

## ASX Announcement

29 October 2021

### SEPTEMBER QUARTERLY ACTIVITIES REPORT

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) is pleased to announce its activities for the quarter ending 30 September 2021.

#### Highlights

##### 1. Development – Tongo Mine

- Underground development of the return airway on the Kundu kimberlite continued
- A total of 792 m of underground development achieved to date (56.3m in the quarter)
- Construction of 25 tph plant and final recovery security building continued

##### 2. Exploration

- Bulk sampling result of Peyima Kimberlite returns grade of 1.02 carats per tonne
- Processing of Kundu and Peyima kimberlites yielded 379 carats and 111 carats respectively

##### 3. Environment, Social and Governance (ESG) Reporting

- 681 Lost Time Injury free days recorded to date, LTIFR reduced to 0.5
- Successful HSEC audits undertaken by Government authorities
- Three schools constructed handed over the local community authorities

##### 4. Corporate

- Non-renounceable rights issue launched to raise up to \$50.8 million

## 1. Tongo Diamond Mine (Sierra Leone)

### *Underground Development*

During the quarter, blasting focused on advancing the Return Air Way (RAW) of Kundu kimberlite Segment A towards the ventilation shaft. In addition, blasting was conducted on the RAW that is advancing towards Kundu kimberlite Segment B. Total development achieved to date is 792m, inclusive of the 56.30m of advance this quarter. Figure 1 shows the development plan to the end of the quarter.

Kimberlite continued to be extracted from the Segment A RAW and hauled to the 5tph plant for processing. The kimberlite remains approximately 25-30cm in width and is comprised of fresh, macrocrystic kimberlite with a smooth contact with the wall rock granite which results in a relatively clean breakaway of the ore from the country rock.

Underground infrastructure has focussed on a new water dam construction and installation of pumping system to ensure the water ingress is controlled and the mine is maintained as dry.

In addition, the ventilation shaft on surface was cleaned and dewatered in advance of the future “holing out to surface” from the Kundu RAW. Furthermore, the design of the ventilation raise from underground, also to be used as the second escape way, was completed and is ready to be implemented as soon as the RAW has reached the desired position to start the ventilation raise. The distance from the current mine face on the RAW to the raise for the ventilation shaft is 52.5m.

