



ASX: NWF

ABN: 98 153 219 848

15 McCabe St
North Fremantle WA 6159
T: +08 9389 8880
F: +08 9389 8890

ASX Announcement

31 July 2020

www.newfieldresources.com.au

JUNE 2020 QUARTERLY ACTIVITIES REPORT

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

Highlights

- **Underground development continued despite challenges imposed by the Covid-19 pandemic**
- **The 6m x 4m joint decline developed to 140m underground**
- **The 5 tph bulk sample plant was relocated in preparation for first ore delivery**
- **Continued construction of elements of the surface infrastructure to support the commencement of production by year's end**

1. Tongo Diamond Mine (Sierra Leone)

Despite the impact of the Covid-19 pandemic on progress at the Tongo Diamond Mine Construction Project, underground development and surface infrastructure work continued throughout the quarter. Supply chain interruptions, suspension of expatriate worker fly-in fly-out rotas and other travel restrictions, and constraints imposed by local lockdown measures, have all impacted negatively on Project progress during this quarter. However, the team remaining on site since March has continued work, albeit under challenging circumstances.

Newfield is particularly pleased to note that continued focus on safety and risk mitigation in its operations has resulted in a total of 224 LTI-free days being achieved by the end of the quarter, giving an improved LTIFR of 0.8 (0.9 in the March 2020 Quarter).

Impact of the Covid-19 Pandemic on the Tongo Diamond Mine Project

Emergency measures implemented by the Government of Sierra Leone (**GoSL**) to combat the COVID-19 pandemic remained in place throughout the Quarter. These included curfews and international and in-country travel restrictions. However, the Company was granted permission to continue work within the constraints of the various lockdown measures (NWF ASX announcement 22 April 2020), and whilst expatriate staff were unable to rotate in and out of Sierra Leone, the large complement of skilled expatriate staff that remained in country was able to continue the Tongo Mine construction work. Where possible, expatriate staff located outside of Sierra Leone continued working remotely.

The local and international lockdown measures designed to mitigate the spread of Covid-19 have had a severe impact on supply chains, such that the supply of building materials (such as cement), and spare parts for mining equipment, suffered frequent delays. This in turn has had a negative impact on project progress estimated as follows:

- Underground development has so far lost approximately 8 weeks relative to target as spare parts for mining equipment could not be supplied in time, and the mining team could not be expanded into a double shift during June. However, the Company still expects to produce the first ore in 4Q of 2020 and a revised mining schedule has been established.
- Surface Infrastructure has lost approximately 8 weeks due to supply chain issues. However, this time can largely be made up between now and the end of the year.
- The construction of the 100 tph plant in Johannesburg was suspended due to a strict lockdown in South Africa during April. This will undoubtedly affect delivery of the processing plant, which was due to commence in Q2 of 2020, and which will have a knock-on effect on the availability of the 100 tph plant once ore is available for processing. However, the engineering, design and drawings of the 100 tph plant continued through the lockdown and is largely complete (Infrastructure, Earthworks, Structural, Platework, Mechanical, Pipework, Valves, Instrumentation, Control and SCADA). The Company has a back-up plan in place, which involves utilising the existing 5 tph bulk sample plant to process the first ore that arrives from the underground stopes. This plant has sufficient capacity to process the first ore deliveries as stopes are gradually added to the production capacity, and will support the overall project objective of achieving first diamond production by year's end.

The Project schedule and financial model will be revised to reflect the project delays, and this will be updated in 3Q or 4Q once the full impact of the Covid-19 pandemic has been established.

Underground Development

Underground drill and blast operations continued during the quarter, and to date the 6 m x 4 m joint ramp decline development is almost complete, having advanced some 140 m (including 76 m in 1Q), including one joint ramp cubby (10m of development) which provide space off the decline ramp for storing equipment, and parking mining machinery during blasts. The joint ramp decline is almost at the point at which the two 4 m x 4 m access ramps split away to the Kundu Ore Reserve in the north, and the Lando Ore Reserve in the east (Figure 1). Development of the Kundu ramp will commence in 3Q, leading to production of first ore in 4Q of this year. Development of the Lando ramp is now scheduled to commence in early 2021.

