

ASX Announcement

30 October 2018

SEPTEMBER 2018 QUARTERLY ACTIVITIES REPORT

Highlights

- Tongo Front End Engineering & Design (FEED) program progressing well
- 10,981m mine development drilling program completed
- Underground mine design progressing
- Bulk sample processing commenced and first diamond export completed
- Excellent microdiamond results from four kimberlites reported
- Mineral Resource estimate for Tongo nearing completion
- 50-tonne per hour processing plant relocated from Koidu to Tongo site

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

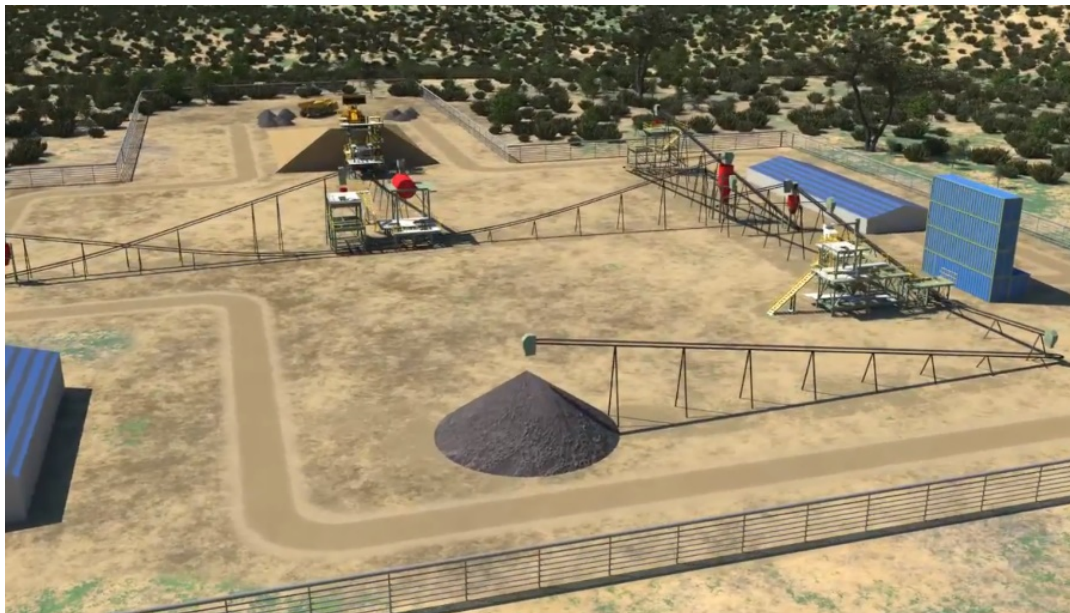


Figure 1. Visualisation of new Processing Plant

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1. Tongo Diamond Project (Sierra Leone)

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



Figure 2. Diamonds from Tongo

Front End Engineering Design (FEED) program

The FEED program has focused on the mine design and geotechnical aspects of the planned underground kimberlite mine development at Tongo. Based on the detailed information obtained from the 10,981 meter mine plan drilling campaign, and the geotechnical results of the kimberlite, country rock and surface material, it has been decided that a single portal with dimensions of 6m x 4m at surface will be used to enter the underground access with two 4m x 4m declines then branching off to the adjacent Kundu and Lando kimberlites. The mine design is being refined based on the updated kimberlite resource wireframes and geological models provided by independent consultants. Once the final design is agreed then the production optimisation schedule will be run and the capital and operating budgets for the Tongo mine finalised.

The FEED program remains on track for scheduled completion in Q4 2018.

Mine development drilling

The mine development drilling has been completed over what will be the first two levels of underground mining of the Kundu, Lando and Tongo Dyke-1 kimberlites. However, a fourth kimberlite, Pandebu, was also drilled as it lies adjacent to Lando and could be readily incorporated into future mine planning. Previous mining of a kimberlite blow associated with Pandebu yielded over 18,000 carats of high value diamonds.

A total of 10,981 meters was drilled from 127 holes at an inter-hole spacing of 50m along strike of each of the kimberlites to a depth of around 80 to 100m. Detailed logging of the holes has provided the necessary information with which to create more detailed wireframe and geological models are being used by independent mining engineers at SRK Consulting to enable the underground mine design to be completed.

