

ASX Announcement

31 October 2022

QUARTERLY ACTIVITIES REPORT for period ending 30 September 2022

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) announces its activities for the quarter ended 30 September 2022.

HIGHLIGHTS

Safety

- 130 Lost Time Injury Free Days recorded to end of quarter
- 0 LTI recorded for the quarter and year to date
- LTIFR year to date 0.74 (per 200,000 hours worked)
- Life of Mine LTIFR 0.48 (per 200,000 hours worked)

Mine Development and Production

- 317m of underground development achieved in the quarter (1,831m to date)
- First Level-1 production stope face advanced 26.3m (45.4m to date)
- Second Level-1 production stope established with face advanced of 6m
- 504 run of mine tonnes processed via 5tph plant
- 1,180 carats yielded from processing (+1.2mm grade of 2.34 carats per tonne)

Corporate and Funding

- Further A\$3.255 million capital raise as part of a A\$10 million underwriting by Townshend Capital
- A\$55 million equity funding facility entered into with L1 Capital
- Placement of A\$0.5 million by L1 Capital

1. Safety

There were zero lost time injuries (**LTI**) recorded during the period and the financial year to date and the Company records 130 LTI free days as at the end of the quarter. The last LTI was recorded on 24 May 2022. The life of mine Loss Time Injury Frequency Rate (**LTIFR**) has improved to 0.48 (end of the last quarter: 0.53). The reporting calculation is based on per 200,000 hours worked. Early in the quarter the National Minerals Agency completed its site visit into the fatality reported in the last quarter and authorised the mine to resume full operations. Furthermore, the Company has completed all processes regarding the full and final compensation settlement with the bereaved family.

2. Operations - Tongo Diamond Mine Development

Underground Development

A total of 316.90m was developed, bringing the total underground development for the project to 1,830.90m. The focus has been to advance the Kundu rock and reef drives to provide access to the second and third stope faces on the Kundu A ore body segment. In addition, development of the Lando decline has now commenced and has advanced 60m from the split with the joint decline.

Figure 1 shows the underground mine development to date (green), with Kundu kimberlite development and stopes show (blue). The ongoing development will focus on the Kundu and Lando declines as well as stope mining on Kundu Level-1 mine stopes 2 and 3.



Figure 1: Mine development to 30 September 2022 (superimposed on surface imagery)

Level-1 Production Stopes

The first Level-1 production stope was further developed during the month and has advanced some 26.3m during the quarter (45.4m advance to date) and has reached the safety pillar, marking the completion of this stope. Due to the competency of the granitic side walls, and the efficient drilling and blasting pattern deployed in the stope, the average stope width achieved is 0.65m. The FEED study forecast a stope width of 0.85m, meaning that the first stope is extracting 24% less waste than forecast.

The second Level-1 production stope was established in the quarter and had advanced away from the safety pillar by some 6m at the end of the quarter. Post period into mid-October the stope had advanced by a total of 19m and is maintaining an average stope width of 0.55m, which is yielding 35% less waste than forecast by the FEED study.

At the end of the quarter, a total of 1,454 tons of run of mine stope material has been blasted and is currently being extracted and transported to the 5tph plant for processing.

The third Level-1 production stope raise is currently being developed from cross-cut 14 of the rock drive and will be developed in an easterly direction (Figure 2).

Once mine stope 2 is completed, the safety pillars between the various stopes will be extracted and processed.



Figure 2: Level-1 Stope Mining

Processing

Processing from both underground and surface bulk samples has yielded a total of 1,180 carats (at a +1.2mm cut off) from 504 diluted tonnes for a combined process grade at a +1.2mm cut-off of 2.34 carats per tonne.

Processing of Level-1 fissure drive and stopes totalled 811 carats. The surface bulk samples have yielded 221 carats from Kundu and 148 carats from Lando, primarily from second pass of production tailings. The underground production carats will increase next quarter as the first and second Level-1 mine stopes are drawn and processed.

The diamond quality remains consistent with previous announced production.