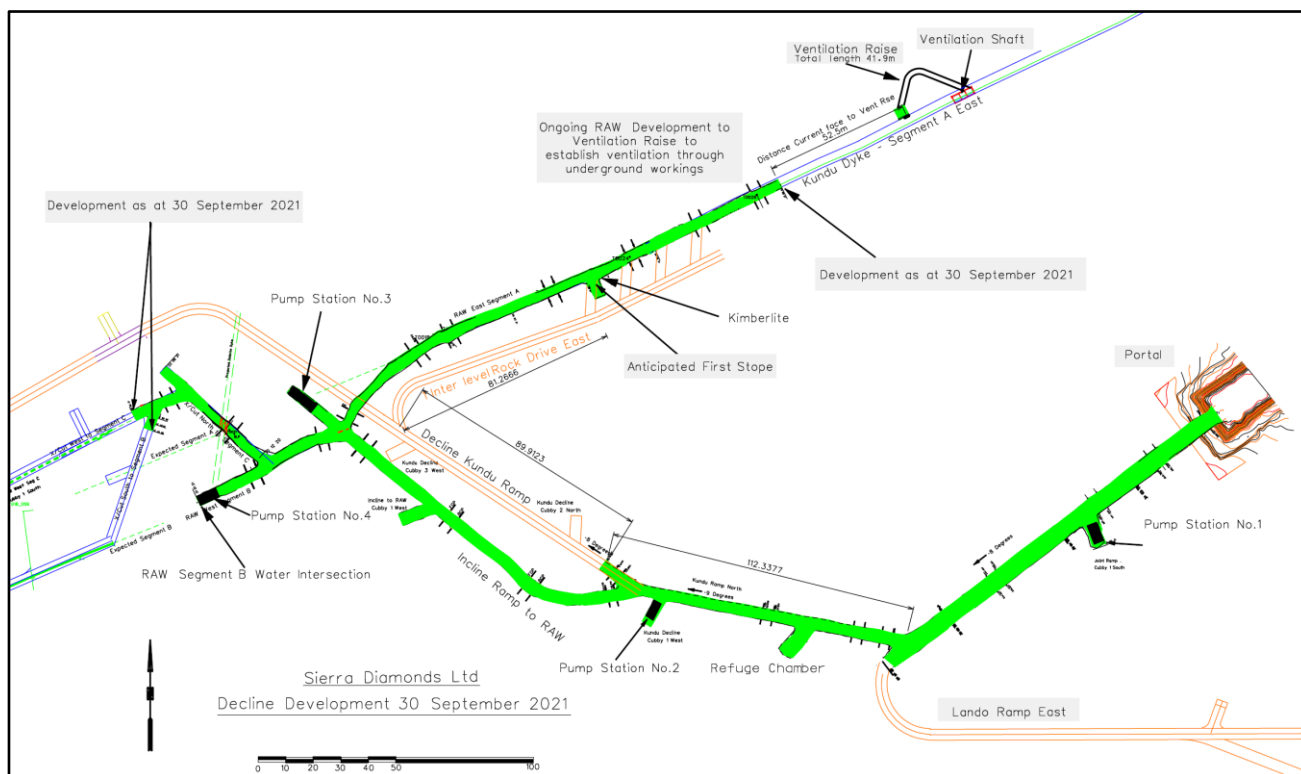


Figure 1: Mine development to 30 September 2021



Figure 2: Mine Site and Infrastructure



*Figure 3: Portal Entrance to Joint Decline*



*Figure 4: Kundu Decline; Electrified and Ventilated*



*Figure 5: Dam 3 and Water Pumps Constructed*



*Figure 6: Junction between Kundu Segment A RAW (to left) and Incline (to right)*

### ***Construction of 25tph Processing Plant***

Earthworks and civils construction for the production 25tph processing plant progressed this quarter. In addition, construction of a security building commenced. This security building is adjacent to the planned final recovery building from where the diamonds will be recovered using Dehtech X-Ray machines. It is expected that the plant, final recovery and security building construction will be completed during Q1-22, in time for the anticipated increase in production from the underground mine.



*Figure 11: Civils of 25tph Plant and Security Building*

## **2. Exploration**

### ***Processing of Kundu Kimberlite***

As reported, since the Kundu Segment A RAW is developed “on reef” a small amount of kimberlite is recovered as the RAW advances. This kimberlite has been hauled from the underground and either passed over the waste picking belt, to remove the +50mm waste material, or where the kimberlite is relatively undiluted it is hauled directly to the 5tph processing plant and stockpiled. Processing of the kimberlite was conducted during the quarter with some 379 carats being yielded. The quality of the stones is good and includes a representative proportion of gem stones in line with historical sampling.



*Figure 7: Diamonds Recovered from Kundu  
 (Sizes from Top Left to Bottom Right, 4Gr, 5Gr, 3ct, 5gr)*

### ***Processing of Peyima Kimberlite***

As reported in the March 2021 quarterly, the Company undertook a bulk sampling exercise of the Peyima kimberlite. This kimberlite is located to the southeast of the Tonguma mining concession, and has been mapped along surface over a distance of 2.24km, primarily following historical artisanal mining. A limited drilling programme was conducted in 2012 whereby four holes were drilled, three of which intersected kimberlite with the deepest intersection being 130m from surface (vertical depth).

The Company collected a calculated 108 dry tons of kimberlite which was hauled and stockpiled at the 5tph bulk sample processing plant.

During the current quarter, processing of this kimberlite via the 5tph plant, with diamond recovery by X-Ray Flowsort, yielded a total of 960 stones weighing 110.58 carats, with the largest single stone being 5.07 carats in size (near gem quality). The calculated grade of the bulk sample is 1.02 carats per tonne (102cpht) at bottom cut off used of +1.2mm.