Microdiamond Results

Recent mine plan drilling of four kimberlites in the Tongo Project area saw approximately 10,891 metres drilled at 50m in-fill spacing of the kimberlites to a depth of 100m. The areas drilled are planned to form the first two levels of underground mining as part of the current Front End Engineering Design (FEED) study. The microdiamond results reported here are from the samples of drill core collected from the Kundu, Lando, Pandebu and Tongo Dyke1 kimberlites.

The drill core samples were dispatched to the Saskatchewan Research Council Geoanalytical Laboratories (SRC) in Canada for microdiamond analysis. The SRC is accredited to the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for diamond analysis using caustic fusion. The results of these assays are shown in Tables 1 and 4 below.

The Kundu samples weighed a total of 97.75kg and yielded 765 diamonds (7.83 stones per kg) of which 34 are considered to be macrodiamonds (classified as individual stones >0.5mm in at least one dimension). Most of the diamonds have been classified by SRC as white, colourless and transparent in nature indicating exceptional quality stones.

Table 1: Kundu microdiamond results

Kundu Kimberlite Microdiamond Results		
Number of Diamonds According to Sieve Size Fraction (mm)		
From	To	No. of Stones
-2.36	1.70	1
-1.7	1.18	3
-1.18	0.85	10
-0.85	0.6	10
-0.6	0.425	19
-0.425	0.3	42
-0.3	0.212	76
-0.212	0.15	143
-0.15	0.106	200
-0.106	0.075	261
Total No. of Stones		765
Total Sample Weight (kg)		97.75
Total No. Carats		0.368931
Total Diamonds per kg		7.83
Total Carats per kg		0.0037742

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The Lando samples weighed a total of 92.55kg and yielded 756 diamonds (8.17 stones per kg) of which 37 are macrodiamonds. The diamonds have been classified by SRC as mostly white, colourless and transparent.

Table 2: Lando microdiamond results

Lando Kimberlite Microdiamond Results		
Number of Diamonds According to Sieve Size Fraction (mm)		
From	To	No. of Stones
-2.36	1.70	0
-1.7	1.18	2
-1.18	0.85	6
-0.85	0.6	17
-0.6	0.425	29
-0.425	0.3	50
-0.3	0.212	62
-0.212	0.15	142
-0.15	0.106	191
-0.106	0.075	257
Total No. of Stones		756
Total Sample Weight (kg)		92.55
Total No. Carats		0.288519
Total Diamonds per kg		8.17
Total Carats per kg		0.0031174

The Pandebu samples weighed a total of 60.5kg and yielded 119 diamonds (1.97 stones per kg) of which nine are macrodiamonds. Like Kundu and Lando, most of the diamonds have been classified by SRC as white, colourless and transparent.

Table 3: Pandebu microdiamond results

Pandebu Kimberlite Microdiamond Results		
Number of Diamonds According to Sieve Size Fraction (mm)		
From	To	No. of Stones
-1.7	1.18	2
-1.18	0.85	0
-0.85	0.6	3
-0.6	0.425	10
-0.425	0.3	9
-0.3	0.212	14
-0.212	0.15	21
-0.15	0.106	24
-0.106	0.075	36
Total No. of Stones		119
Total Sample Weight (kg)		60.5
Total No. Carats		0.107939
Total Diamonds per kg		1.97
Total Carats per kg		0.0017841

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The Tongo Dyke-1 samples weighed a total of 61.75g and yielded 145 diamonds (2.35 stones per kg) of which eight are macrodiamonds. The diamonds have been classified by SRC as white, or off white, colourless and transparent.

Table 4: Tongo microdiamond results

Tongo Dyke-1 Microdiamond Results		
Number of Diamonds According to Sieve Size Fraction (mm)		
From	To	No. of Stones
-2.36	1.70	1
-1.7	1.18	0
-1.18	0.85	1
-0.85	0.6	4
-0.6	0.425	5
-0.425	0.3	5
-0.3	0.212	15
-0.212	0.15	21
-0.15	0.106	34
-0.106	0.075	59
Total No. of Stones		145
Total Sample Weight (kg)		61.75
Total No. Carats		0.1112915
Total Diamonds per kg		2.35
Total Carats per kg		0.0018023

These microdiamond results will be combined with historical micro- and macrodiamond results from the Kundu, Lando, Pandebu and Tongo Dyke-1 kimberlites and modelled by independent mineral resource consultants and diamond statisticians, Z-Star Group, to generate diamond grade models for the four kimberlites. These diamond grade models will be utilized by MPH Consulting (Canada) to generate an updated Mineral Resource estimate for the Tongo Project, which is expected to be completed during the current quarter (along with the final results from the ongoing FEED study work).

