



## ASX Announcement

29 January 2021

# DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) is pleased to announce its activities during the December 2020 quarter.

### Highlights

- Underground development of the return airway on the Kundu kimberlite intersected kimberlite, and the first ROM production diamonds were recovered from the Tongo mine
- The 5tph bulk sample plant was commissioned and successfully recovered diamonds from the first ROM kimberlite ore
- A total of 500m of underground development achieved
- A total of 1,671 microdiamonds were reported from 459kg of sample from the Panguma kimberlite, including 56 commercial size ('macro') diamonds
- Post period, a maiden JORC compliant maiden resource of 910,000 carats announced for Panguma kimberlite bringing the total Tongo Project resource to 8.3 million carats\*
- Encouraging garnet mineral chemistry results reported from two of the kimberlites discovered in Liberia
- A full year of surface and underground construction and development activities completed at the Tongo mine and Liberian exploration sites, without a single lost time injury

*\*Refer to the ASX announcement dated 27 January 2021*

## 1. Tongo Diamond Mine (Sierra Leone)

During the quarter, the underground decline development and infrastructure construction continued in the Tongo diamond mine (**Tongo Project**), although progress continued to be hampered by delays imposed upon the supply chain, which has significantly increased lead times and reduced capacity to bring in required mining equipment and spares. However, the rotation of expatriate staff recommenced, initially with the use of chartered flights, and later with the use of commercial flights which began operating in October 2020.

The original mine construction schedule has been negatively impacted and remains under review. Since the COVID-19 pandemic is not yet over and continues to impact operations, a revised schedule will not be finalised in the foreseeable future. However, the Company was pleased to report the recovery of its first production diamonds during the quarter, within the originally planned timeframe.

## Underground Development

Development of the 4m x 4m Kundu decline continued from the split of the 6m x 4m joint decline for a distance of 114m where it split into two development tunnels:

- a. the decline continuing to the first stope production level,
- b. and the incline to the return airway (**RAW**) which will be developed along the Kundu kimberlite fissure and will be connected to surface via a ventilation shaft, thus allowing circulation of air through the underground workings.

Development is currently focussed on establishing the RAW and achieving air circulation.

During the quarter, the Kundu fissure was intersected some 125m along the incline and a small quantity of highly diluted kimberlite was recovered for processing. This material was processed in late December 2020 and yielded the first carats of diamonds from underground production.

Diluted kimberlite ore is planned to be produced through the first three quarters of 2021 as RAW development continues, ahead of stoping development, which is currently scheduled to commence in Q4 of 2021. The kimberlite is expected to be highly diluted since the RAW development is much wider than the kimberlite to allow sufficient air to circulate. Nevertheless, the kimberlite itself contains the same high grades as demonstrated during resource evaluation and these carats will be recovered through processing of the diluted ore.

At the end of the quarter, a total of 500m of underground development had been achieved, despite the challenges presented by the COVID-19 pandemic.

Development of the decline towards the Lando kimberlite ore reserve is now scheduled to commence in mid-2021.

Throughout the decline developments, three loading cubbies have been established, plus a refuge bay, to be used in an underground emergency. The majority of the underground development so far is through extremely stable and homogenous granitic rock. However, a narrow-faulted zone has been intersected which required additional support. The broken rock encountered in the fault zone produces some water, but much less than anticipated; and this has been easily managed through establishment of a sump and pumping to surface.

Apart from this fault zone, there remains very little water ingress into the underground workings thus far. Furthermore, the side and hanging walls remain remarkably stable with very little jointing and no instability evident. Nevertheless, the hanging wall is being supported as the development progresses, as advised by the Company's geotechnical consultants. As further development continues along the Kundu ore reserve, a reconciliation of production grade versus the modelled reserve and resource grades will be determined through detailed underground surveys and processing recoveries.

