Upon the Stellar Scheme taking Effect, it is proposed that the current Chief Executive Officer of Stellar, Mr Karl Smithson, will be engaged as an executive director of the Company.

#### Experience

Mr Smithson has been the Chief Executive Officer of Stellar since its inception in 2007 and has been instrumental in the development of Stellar's portfolio of diamond projects in Sierra Leone. He has 29 years of resource sector experience gained with a number of companies in senior management positions, including De Beers (10 years), SouthernEra Diamonds (2 years), Mano River Resources and Stellar Diamonds (17 years). Mr Smithson's working career has been focussed on diamond exploration and development in Africa and he has been responsible for a number of new diamond discoveries in Botswana, Zimbabwe, Sierra Leone and Liberia. Mr Smithson is a geology graduate of Kingston University in the UK. He completed his MBA with distinction in 2006 at the Graduate School of Business in Cape Town, South Africa.

#### Key terms of Employment Agreement

It is proposed that the terms of the employment agreement between Mr Smithson and the Company will be agreed and implemented following the Stellar Scheme taking Effect. It is intended that until a new agreement is



entered into, the existing arrangements under Mr Smithson's employment agreement with Stellar will continue to apply. Pursuant to this agreement:

- (i) The total base salary payable to Mr Smithson is £150,000 per annum.
- (ii) Mr Smithson is entitled to receive a bonus dependent on the achievement of the Stellar remuneration committee targets, with Mr Smithson being eligible to receive a bonus of £100,000 upon the Stellar Scheme taking Effect.
- (iii) Mr Smithson is eligible to participate in a discretionary bonus scheme, however there is no contractual entitlement for Mr Smithson to receive a bonus.
- (iv) If there is a change of control event (including the Stellar Scheme) and:
  - (A) within three months after the change of control event, Mr Smithson terminates his employment; or
  - (B) within six months after the change of control event, Stellar terminates Mr Smithson's employment or Mr Smithson terminates his employment in response to a fundamental breach of his contract by Stellar,

Mr Smithson is entitled to be paid an amount equal to the gross value of two years' basic salary to Mr Smithson (less any amounts paid by way of notice or payment in lieu of notice).

- (v) In addition to the above, an annual pension of £10,000 is paid into a pension fund by Stellar on behalf of Mr Smithson and his dependent family. Mr Smithson is also entitled to a workplace pension in accordance with the applicable law in the United Kingdom (currently 1% of base salary, increasing to 2% in April 2018), annual private medical insurance (a premium of approximately £3,500 per annum), and a life insurance policy worth three times the annual base salary.

**(b) Security holdings**

The relevant interest of each of the Directors and the Proposed Director in Securities as at the date of this Prospectus, together with their respective Entitlement (assuming no Options are exercised), is set out below.

Director	Shares	Options	Entitlement
Mr Anthony Ho	Nil	400,000	Nil
Mr Michael Lynn	300,000	1,500,000	222,000
Mr Robert Ang	4,160,300	Nil	3,078,622
Mr Karl Smithson	Nil	Nil	Nil

Mr Lynn and Mr Ang have both indicated their intention to subscribe for their full Entitlement respectively.

Although Mr Smithson does not have a relevant interest in Securities as at the date of this Prospectus, he does hold 1,526,486 shares and 1,850,000 options in Stellar. If the Stellar Scheme becomes Effective, Mr Smithson will hold a relevant interest in 2,104,360 Shares as a result of the issuance of the Stellar Consideration Shares. As the Stellar Consideration Shares will not be issued before the Record Date, Mr Smithson will not be an Eligible Shareholder.

No Securities other than those disclosed above will be issued to the Directors or the Proposed Director as part of Transaction Completion.

(c) **Remuneration of Directors**

The Constitution of the Company provides that the non-executive directors are entitled to be paid an amount of fees which does not in any year exceed in aggregate the amount last fixed by ordinary resolution, or consist of a commission on or percentage of profits or operating revenue. The aggregate amount last fixed by ordinary resolution is \$350,000 per annum (at the annual general meeting held in December 2011). This aggregate amount is to be allocated among the non-executive directors equally, having regard to the proportion of the relevant year for which each director held office, or as otherwise decided by the Board.

The Constitution also provides that:

- (i) the Directors shall be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors; and
- (ii) if any of the Directors being willing are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for his or her share in the fee-pool described above.