Bulk Sample Processing and Diamond Recovery

The Company's 5tph Dense Media Separation Plant was refurbished during the early part of the quarter and is being used to process available stockpiles of kimberlite and material collected overlying the Pandebu, Lando and Kundu kimberlites from earlier bulk sampling campaigns.

Processing of a previously controlled bulk sample of the 500m long Pandebu kimberlite dyke has been completed. Approximately 300 carats of diamond have been yielded from approximately 300 tonnes of kimberlite processed, giving a +1mm grade of 1 carat per tonne. This parcel has been exported to Antwerp for valuation and the results of the processing and diamond valuation, including the drilling and microdiamond data, are expected to enable a Mineral Resource estimate to be declared for the Pandebu kimberlite.

During previous bulk sampling campaigns on the Tongo Project, samples of material were excavated from above the selected Lando and Kundu kimberlite bulk sample sites. This material comprised a highly diluted mixture of kimberlite, saprolite, country rock granite and overburden. This material had previously been stockpiled. Newfield has decided to process the samples in order to create a parcel of diamonds for revenue and updated valuation purposes.

Processing of an estimated 717 dry tonnes of diluted Lando kimberlite yielded a total of 799.74 carats of diamond in the +1mm size fraction at a dry grade of 111.53cpt. This grade is considered significant as the

sample contained an estimated >50% non-kimberlite material. The diamonds recovered comprise predominantly gem quality goods with 53 stones of +1 carat in size, the largest being a 6 carat non-gem stone.

A small Kundu sample has recently been processed. This sample contained a small amount of kimberlite but was heavily diluted with granite, saprolite and overburden material that was excavated over a controlled bulk sample that was collected and processed in 2012. An estimated 301 dry tonnes of this material was processed which yielded 173.79 carats, of which 11 are larger than 1 carat and the largest diamond recovered weighing 4.05 carats.



Figure 3. Tongo 5tph sampling plant

50tph Processing Plant

Newfield has recently completed the disassembling of the 50tph processing plant and has relocated it from the Koidu mine site to the Tongo project site. A new design for this plant has been finalised and the procurement of long lead items will now commence.

2. Allotropes Alluvial Diamond Project (Sierra Leone)

At Gboyieya, where bulk sampling of a river flat deposit commenced in 2Q, commissioning of the 10 tph plant was completed and processing of gravel commenced. A total of 80 ct of diamonds was recovered, with an average stone size of 0.85 ct, from the first 268 tonnes of field-screened gravel processed. Gravel extraction is being achieved using a dredge pump and classifier, which precludes the need for draining the bulk sample pits prior to gravel recovery, and greatly reduces the cost, and increases the security associated with the sampling work.

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Dredge sampling of the Sewa River in the Kpatobu area commenced adjacent to the current Gboyeiya sampling work. Despite high river levels during the height of the wet season, a 7.4 ct clean white octahedral diamond was recovered in the first month of sampling, and targets identified from the Ground Penetrating Radar survey completed in May, will be investigated once the river levels fall sufficiently.

Further river flat targets are being investigated by field mapping and auger drilling.



Figure 3. Uncut diamonds from Allotropes

3. Kumbgo Kimberlite Project (Liberia)

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

Environmental consulting group Earthcons Consulting have been retained to prepare an environmental impact assessment for the work to be undertaken in 4Q 2018. An experienced diamond exploration field team has recently been dispatched to the licence area to set up camp and then conduct low-cost stream sampling targeting the known strong indicator mineral anomalies from past work. Some of these indicator anomalies are in areas of current artisanal diamond workings, and based on their abundance are likely to indicate the presence of as yet undiscovered kimberlites.