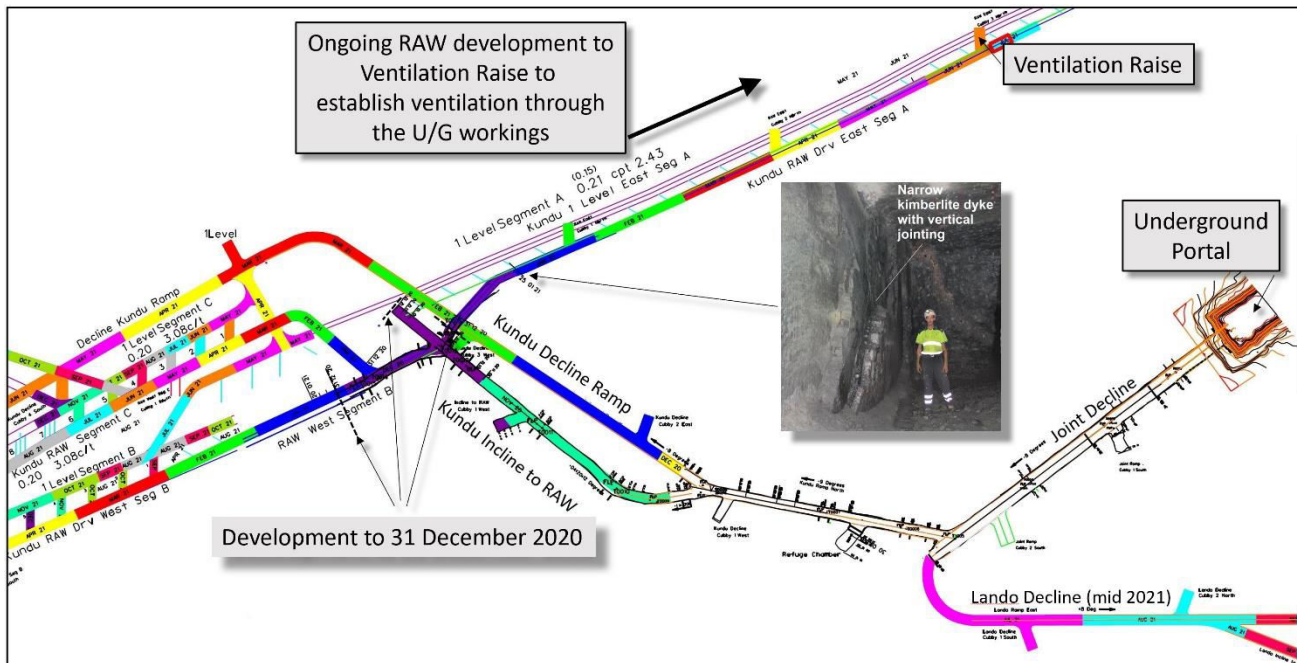


Figure 1: Underground Development Plan showing Kundu Kimberlite intersection



Figure 2: Kundu Kimberlite

## Plant Processing Capacity Strategy

The 5tph plant was commissioned in readiness to process kimberlite produced from the underground RAW development. This plant comprises crushing, dense media separation and X-ray recovery circuits, and has sufficient capacity to process the small quantities of kimberlite expected to be produced through the first two quarters of 2021. As mine development continues, the volume of run of mine material from the RAW will increase and its processing, as well as underground surveying of volumes, will allow reconciliation of the Kundu kimberlite grade versus the ore reserve grade estimate. Progressive build up in kimberlite tonnes and carat recoveries is expected over the coming months as development continues. Additional plant capacity will be progressively brought on stream using plant components already on site to meet the demand for processing increasing volumes of kimberlite culminating in the commencement of stoping in Q4. These measures will ensure that ramping up of production can continue throughout 2021 using available plant infrastructure.

## First Production Diamonds

An important milestone was achieved during the quarter, as the first run of mine (**ROM**) underground production diamonds were recovered from processing of kimberlite produced from the RAW development on the Kundu kimberlite. The excellent colour and clarity of these diamonds are consistent with those recovered previously from bulk sampling work.



Figure 3: The first ROM diamonds from the Tongo Mine

## Mine Infrastructure Construction

Work continued on certain infrastructure elements around the mine, notably a waste sorting belt to upgrade the diluted ore recovered from the RAW development. This waste sorting belt was constructed in-house from existing plant materials. Diluted ore is loaded into the feed bin and the +50mm material is passed over a picking belt where kimberlite is sorted from the waste and is then conveyed into an ore stockpile. The -50mm material is directly conveyed to the same stockpile where it is all then loaded and hauled to the processing plant. This process significantly reduces the amount of waste hauled to and processed via the 5tph plant.