Table 1: Peyima Bulk Sample Processing Results

	Dry Tonnes	Carats	Stones	Average Stone Size	Grade cpht (+1.2mm)	Largest Stone
Peyima Kimberlite Bulk Sample	108.0	110.58	960	0.12	102.37	5.07 carats

As well as the bulk sample, a composite 200kg sample was also collected for microdiamond analysis from along the strike of the exposed kimberlite in the trench. These samples will be exported to the SRC Laboratory in Canada for processing.

There is insufficient data to declare a mineral resource estimate for Peyima at this stage. However, once the microdiamond results are received a decision will be made on whether to progress the evaluation to include further drilling and bulk sampling.

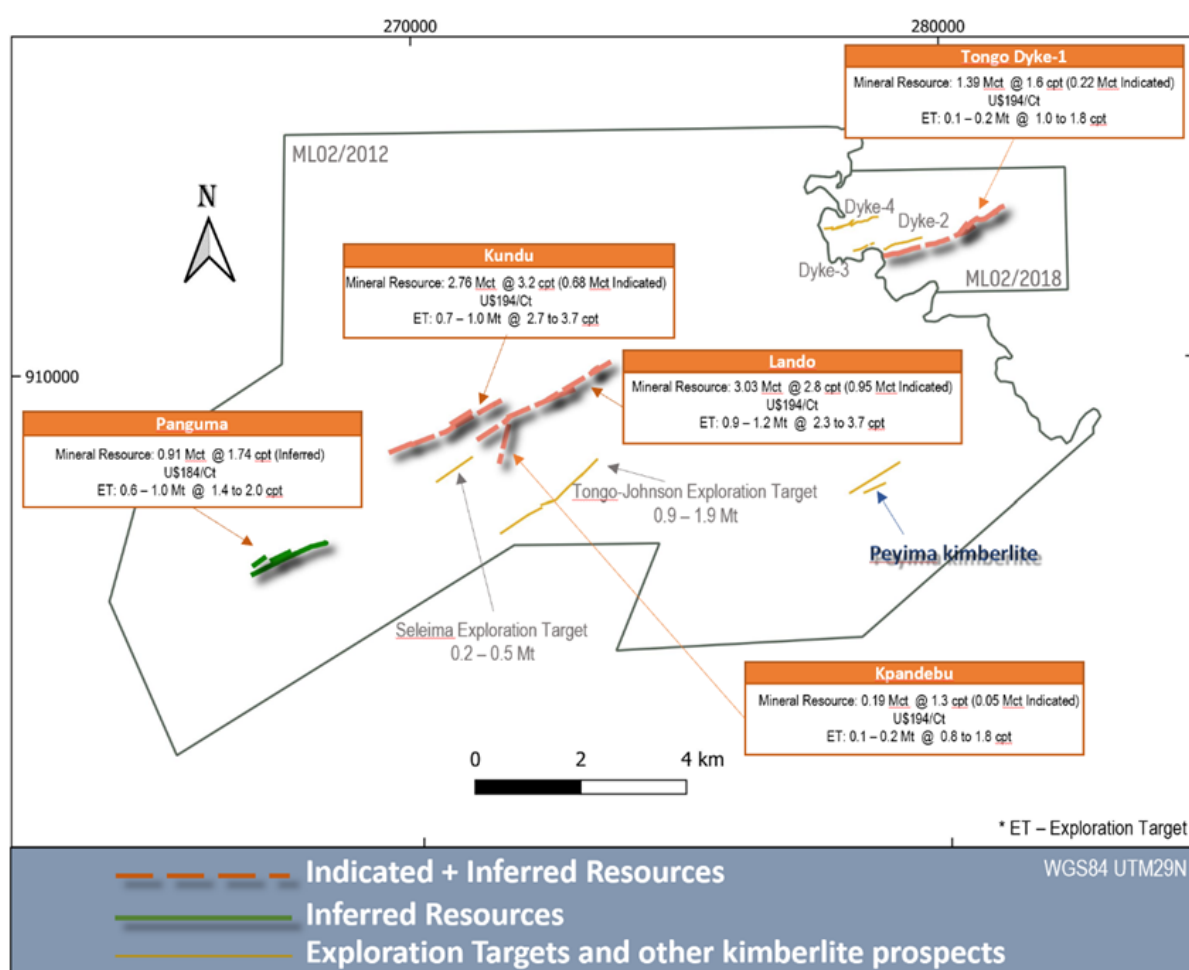


Figure 8: Tongo Mining Licences and Peyima Location



*Figure 9: Bulk sampling of the Peyima kimberlite dyke*



*Figure 10: Diamonds Recovered from the Peyima Kimberlite Bulk Sample  
(Sizes from Top Left to Right, 3Gr and 4Gr)*

### 3. ESG Report

#### ***Environmental Audit***

During the quarter regular environmental audits were performed on the Company's operations by the Environmental Protection Agency. All audits were successfully passed which demonstrates that the Company is acting in compliance to both the EPA Regulations and the terms of its Environmental Licences.

In addition, a full Environmental, Health and Safety (**EHS**) audit was performed on the Company's operations by the National Minerals Agency (**NMA**). The audit is conducted to determine the

adherence and compliance of the mining operator to the Environmental and Occupational Health and Safety, referencing the Mines and Minerals Act (2009) and the Mines and Minerals Operational Regulations (2013), respectively. The Company successfully passed the audits, being categorised as “very good compliance” as per the internal NMA score cards. The Company will continue to maintain a strong focus on improving standards in all EHS areas.