The geotechnical conditions underground remain very stable, with a small number of structural geological features encountered. However, the entire roof of the decline has been supported with the use of 1.5 m interval split set bolts and mesh to ensure stability over the life of mine. The decline is also remarkably dry, with almost no water ingress reported, even though the wet season has commenced in Sierra Leone. This is a very encouraging sign, since it reduces the geotechnical risks significantly, and will lead to lower operating costs if large volumes of water do not need to be continuously pumped out of the mine workings. Figure 2 shows underground drill and blast work underway.

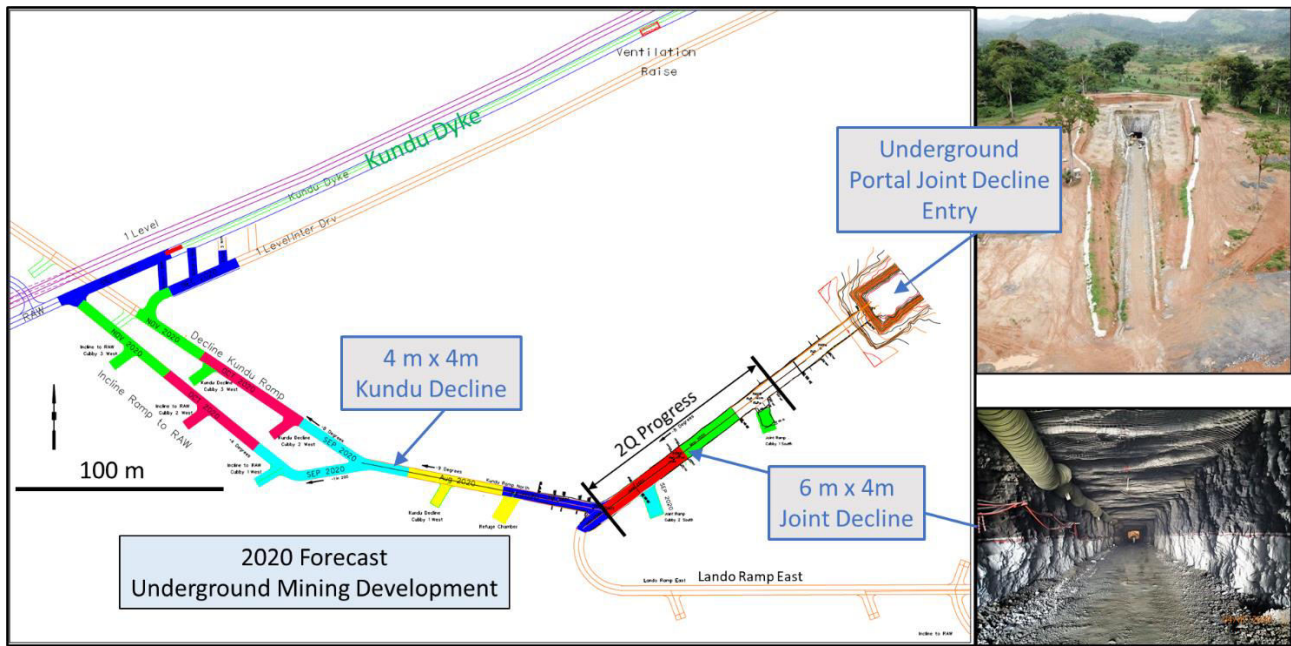


Figure 1: Map of the underground development showing monthly progress and scheduled progress. Top right is an aerial view of the portal entrance to the decline, and bottom right shows the 6 m x 4 m decline underground.



Figure 2: Underground drill and blast work underway. Top right and bottom right: drilling blast holes on a regular grid pattern; Top left: cleaning drilled holes; Bottom left: charging blast holes.