Figure 4: Kimberlite-Waste Sorting Belt

### Panguma Microdiamond Results

The Panguma kimberlite dykes lie approximately 4km southwest of the Kundu/Lando underground portal. Processing of some 459kg of kimberlite from Panguma for microdiamond analysis (by SRC in Canada) was reported and the results complemented data from a total of 487kg of microdiamond sample previously processed. The results of the latest sample analyses are presented below:

Sieve Size (mm)	Number of Stones
-4.750, + 3.350	3
-3.350, +2.360	0
-2,360, +1.700	1
-1.700, +1.180	8
-1.180, +0.850	16
-0.850, +0.600	28
-0.600, +0.425	50
-0.425, +0.300	100
-0.300, +0.212	188
-0.212, +0.150	234
-0.150, +0.106	426
-0.106, +0.075	617
<b>Total Stones</b>	1,671
<b>Sample Weight</b>	459.15kg

Table 1: Microdiamond results from the latest Panguma samples reported by SRC Canada

The largest three stones recovered weigh a combined total of 2.05ct, with the largest weighing 0.92ct. They are shown below and reflect similar colour and shape as diamonds previously recovered from bulk sampling of the Panguma kimberlites.



Figure 5: The largest three diamonds reported from a 459kg microdiamond sample from the Panguma kimberlite dykes.

These results are combined with existing diamond and drilling data by independent mineral consultants Z-Star (South Africa) and MPH Consulting (Canada) and a formal JORC compliant resource report has been issued for the Panguma kimberlite, which was announced on 27 January 2021 and is now also available on the Newfield website: [www.newfieldresources.com.au](http://www.newfieldresources.com.au). In summary, a 910,000 carat inferred resource has been declared for Panguma which brings the total Tongo Project resource to 8.3 million carats (refer to the [announcement](#) for more details).

## Health and Safety

Newfield is pleased to note that continued focus on safety and risk mitigation in its operations has resulted in a total of 408 days without a single lost time injury (**LTI**) (the last LTI on the Tongo Project was in November 2019). This is particularly pleasing to note in the context of the construction phase of the mine. The current LTIFR for the Tongo Project is 0.7.

## 2. Kumbogo Kimberlite Project (Liberia)

Exploration work in the two licences in Liberia has so far led to the discovery of five kimberlites with numerous anomalies suggesting the presence of yet more undiscovered kimberlites. The analysis of mineral concentrate samples from two of the kimberlite discoveries within the Zoi reconnaissance licence reported high interest garnet mineral chemistry. The sample concentrates were collected by crushing pieces of kimberlite and manually concentrating the crushed and sieved rock to produce heavy mineral concentrates rich in kimberlitic indicator minerals such as ilmenite, garnet and chromite. These were sent to the MSA Group in South Africa for indicator mineral recovery and microprobe analysis of garnets at the University of Johannesburg. A total of 89 garnets from K4, and 10 garnets from K5 were recovered in the +0.5mm, -1.0mm fraction and analysed by electron microprobe.

A total of 37 (42%) reported as G10 garnets, which is important because these garnets are known to have originated in the Earth's upper mantle at the same temperature and pressure conditions as diamond.

This result is encouraging, and microdiamond sampling will be carried out to confirm whether the kimberlites are diamondiferous, and to establish a preliminary grade estimate.

