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## **ASX Announcement**

30 April 2020

[www.newfieldresources.com.au](http://www.newfieldresources.com.au)

# **MARCH 2020 QUARTERLY ACTIVITIES REPORT**

Newfield Resources Limited (**Newfield or the Company**) is pleased to announce its activities during the March 2020 Quarter.

## **Highlights**

- **Underground drill rigs, loaders and haul trucks arrived and commissioned on site at the Tongo Diamond Mine**
- **Underground drill and blast decline development commences**
- **Excellent progress with surface infrastructure construction**
- **Fabrication of key components of the 100tph processing plant commenced**
- **Earthworks and civils construction for the 100tph processing plant progressed**
- **Impact of Covid-19 pandemic on project development and mitigation measures**

## **1. Tongo Diamond Mine (Sierra Leone)**

2020 got off to an excellent start with underground mining equipment being delivered and the commencement of drilling and blasting of the underground decline. Infrastructure construction also continued across the camp, mine and plant site areas to provide the necessary support for the future underground mine operations.

A number of key appointments were made during the quarter, including further underground mining skills, engineering and supply chain management staff. The project now has a total of 40 skilled expatriates and 322 national staff, including 9 graduate trainees and interns as the Company strives to develop local staff and provide employment opportunities.

Newfield continues to focus on safety and risk mitigation in its operations. Significant progress has been achieved with 160 LTI free days being achieved by the end of the quarter, giving a LTIFR of 0.9.

### **Impact of the Covid-19 Pandemic and Mitigation Measures**

The Government of Sierra Leone (**GoSL**) has implemented various emergency measures to combat the COVID-19 pandemic, including curfews and international and in-country travel restrictions. However, the Company has been granted permission to continue work within the constraints of various lockdown measures.

Whilst expatriate staff are currently unable to rotate in and out of Sierra Leone, a large complement of skilled expatriate staff remains in country to continue the development of the Tongo Mine. Expatriate staff located outside of Sierra Leone are working remotely when their rotation leave is completed.

The Company has accordingly reviewed and updated its emergency response policy and procedures, and all staff are being briefed on new operating standards which comply with emergency requirements of the GoSL and recommendations of the WHO. This includes work site entry and exit health assessments, distancing protocols, additional hand washing facilities, information updates and personal and family health practices. After the practices were enthusiastically adopted by the work force, they were briefed to the wider community via well-attended special briefing and awareness sessions and easy to understand visual aids. This ongoing education process is helping reduce the risk of local spread of the COVID-19 virus should it arrive within the local community.

### Underground Development

Underground drill and blast operations commenced during the quarter, and to date the decline development has advanced some 76m (Figure 1). The entrance to the portal has been fully supported in accordance with recommendations made by consulting rock engineers MLB Consulting (South Africa). The ongoing development of the 6m x 4m decline tunnel is critical to the project progress, as each blast brings us closer to the first ore stopes. Whilst supply chain delivery of spares and consumable items has been severely impacted by interim limitations imposed by local and international institutions, the Company presaged these restrictions and made special arrangements before the limitations were implemented, such that it is possible to continue underground development operations, at least for the short term. The development work at Tongo therefore continues within the constraints of the new COVID-19 safe working protocols.



**Figure 1:** Underground mining equipment and development tunnel with dimensions 6m wide by 4m high.

## Mine Infrastructure Construction

Mine infrastructure construction continued with good progress made on the 100 tph plant earthworks foundations and civils. Furthermore, construction continued on mine administrative offices, the site clinic and establishment of a potable water supply at the main camp and mine site. At the mine site, the change house, lamp room and offices approach completion. Supply chain delivery of construction and mining materials is tightening and is likely to delay completion of some of these structures. The likely impact of such delays on the overall project programme is being actively monitored as events unfold in Sierra Leone with the COVID-19 virus pandemic.



**Figure 2:** Aerial view of the Project camp and plant area showing progress on the plant civils and foundations





**Figure 3:** Aerial view of the Portal area showing infrastructure elements under construction.

### 100tph Plant

METC Engineering of Johannesburg reports that construction of the 100tph plant components has been suspended due to a strict lockdown in South Africa. This will delay the delivery of the processing plant, due to commence operation in Q2 of 2020. However, the Company has a back-up plan in place, which involves utilising the existing bulk sample plant to process the first ore that arrives from the underground mining stopes. This plant has sufficient capacity to process the first ore deliveries as stopes are gradually added to the production capacity.

This back-up plan will mitigate the effects of the likely delay in the delivery of the 100tph plant noted above and will support the overall project objective of achieving first diamond production by year's end.