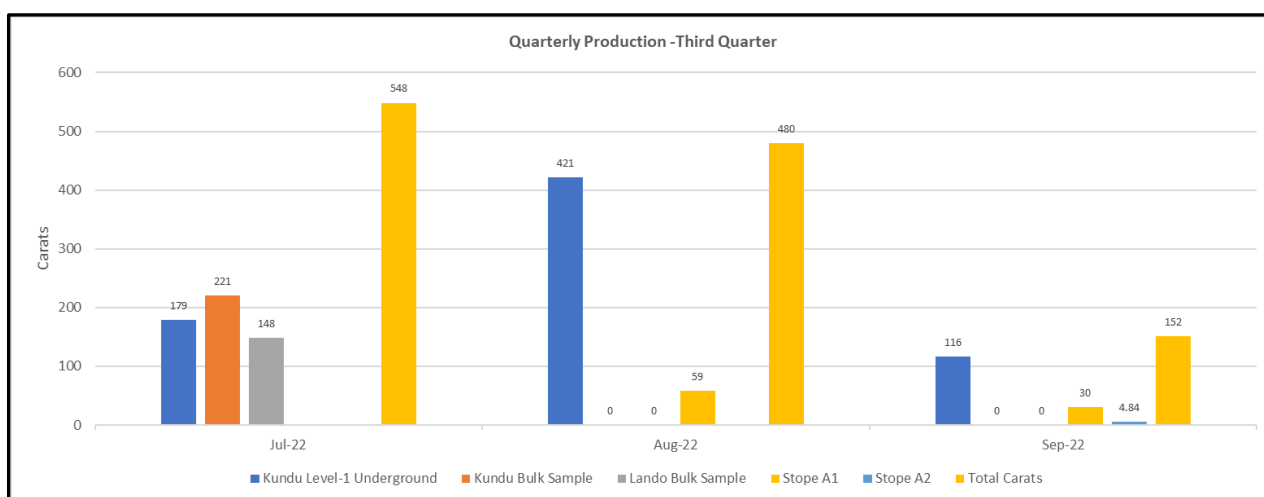


Figure 3: Quarterly Carats Produced July to September 2022

Bulk Sampling Grade Reconciliation

Bulk sampling of the Kundu and Lando kimberlites was reported in the previous quarterly report.

Processing of both the Lando (TGBS4) and Kundu (TGBS3) bulk samples was completed. A total of 2,699 carats were recovered from the bulk samples. The results of the sampling exercises are recorded below:

- The Kundu sample yielded a total of 1,062 carats from a surveyed in-situ kimberlite tonnage of 474 tonnes, giving a +1.2mm kimberlite grade of 2.34 carats per tonne (233.94cpt). Based on the geological resource block model, the forecast kimberlite grade was 2.44cpt, giving a negative variance on the bulk sample of -8.27%.
- The Lando sample yielded a total of 1,637 carats from a surveyed in-situ kimberlite tonnage of 762 tonnes, giving a +1.2mm kimberlite grade of 2.15 carats per tonne (214.90cpt). Based on the geological resource block model, the forecast kimberlite grade was 1.98cpt, giving a positive variance on the bulk sample of -8.31%.

Based on the results and variances experienced, the bulk sample grades are consistent with the block model grades.

3. ESG and Reporting

The Company continues to remain compliant with local legislation in submitting its environmental monitoring reports and receiving quarterly audit site visits by the Environmental Protection Agency.

The focus for community development projects remains on supporting small scale agricultural projects and providing microfinance to local businesses for selected community members. A community grievance mechanism has also been rolled out providing a direct channel for communication, discussion and grievance mitigation.

The Company continues to prepare its power requirement documentation for submission to the national power provider, EDSA, as part of negotiations to access the hydroelectric power line that is located in close proximity to the Tongo Mine site. If negotiations are successfully implemented, it would enable the Company to access green energy at a lower cost than the only current option of running diesel powered generators in the remote area of eastern Sierra Leone.