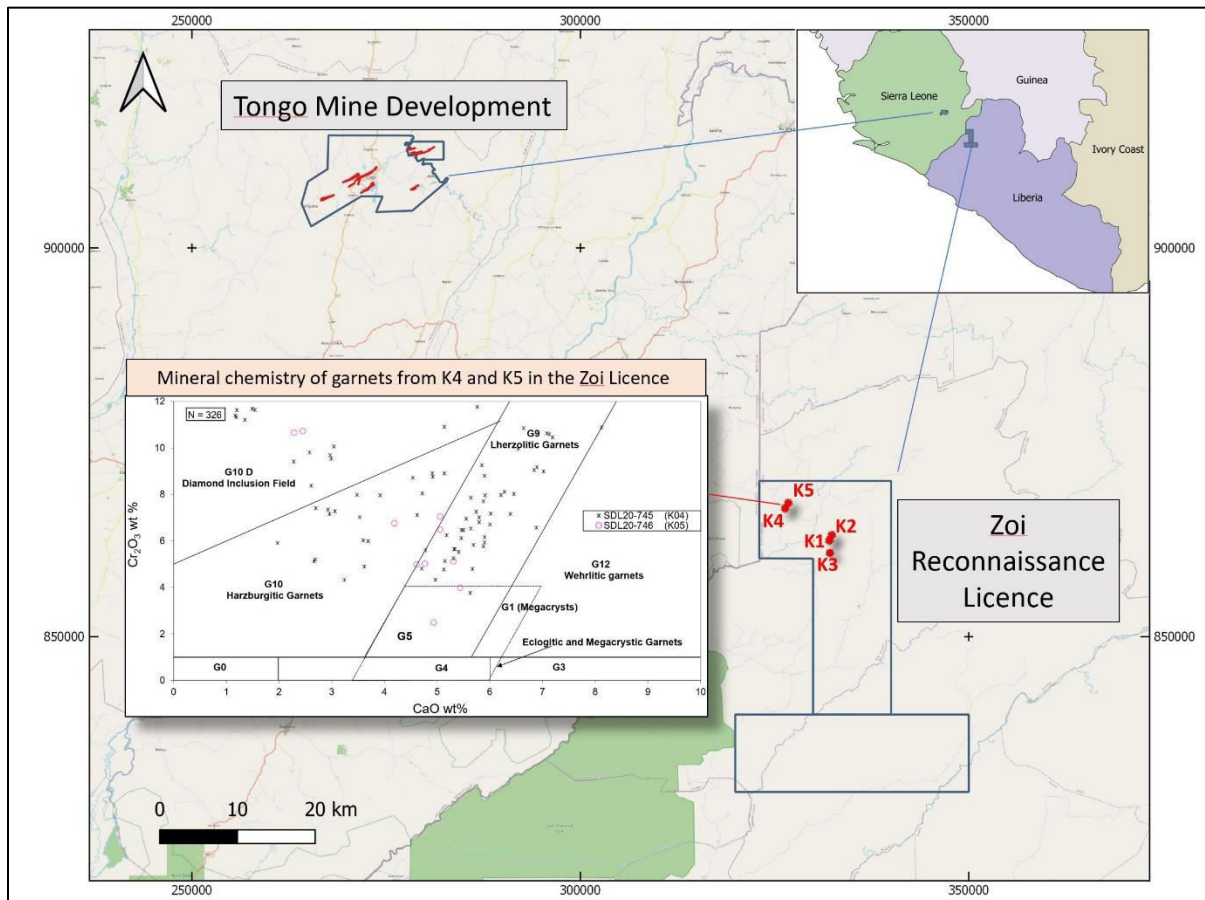


Figure 6: Map of the Zoi Licence showing the location of the K4 and K5 kimberlites and their garnet mineral chemistry.

### 3. Summary of cash flows

The attached Appendix 5B has been prepared on a consolidated basis and includes the cash flows from all subsidiaries across the Group. The operating cash flows in section 1 include the continued cash cost of developing its flagship Tongo diamond mine with the activities focusing on the development of the Kundu decline and associated refurbishment costs for the 5tph processing plant and portal infrastructure. Staff costs remain consistent with the previous quarter as the Group maintains its core contingent of local and expat labour through the pandemic despite the travel restrictions which hampered the movement of staff.

The Group had a continued focus on cash conservation, with funds primarily being allocated towards ongoing mine development and with limited payments made towards administration and director salary and fees during the quarter.

The Company also drew down on the Australian bond and received a further A\$0.65 million from the Australian bond holders. The Company also made lease payments on its mining equipment.

## **Authorised by:**

**The Board of Directors**  
Newfield Resources Limited



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Newfield Resources Limited

ABN

98 153 219 848

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(3,667)	(4,935)
	(c) production	-	-
	(d) staff costs	(1,429)	(2,510)
	(e) administration and corporate costs	(77)	(100)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(282)	(1,335)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(5,455)</b>	<b>(8,880)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(73)	(105)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	10
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(73)</b>	<b>(95)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	650	8,606
3.6	Repayment of borrowings	(510)	(748)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>140</b>	<b>7,858</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(5,388)</b>	<b>(1,117)</b>
4.1	Cash and cash equivalents at beginning of period	5,441	1,003
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,455)	(8,880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(95)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	140	7,858

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	155
4.6	<b>Cash and cash equivalents at end of period</b>	<b>41</b>	<b>41</b>

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	41	5,441
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>41</b>	<b>5,441</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	123
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Executive director remuneration	123
Associated entities	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	40,944	25,722
7.5	<b>Unused financing facilities available at quarter end</b>		15,222
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Corporate Bond facility of US\$20m and A\$15m, repayment after 3 years from the draw down date subject to commercial production or after 5 years, attracting 12% interest (payable in arrears) on a semi-annual basis and unsecured with limited covenants relating to restrictive pledges, further indebtedness and disposal of assets.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(5,455)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(73)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,528)
8.4	Cash and cash equivalents at quarter end (item 4.6)	41
8.5	Unused finance facilities available at quarter end (item 7.5)	15,222
8.6	Total available funding (item 8.4 + item 8.5)	15,263
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: -	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: -	



8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: -

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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.

Date: 29 January 2021

Authorised by: The Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.