Schedule of Tenements at 30 September 2018

PROJECT	TENEMENT NUMBER	TENEMENT NAME	REGISTERED HOLDER(S)	NEWFIELD'S INTEREST
<u>SIERRA LEONE</u>				
TONGO KIMBERLITE MINE	APL752	Tongo	Sierra Diamonds Limited	100%
	ML02/2012	Tonguma	Tonguma Limited	Nil but subject to the tribute mining agreement
ALLOTROPES DIAMOND PROJECT	EL15/2012	Baoma	Allotropes Diamond Company Ltd	100%
	EL/12/214	Sumbuya	Allotropes Diamond Company Ltd	100%
	EL19/2014	Hima	Allotropes Diamond Company Ltd	100%
	EL20/2014	Jomu	Allotropes Diamond Company Ltd	100%
<u>LIBERIA</u>				
KUMBGO PROJECT	MEL1157/15	Kumgbo	Stellar Diamonds (Liberia) Inc.	90%
	MEL1158/14	Kumgbo	Stellar Diamonds (Liberia) Inc.	90%
<u>WESTERN AUSTRALIA</u>				
NEWFIELD GOLD PROJECT	M77/0422	Newfield	Newfield Resources Ltd	100%
	M77/0846	Woongaring Hills	Newfield Resources Ltd	100%
CREST YARD GOLD PROJECT	P16/2722	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2726	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2728	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2729	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2730	Doyle Dam	Newfield Resources Ltd	70%
			Crest Metals Pty Ltd	
	P16/2731	Doyle Dam	Newfield Resources Ltd	70%
		Crest Metals Pty Ltd		

For further details please contact:

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About the Tongo Diamond Project

The Tongo Diamond Project comprises two adjacent mining licences covering a combined area of 134 square kilometres in eastern Sierra Leone. These licences are subject to a tribute mining and revenue share agreement with Ocea Mining. The key elements of these agreements are:

- Consolidates two licences covering 11 diamondiferous kimberlites, only three of which have been established into resource
- Certain plant and mining equipment acquired as part of the tribute mining agreement
- Newfield to fund development of the project into production
- In return Newfield investments are repaid from first revenues and US\$5 million to Ocea
- 10% revenue share (net of Government 6.5% export royalty) to Ocea after full project construction costs have been recovered
- US\$ 5.5 million bullet payment to Ocea after Year-5 of mine development commencing

The Tongo Project consolidates 11 identified diamondiferous kimberlites, only three of which have been the subject of historic resource estimates by previous owners. It also benefits from considerable existing infrastructure including the current relocation of a 50tph processing plant, an existing 5tph bulk sample processing facility, certain mining vehicles and equipment, and significant associated building and camp facilities. Newfield is rapidly progressing a Front End Engineering Design (FEED) and mine development drilling program targeted at accelerated development of the Tongo Project to commence mine development in 2019.

**** ENDS ****

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Newfield Resources Limited

ABN

98 153 219 848

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(5,092)	(5,092)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,416)	(1,416)
(e) administration and corporate costs	(399)	(399)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	81	81
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(6,827)	(6,827)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(27)	(27)
(b) tenements (see item 10)	-	-
(c) investments	(1,900)	(1,900)
(d) other non-current assets	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	19	19
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired on acquisition of subsidiary)	-	-
2.6	Net cash from / (used in) investing activities	(1,908)	(1,908)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	51	51
3.6	Repayment of borrowings	(30)	(30)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	21	21
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,970	14,970
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,827)	(6,827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,908)	(1,908)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	21	21
4.5	Effect of movement in exchange rates on cash held	10	10
4.6	Cash and cash equivalents at end of period	6,266	6,266

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6,266	14,970
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,266	14,970

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(120)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors' remuneration	(105)
Professional services	(15)

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

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Mining exploration entity and oil and gas exploration entity quarterly report

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,800)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(1,250)
9.5 Administration and corporate costs	(400)
9.6 Other (purchase of property, plant and equipment)	(1,495)
9.7 Total estimated cash outflows	(4,945)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Sierra Leone EL12/2014	Diamond exploration	100%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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Compliance statement

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

Sign here:
(Company secretary)

Date: **30 October 2018**

Print name: **Kim Hogg**

Notes

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