### ***Corporate Social Responsibility***

During 2021 the Company has funded the construction of three secondary schools in the immediate local chiefdoms, under the ratified Community Development Agreement and in partnership with the local communities. These three schools were formally handed over to the local communities in the presence of the Minister of Mines and all local chiefdom authorities. In addition, various other initiatives were conducted as part of the wider CSR of the Company, in particular assistance with road construction and upgrades to enable continued vehicular access within the areas during the rainy season.



*Figure 12: Completed Secondary School in Tongo Community*



*Figure 13: Hon. Minister of Mines, Timothy Musa Kabba, addressing Tongo community during school handover ceremony*

## Health and Safety

The Company is pleased to report that no lost time injuries (**LTI**) have occurred on the mine, or on any of the Company's projects, since November 2019, giving 681 LTI free days as at the end of the quarter. This remarkable record is a function of the Company's ongoing focus on health and safety, and its determination that a culture of safety is the norm for all its employees. The current Lost Time Injury Frequency Rate (**LTIFR**) has, as a result, decreased to the 2021 target of 0.5.

## 4. Corporate and Financial Matters

### Cashflow

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 payments to suppliers for development expenditure on the Group's flagship Tongo Diamond Mine and some costs to advance the construction of return airways, process Kimberlite through the 5tph plant and continue the ground works for the 25tph plant.

The Group completed its semi-annual interest payment to its bondholders and incurred head office compliance costs during the quarter.

The Company also received US\$3.095 million from bond drawdowns during the quarter.

The Company is currently undertaking a non-underwritten, non-renounceable rights issue to shareholders on a 1-for-4 basis to raise up to \$50.8 million (before costs) (**Rights Offer**). The Rights Offer closes on 3 November 2021 and funds raised will be utilised to continue the Company's operations.

The Directors continue to assess the Group's funding strategy to maintain an appropriate structure to progress its kimberlite Tongo Diamond Project.

### Payments to related parties

A description of and explanation for payments to related parties and their associates per Section 6.1 of the Appendix 5B following this Quarterly Activities Report is set out in the table below.