Mine Infrastructure Construction

Mine infrastructure construction continued, but at a reduced rate, as the supply of materials has been impacted. Nevertheless, good progress was made on various infrastructure elements, including expansion of the stores, administrative offices, change house, ablutions and dining area at the portal, and storm water drainage at various locations around the mine.

100tph Plant

Although the manufacture of the 100 tph plant has been temporarily suspended due to the Covid-19 related lockdown in South Africa, preparation of the earthworks on site continued. The filling and compacting at the ROM Tip wall area was completed, and the rest of the main plant foundations was 80% completed during the quarter. In addition, the steelwork for the wall reinforcement and service tunnel commenced.



Figure 3. The foundation for the 100 tonne per hour (tph) made good progress during the quarter and is 80% complete.

To mitigate the delay in construction and commissioning of the 100 tph plant during 2020, the 5 tph bulk sample plant was relocated from its previous location adjacent to the Tongo Dyke-1 kimberlite, some 11 km to the main plant area adjacent to the camp, to support the overall project objective of achieving first diamond production by year's end (Figure 4). This plant has sufficient capacity to process the first ore deliveries as stopes are gradually added to the production capacity.



Figure 4: The 5 tph bulk sample plant has been relocated from its position adjacent to Tongo Dyke-1, to the main plant site adjacent to the main camp in readiness to process bulk samples from Peyima and other Resource expansion programmes, and the first tonnes from underground at Kundu. The erection of the 100 tph plant has been delayed because of manufacturing delays in South Africa brought about by the Covid-10 pandemic, so the 5 tph bulk sample plant will be used to process the first production tonnes before the end of this year. The 5 tph plant comprises a primary crusher (not in picture), secondary crushers, dense media separation, and a dual Flowsort X-ray diamond recovery system.

Mineral Resource Expansion Programmes

Mineral Resource expansion work was undertaken at two localities. Further microdiamond samples were collected at the Panguma kimberlites, and a small bulk sample was collected at Peyima (Figure 5).

At Panguma, a further 609 kg of microdiamond sample was collected and shipped to the SRC laboratories in Canada for analysis. These samples will provide additional confidence in the grades of dyke segments B, C and E within the Panguma dyke system.

The Peyima kimberlites comprise a dyke system situated on the southern margin of the Tongo kimberlite cluster, comprising at least two segments and possibly a small blow (based on historical reports). It is the least sampled, and least known kimberlite within the Tongo cluster. A total of only three drill intercepts are recorded from previous exploration work, and, whilst artisanal mining has taken place on surface, no information is available on grade or diamond quality. During the quarter, a small bulk sample comprising 10.4 wet tonnes of kimberlite was collected for processing through the 5 tph bulk sample plant, to provide an initial indication of grade and diamond quality. This information will in turn confirm the decision on whether to undertake a full evaluation programme. The sample will be processed once the relocated 5 tph plant has been re-commissioned.