### Community Development

The first three community development projects under the supervision of the Tongo Mine Community Development Committee (TMCDC) commenced during the quarter. Following a detailed needs assessment conducted by an independent consultant at the end of 2019, a set of prioritised projects was identified and costed. The first three projects are all school construction projects, with the provision of clean water and ablution facilities. Excellent progress has been achieved at all three construction sites, however these projects too have been impacted by the Covid-19 pandemic, with completion delayed until the end of the year



**Figure 4:** School construction at three locations close to the Tongo Diamond Mine Development

### **Panguma Mineral Resource Expansion Programme**

The Panguma kimberlite is a dyke system comprising five segments (referred to as segments A to E) with high, but variable grades. Analysis of the drill intercepts and density data by MPH Consulting (Canada) is continuing.

The 2019 microdiamond core drilling sampling programme combined with the processing of existing core and grab microdiamond samples and the re-pricing of the Panguma Bulk sample has allowed for a review of the grade and revenue estimates of the Panguma dykes by Zstar Mineral Resource Consultants (Pty) Ltd (Cape Town). A number of dyke domains and segments have sufficient data for grade and revenue analysis at an Inferred level of Mineral Resource classification. Further sampling is required before a Mineral Resource estimation can be reported. Therefore, the Panguma kimberlite remains an exploration target until the additional sampling is completed.

## **2. Kumbgo Kimberlite Project (Liberia)**

The Kumbgo kimberlite project comprises two exploration licences that cover a total area of 670 km<sup>2</sup> located in the western part of Liberia. Western Liberia has historically experienced considerable artisanal diamond digging activity and yielded large and high value diamonds.

Exploration work has been focussed on reconnaissance and follow up stream sampling throughout the two licences. Laboratory results confirmed many positive samples with probe confirmed kimberlitic ilmenite with supporting spinel and garnet, which indicates the presence of undiscovered kimberlites within the licence areas.

Field observations from follow up sample concentrates show that many samples have significantly high abundances of ilmenite. A number of these strong anomalies that coincided with geomorphological features, such as low lying swamp areas, have been trenched and revealed the presence of five kimberlite dykes in three discrete areas, designated K1 to K5, with widths ranging from 10cm (K2) to 250cm (K3) and mapped strike lengths of up to 600m (K1). Furthermore, a blow of 9.5m x 5.6m has been identified with dyke K1 and a blow or enlargement of 12.2m x 5.2m has been delineated along dyke K4.

In order to confirm whether the kimberlite blow on K1 is diamondiferous a sample totalling a dry weight of 137.8kg was collected and consigned to the Saskatchewan Research Council (SRC) for microdiamond analysis. Some five diamonds were recovered from the sample which would imply that the blow, although diamondiferous, is likely to be low grade. Exploration will continue to focus on other priority anomalies in an effort to identify and test new kimberlites within the licence areas.

## **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 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 (if expensed)	(175)	(188)
	(b) development	(5,196)	(11,339)
	(c) production	-	-
	(d) staff costs	(1,596)	(4,615)
	(e) administration and corporate costs	(496)	(1,155)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	149	230
1.5	Interest and other costs of finance paid	(6)	(432)
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>(7,320)</b>	<b>(17,499)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(410)	(3,607)
	(e) investments	-	(750)
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 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	-	6,700
2.4	Dividends received (see note 3)	18	38
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(392)</b>	<b>2,381</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	7,656	17,256
3.6	Repayment of borrowings	(14)	(194)
3.7	Transaction costs related to loans and borrowings	-	(975)
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>7,642</b>	<b>16,087</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,525	491
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,320)	(17,499)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(392)	2,381
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,642	16,087



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	457	452
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,912</b>	<b>1,912</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,912	1,525
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,912</b>	<b>1,525</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

(250)

-

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

Directors' remuneration	(196)
Payments to non executive directors	(25)
Professional services provided by entities associated with directors	(29)

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

<b>7. 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)	47,560	17,198
7.4 <b>Total financing facilities</b>	47,560	17,198
7.5 <b>Unused financing facilities available at quarter end</b>		30,362
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(7,320)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(410)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(7,730)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,912
8.5 Unused finance facilities available at quarter end (Item 7.5)	30,362
8.6 Total available funding (Item 8.4 + Item 8.5)	32,274
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	4.2
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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: Not applicable.	
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: Not applicable.	
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: Not applicable.	

**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: 30 April 2020 .....

Authorised by: The Board of Directors  
(Name of body or officer authorising release – see note 4)

**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.