<b>Payments to related parties of the entity and their associates</b>	<b>Current Quarter \$A'000</b>	<b>Previous Quarter \$A'000</b>
Directors' remuneration		
Executive Directors <sup>1</sup>	80	117
Non-Executive Directors	10	-
<b>Total Directors' remuneration</b>	<b>90</b>	<b>117</b>
<b>Total payments to related parties of the entity and their associates</b>	<b>90</b>	<b>117</b>

Note:

1. Payments pursuant to Executive Service Agreements as disclosed in the Remuneration Report of the FY21 Annual Report.

## Authorised by:

**The Board of Directors**  
 Newfield Resources Limited

**Schedule of Tenements as at 30 September 2021**

PROJECT	TENEMENT NUMBER	TENEMENT NAME	AREA (km <sup>2</sup> )	STATUS	NEWFIELD'S INTEREST
<b><u>SIERRA LEONE</u></b>					
<b>TONGO KIMBERLITE MINE</b>	ML02/2018	Tongo	9.98	Granted	100%
	ML02/2012	Tonguma	124	Granted	Nil but subject to the tribute mining agreement
<b><u>LIBERIA</u></b>					
<b>KUMBGO PROJECT</b>	MEL1157/14 <sup>1</sup>	Kumgbo	300.00	Granted - Pending renewal	90%
	MEL1158/14 <sup>1</sup>	Kumgbo	370.54	Granted - Pending Renewal	90%
<b><u>WESTERN AUSTRALIA</u></b>					
<b>NEWFIELD GOLD PROJECT</b>	M77/0422	Newfield	0.85	Granted	100%
	M77/0846	Woongaring Hills	0.39	Granted	100%

Note:

- Applications for renewals and relinquishment for certain areas of MELs 1157/14 and 1158/14 have been made to the Ministry of Mines and Energy in Liberia and these are currently pending approval.

**Interests in Mining Tenements Lapsed, Relinquished or Reduced for the quarter ended 30 September 2021**

Nil

**Interests in farm-in or farm-out agreements for the quarter ended 30 September 2021**

Nil

## 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")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(2,071)	(2,071)
	(c) production	-	-
	(d) staff costs	(1,214)	(1,214)
	(e) administration and corporate costs	(111)	(111)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1,150)	(1,150)
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>(4,546)</b>	<b>(4,546)</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	(6)	(6)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 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)	55	55
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>49</b>	<b>49</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	3,095	3,095
3.6	Repayment of borrowings	-	-
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>3,095</b>	<b>3,095</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(1,402)</b>	<b>(1,402)</b>
4.1	Cash and cash equivalents at beginning of period	1,592	1,592
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,546)	(4,546)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	49	49
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,095	3,095

## 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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	<b>Cash and cash equivalents at end of period</b>	<b>192</b>	<b>192</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	192	1,592
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>192</b>	<b>1,592</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	90
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	80
Non executive director remuneration	10

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	42,730	38,432
7.4	<b>Total financing facilities</b>	42,730	38,432
7.5	<b>Unused financing facilities available at quarter end</b>		4,298
7.6	<p>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.</p> <p>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.</p>		

<b>8.</b>	<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)	(4,546)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(6)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,552)
8.4	Cash and cash equivalents at quarter end (item 4.6)	192
8.5	Unused finance facilities available at quarter end (item 7.5)	4,298
8.6	Total available funding (item 8.4 + item 8.5)	4,490
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.99
	<p><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></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>No. The Company will continue to develop its Flagship Tongo Diamond mine in line with the production and development mine plan utilising funds raised from the Rights Offer.</p> <p>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?</p> <p>Yes. The Company is undertaking a non-underwritten, non-renounceable rights issue to shareholders on a 1-for-4 basis to raise up to \$50.8 million (before costs) (<b>Rights Offer</b>). Subscription funds are expected to be available after the allotment of shares pursuant to the Rights Offer on 10 November 2021 to continue the Company's operations.</p>	

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?

Yes. The Company expects to be able to meet its objectives upon the successful completion of the Rights Offer.

*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 October 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.