Mr Ang, the Company's only current non-executive director, receives an annual fee of \$24,000.

The remuneration of executive directors is to be fixed by the Board. As at the date of this Prospectus, the Company has two executive directors: Mr Anthony Ho and Michael Lynn. The total annual base salary payable to Mr Ho and Mr Lynn is currently \$109,500 and US\$165,000 respectively.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (FY), inclusive of directors fees, consultancy fees, superannuation benefits and share-based payments.

Director	FY ended 30 June 2017	FY ended 30 June 2016
Mr M Lynn <sup>1</sup>	\$241,668	\$188,806
Mr A Ho	\$116,798	\$96,118
Mr R Ang <sup>2</sup>	-	-

Mr S Jahja <sup>3</sup>	\$33,500	\$21,677
Mr M Kornweibel <sup>4</sup>	-	\$4,000
Ms S Nanang <sup>5</sup>	-	\$2,387
Mr B Alexander <sup>6</sup>	-	\$29,314

**Notes:**

1. Appointed 24 August 2015.
2. Appointed 30 January 2018.
3. Appointed 6 August 2015; ceased 30 January 2018.
4. Resigned 19 August 2015.
5. Resigned 6 August 2015.
6. Resigned 24 August 2015.
7. Resigned 16 November 2015.

**(d) Information disclosed in this Prospectus**

Other than as set out in this Prospectus, no Director or Proposed Director, holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offer.

**5.10 Related party transactions**

There are no related party transactions involved in the Offer that are not otherwise described in this Prospectus.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

## 5.11 Interests of other persons

Except as disclosed in this Prospectus, no underwriter, expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

## 5.12 Expenses of Offer

The estimated expenses of the Offer, including the other aspects of the Transactions are as follows:

<b>Estimated expenses</b>	<b>\$</b>
ASIC lodgement fee, ASX quotation fee, share registry fee	95,000
Legal fees and expenses (Australia and United Kingdom)	650,000
Underwriting expenses	200,000
Printing, mailing, advertising & miscellaneous	5,000
<b>TOTAL</b>	<b>950,000</b>

## 5.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, the Underwriter, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bellanhouse has given its written consent to being named as the solicitors to the Company in this Prospectus. Bellanhouse has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Advanced Share Registry has given its written consent to being named as the share registry to the Company in this Prospectus. Advanced Share Registry has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

The Underwriter has given its written consent to being named as the underwriter to the Offer under this Prospectus. The Underwriter has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

The Lead Sub-Underwriter has given its written consent to being named as a sub-underwriter to the Offer under this Prospectus. The Lead Sub-Underwriter has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

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## 6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors and the Proposed Director of the Company.

This Prospectus is signed for and on behalf of Company by:



**Anthony Ho**  
**Director**

Dated: 12 March 2018

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## 7. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

**Advanced Share Registry** means Advanced Share Registry Ltd (ACN 127 175 946) trading as Advanced Share Registry Services.

**Applicant** means a person who submits an Application Form.

**Application Form** means an application form provided by the Company with a copy of this Prospectus.

**Application Monies** means the amount of money in dollars and cents payable for New Shares at the price per New Share pursuant to the Offer.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means the ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**CHESS** means ASX Clearing House Electronic Sub-register System.

**Closing Date** means 5:00pm (WST) on the closing date identified in the Timetable.

**Companies Act** means the United Kingdom Companies Act 2006, as amended.

**Company** means Newfield Resources Limited (ACN 153 219 848).

**Company Group** means the Company and each of its related bodies corporate.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the High Court of Justice in England and Wales.

**Directors** mean the directors of the Company as at the date of this Prospectus.

**Effective** means the Stellar Scheme having become effective pursuant to its terms and **Effect** has a corresponding meaning.

**Eligible Shareholder** means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date whose registered address is in Australia or New Zealand.

**Entitlement** means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 74 New Shares for every existing 100 Shares held on the Record Date.

**Entitlement Offer** means the offer of approximately 200,231,668 New Shares to Eligible Shareholders in the proportion of 74 New Shares for every 100 existing Shares held on the Record Date under this Prospectus.

**General Meeting** means the meeting of Shareholders to be held on 11 April 2018 (or any date to which the meeting is adjourned).

**Ineligible Foreign Shareholder** means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date who is not an Eligible Shareholder.