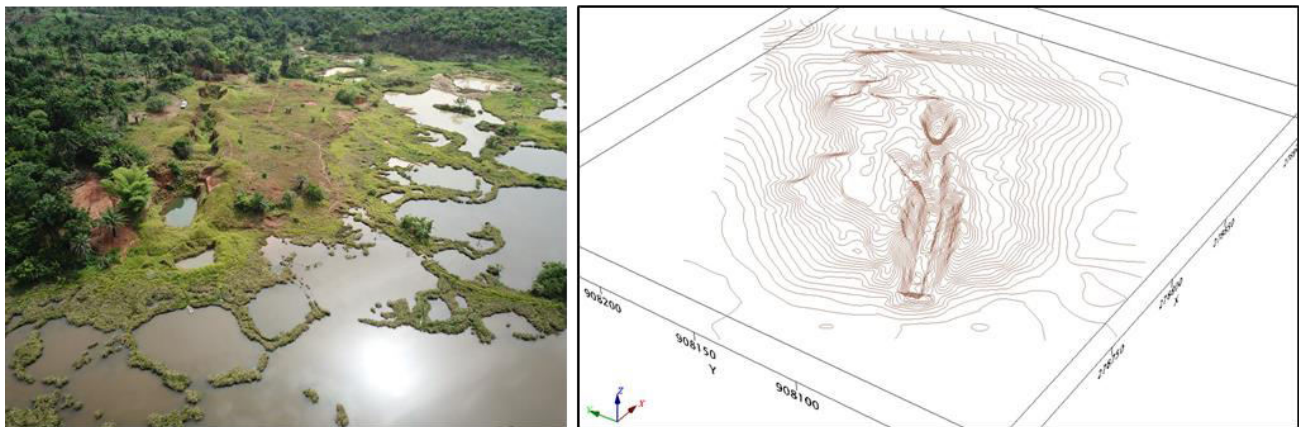


Figure 5: Left: Aerial view of the Peyima kimberlite locality showing flooded artisanal mine workings surrounding the dykes at surface; Right: Excavated trench for bulk sampling at Peyima.

Environmental Audit

The Company hosted the Sierra Leone Environmental Protection Agency (EPA) for their annual environmental audit during June (Figure 6). The EPA team comprised 7 auditors, including the Executive Chairman of the EPA Dr Bondi Geva. The team undertook a thorough audit of the entire site, including kitchens, office, accommodation blocks, boreholes, waste segregation areas, the plant site, garage, fuel depot and workshops, clinic, incinerator and the portal and underground mining areas. The EPA's findings were minor and overall they were very impressed with the Company's efforts both in maintaining high environmental standards, and in training staff in the importance of maintaining high standards. Findings included recommendations on establishing a sewage plant, which is already planned for later in the project development.



Figure 6. The Company hosted the EPA for the annual environmental audit during June

Community Development

The three building contractors appointed to construct schools in the Project area all made good progress during the Quarter. Pictures of the school at Lowoma village are shown in Figure 7. Until the mine is in production (and a royalty-based community contribution is initiated), the Company is committing U\$100,000 per annum into community projects which are selected and overseen by the community themselves, as well as the District Council and Civil Society.



Figure 7. Progress at the school at Lowoma Village within the Tonguma Mining Licence. Top left, the front of the school after painting; top right, and hand pump well for clean, fresh water; bottom left, toilet facilities; bottom right, the rear of the main school building. Education is one of the key pillars of the community development programme identified jointly by the Company and community.

2. Kumbgo Kimberlite Project (Liberia)

Exploration work on the Kumbgo Kimberlite Project focussed on second phase reconnaissance and follow up stream sampling within the more interesting western part of the licence where the probable southern extensions of the known Kumbgo kimberlites dykes extend. Laboratory results previously confirmed many positive samples with probe confirmed kimberlitic ilmenite. A total of 42 stream samples were collected in April and were consigned to The MSA Group laboratory in South Africa.



Figure 8. Location of the Company's licences in Liberia and Sierra Leone.

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")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(8)	(196)
	(b) development	(1,346)	(12,685)
	(c) production	-	-
	(d) staff costs	(1,028)	(5,644)
	(e) administration and corporate costs	(186)	(1,341)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	230
1.5	Interest and other costs of finance paid	(49)	(482)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(2,617)	(20,118)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(93)	(3,701)
	(e) investments	-	(750)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	750	750
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	6,700
2.4	Dividends received (see note 3)	13	51
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	670	3,050

3.	Cash flows from financing activities		
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	1,242	18,497
3.6	Repayment of borrowings	(170)	(364)
3.7	Transaction costs related to loans and borrowings	-	(975)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,072	17,158

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,912	491
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,617)	(20,118)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	670	3,050
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,072	17,158

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(34)	422
4.6	Cash and cash equivalents at end of period	1,003	1,003

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	1,003	1,912
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)	1,003	1,912

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	-
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>		

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	44,079	18,270
7.4	Total financing facilities	44,079	18,270
7.5	Unused financing facilities available at quarter end		25,809
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.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,617)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(93)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,710)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,003
8.5	Unused finance facilities available at quarter end (item 7.5)	25,809
8.6	Total available funding (item 8.4 + item 8.5)	26,812
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	10
<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:	

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

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: 31 July 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.