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## ASX Announcement

25 July 2019

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# Positive FID and US\$30.5M Bond Issuance

Newfield Resources Limited (**Newfield**) is pleased to announce a positive Final Investment Decision (**FID**) for its flagship Tongo Diamond Mine Development in Sierra Leone (**Tongo Mine Development** or **Tongo**). Newfield also advises of binding agreements to issue two tranches of unlisted, unsecured corporate bonds totalling up to approximately US\$30.5 million, which will deliver funding to commence development at Tongo.

## Highlights

- **Positive Final Investment Decision (FID) for Tongo**
- **Agreements to issue unlisted, unsecured corporate bonds (totalling up to approx. US\$30.5M) to entities associated with existing significant shareholders; Tranche A (up to US\$20M) and Tranche B (A\$15M)**
- **Key terms of both tranches of bonds (see Table 1):**
  - **3-year maturity post each drawdown, subject to repayment of all bonds not being due until the earlier of: (i) 12 months post announcement of commercial production at Tongo; or (ii) 5 years from first drawdown**
  - **12% interest rate, paid semi-annually**
  - **Limited covenants with restrictive pledges around further indebtedness and disposal of assets**
- **Tranche A: bonds issued on quarterly drawdown (max quarterly draw of US\$5m), with first drawdown expected on 30 September 2019; Tranche B: A\$4.5M received with residual bonds issued upon drawdown of remaining funds scheduled over 2H CY19**
- **Tongo construction to commence with underground portal blasting expected to start in coming weeks; first diamonds expected within 12 months of initial portal blast**

Newfield Executive Director, Karl Smithson, commented: *"We are delighted to have agreed a funding package that allows us to commence construction of the Company's flagship Tongo Diamond Mine Development. We will now move to commence development activities at Tongo following the positive Final Investment Decision made by the Newfield Board. This will start with completion of the box cut excavation and first blasts for underground portal and decline development. Consistent with the recently completed Tongo FEED Study development timeline we expect to be mining first diamonds within 12 months of initial portal blasting. On behalf of the Newfield Board, I would like to express my appreciation to our key shareholders for their consistent financial support of Newfield."*

**Table 1: Key bond terms (Tranches A and B)**

<b>Issuer</b>	Newfield Resources Limited
<b>Instrument</b>	Unlisted commercial bonds
<b>Issuees</b>	Tranche A: Rustiyan Oen Tranche B: Anrinza Future Pty Ltd
<b>Issue Price</b>	Tranche A: US\$1.00 at 100% of par value Tranche B: A\$1.00 at 100% of par value
<b>Total Issuance</b>	Tranche A: up to a maximum of 20,000,000 bonds (US\$20M) Tranche B: 15,000,000 bonds (A\$15M)
<b>Agreement Date</b>	24 July 2019
<b>Drawdown Dates</b>	Tranche A: Two-year availability period for US\$20m funds, with drawdowns occurring on the last date of each calendar quarter (subject to Newfield issuing a drawdown notice); first drawdown expected on 30 September 2019; maximum quarterly drawdown of US\$5M and no minimum drawdown Tranche B: 25 July 2019 (A\$4.5M; received), 15 October 2019 (A\$2.0M), 6 December 2019 (A\$8.5M)
<b>Bond Issuance Dates</b>	Upon payment of each drawdown amount on each Drawdown Date
<b>Coupon Interest</b>	12% per annum; payable semi-annually on 30 June and 31 December each year
<b>Maturity Date</b>	Three years post each Drawdown Date
<b>Repayment Date</b>	Repayment is due on the later of the Maturity Date and the Repayment Date. The Repayment Date is the earlier of: (i) 12 months after the Company first releases an ASX announcement declaring Commercial Production; or (ii) five years after the first Drawdown Date (Tranche A: expected to be 30 September 2019; Tranche B: 25 July 2019). Commercial Production is represented by two consecutive calendar quarters of positive net cash flow (inclusive of all capital expenditures and taxes, but exclusive of intra-Group financing costs) from operation of the Tongo Diamond Project as a producing mine.
<b>Security</b>	Unsecured
<b>Use of Proceeds</b>	Funds are to be applied to the initial phase of construction of the Tongo Diamond Project in Sierra Leone, plus working capital (including corporate and administrative expenses)
<b>Fees</b>	Broker fee of 2.0% of total issuance across both tranches
<b>Early Redemption</b>	Newfield can seek early redemption for all or part of any Tranche A or Tranche B bonds at any point after six months from First Drawdown Date; an early redemption fee of 2% of the principal amount redeemed applies to any redemptions prior to Maturity Date
<b>Covenants and Undertakings</b>	Covenants limited to maintaining title and interests in the Tongo Diamond Project and compliance with environmental laws, with restrictive pledges around further indebtedness and disposal of assets
<b>Governing Law</b>	Western Australia

### **Tongo construction set to commence**

Following a positive FID being taken by the Newfield Board, construction at the Tongo Mine Development is now set to commence. Completion of box cut excavation and first blasts for underground portal entrance and decline construction are expected to occur over coming weeks.

Consistent with the recently completed FEED Study development timeline we expect to be mining first diamonds within 12 months of initial portal blasting. For full details of the Tongo FEED Study, see Newfield ASX release dated 9 May 2019, *Tongo Ore Reserve Estimate and FEED Study Outcomes*.

### **For further details please contact:**

**Anthony Ho**  
Executive Director  
Newfield Resources Limited

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## About the Tongo Diamond Mine Development:

The Tongo Diamond Mine Development comprises two adjacent mining licences covering a combined area of 134 square kilometres in eastern Sierra Leone. Tongo hosts 11 identified diamondiferous kimberlites, only four of which are incorporated in the current JORC-compliant indicated and inferred diamond resource estimate of 7.4 million carats. Of this resource a 1.1 million carat probable reserve has been declared for just two of the kimberlites, Kundu and Lando, which delivers an initial life of mine of eight years.

## Competent Person's Statement:

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

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

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

## Forward Looking Statements:

This announcement may contain certain forward looking statements and projections regarding estimated resources and planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Newfield Resources Ltd. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Newfield Resources Ltd does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws and ASX Listing Rules.

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