**Issue Date** means the date identified in the Timetable as the proposed date for the issue of the New Shares.

**Issuer Sponsored** means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**JORC Code 2012** means the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

**Listing Rules** means the listing rules of ASX.

**Loan** means the US\$3,000,000 loan advanced by the Company to Stellar as announced by the Company on the ASX market announcements platform on 1 February 2018.

**Material Adverse Change** means any event occurring after the date of the Underwriting Agreement which individually, or in the aggregate, has or is reasonably likely to have a significant adverse effect on the outcome of the Offer in so far as it relates to the assets, liabilities, financial position, performance, profitability or prospects of the Company Group as a whole or the Stellar Group as a whole.

However, a Material Adverse Change will not include any event:

- (a) required to be undertaken or procured by the Company or any of its related bodies corporate or Stellar or any of its related bodies corporate pursuant to the Offer or the Stellar Scheme; or
- (b) to the extent fully and fairly disclosed on the Company's ASX platform not less than five business days before the date of the Underwriting Agreement or in the disclosure materials provided by the Company to Stellar.

**Lead Sub-Underwriter** means Mr Rustiyan Oen.

**New Share** means a Share to be issued pursuant to this Prospectus.

**Notice of Meeting** means the notice of meeting of the Company dated 12 March 2018, announced on ASX on 12 March 2018, convening the General Meeting.

**Offer** means an offer under this Prospectus to subscribe for New Shares, namely, the Entitlement Offer and the Shortfall Offer.

**Option** means an option to acquire a Share.

**Placement** means the Company's proposed placement to raise \$3,000,000 (before costs) by the issue of 15,000,000 Shares at \$0.20 per Share, as announced by the Company on the ASX market announcements platform on 1 February 2018.

**Placement Shares** means the 15,000,000 Shares to be issued pursuant to the Placement.

**Proposed Director** means Mr Karl Smithson.



**Prospectus** means this prospectus dated 12 March 2018.

**Record Date** means 5:00pm (WST) on the record date identified in the Timetable.

**Section** means a section of this Prospectus.

**Securities** means Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Shortfall Offer** means the offer of Shortfall Shares under this Prospectus.

**Shortfall Shares** or **Shortfall** means Entitlements not subscribed for under the Entitlement Offer.

**Stellar** means Stellar Diamonds plc, with registered number 05424214 and whose registered office is at Lower Ground Floor, 40 Bloomsbury Way, London, WC1A 2SE, United Kingdom.

**Stellar Board** means the board of directors of Stellar.

**Stellar Consideration Shares** means the Shares to be issued to Stellar shareholders and holders of rights over Stellar ordinary shares (including warrants, options and other rights) pursuant to the Stellar Offer and the Stellar Scheme.

**Stellar Group** means Stellar and each of its related bodies corporate.

**Stellar Offer** means the offer by the Company to acquire 100% of the issued and to be issued share capital of Stellar, on the terms and conditions provided in the announcement issued by the Company announced on the ASX market announcements platform on 12 March 2018.

**Stellar Scheme** means the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Stellar and Stellar's eligible shareholders in respect of the Stellar Offer, with or subject to any modification, addition or condition approved or imposed by the Court.

**Takeovers Panel** means the Panel on Takeovers and Mergers (United Kingdom).

**Timetable** means the proposed timetable for the Offer as specified on page 2 of this Prospectus, as may be amended.

**Transaction Completion** means completion of the Transactions by the issuance of Shares.

**Transactions** means the:

- (a) Offer (comprised of the Entitlement Offer and the Shortfall Offer);
- (b) Placement; and
- (c) Stellar Offer.

**UK Rule 2.7 Announcement** means the announcement of 12 March 2018 released in accordance with Rule 2.7 of the City Code on Takeovers and Mergers.

**Underwriter** means Townshend Capital Pty Ltd (ACN 099 900 188) (Australian Financial Services License Number 219326).

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriter dated 12 March 2018.

**Underwriting Options** means the unquoted Options exercisable at \$0.30 each on or before 31 March 2021 to be issued to the Underwriter (or its nominees, including the Lead Sub-Underwriter) in consideration for the underwriting services to be provided pursuant to the Underwriting Agreement (subject to Shareholder approval being obtained at the General Meeting). The full terms and conditions of the Underwriting Options are in Schedule 3 of the Notice of Meeting.

**US\$** means United States dollars.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

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