People

At the end of the quarter, Newfield employed 268 people at the Tongo Mine including 19 graduate trainees and interns. Of these, 226 (84%) are local Sierra Leoneans, and 43 (16%) are expatriates. Thirty of the national Sierra Leonean staff are female (13%) and the Company continues efforts to increase this proportion in line with our diversity policy.

4. Liberia Exploration

No exploration work was conducted on the Liberia licences pending processing and results of the microdiamond samples that are currently in the SRC Laboratory in Canada.

5. Outlook

The focus for underground development and production is to continue Level-1 stope mining, and the development of the Kundu and Lando declines. In addition, the development towards the Kundu B and C kimberlite segments to the west of the ore body are expected to resume, with the objective to establish return airway developments on these two segments.

The drawdown of the first production stope will increase the tonnage delivered to the 5tph processing plant and result in an increase in carat production in the second quarter compared to the first quarter.

6. 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. A majority of the quarterly operating cash flows (Section 1) represent the cost of running the mine activities and includes for the first-time direct production costs relating to the diamonds mined. The quarterly operating activity includes continued mining from the first production stope and establishment and mining of the second stope, as well as continuation of the Kundu and Lando decline developments.

Processing of surface bulk samples and underground production material recovered 1,180 carats. However, the Company is yet to enter commercial production and a majority of costs relate to the continuing development of the underground infrastructure.

Capital Raising

Further share placements were made during the quarter at a price of A\$0.35 per share to raise a total of A\$3.255 million (before costs) as part of the A\$10 million underwritten capital raising programme announced on 24 December 2021 (**Underwriting Agreement**).

On the 31 August 2022, the Company announced it entered into a A\$55 million equity funding facility with SBC Global Investor Fund, a fund of L1 Capital Global Opportunities Masters Fund (**L1 Capital**). An initial placement of A\$500,000 (before costs) was made by L1 Capital at a price of A\$0.344 per share, settled through the issue of 1,453,488 shares in the Company.

On 28 September 2022, the Company announced an extension of the settlement date of the placement of the remaining shares under the Underwriting Agreement amounting to A\$2.014 million to 27 October 2022.

Subsequent events

The following corporate transactions or events occurred after the end of the quarter:

1. On 7 and 26 October 2022, Company announced it has issued a total of A\$2.014 million shares representing the balance of the Underwriting Agreement.
2. On 31 October 2022, the Company issued 4 million unquoted options to SBC Global Investment Fund pursuant to the equity funding facility announced on 31 August 2022. The options are exercisable at

\$0.54 per option on or before 1 November 2025. Further details on the issue of options are set out in Schedule 2.

The Board of Directors continues to assess the Group's funding strategy to maintain an appropriate structure to progress the development of the Tongo Diamond Mine into production.

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.

	Current Quarter \$A'000	Previous Quarter \$A'000
Payments to related parties of the entity and their associates		
Directors' remuneration		
Executive Directors	60	80 ¹
Non-Executive Directors	-	6 ¹
Total Directors' remuneration	60	86
Associated entities/services	-	- ¹
Total payments to related parties of the entity and their associates	60	86

Note:

1. Payments pursuant to director service agreements as disclosed in the Remuneration Report of the FY22 Annual Report. Amount paid includes outstanding amounts accrued and not paid over the last the past quarter.

Authorised by:

The Board of Directors
 Newfield Resources Limited

Schedule 1 - Schedule of Tenements as at 30 September 2022

PROJECT	TENEMENT NUMBER	TENEMENT NAME	AREA (km ²)	STATUS	NEWFIELD'S INTEREST
<u>SIERRA LEONE</u>					
TONGO KIMBERLITE MINE	ML02/2018	Tongo	9.98	Granted	100%
	ML02/2012	Tonguma	124	Granted	Nil but subject to the tribute mining agreement
<u>LIBERIA</u>					
KUMBGO PROJECT	MEL1157/14	Kumgbo (Biedien)	86.70	Granted	90%
	MEL1158/14	Kumgbo (Zoi)	83.56	Granted	90%
<u>WESTERN AUSTRALIA</u>					
NEWFIELD GOLD PROJECT	M77/0422	Newfield	0.85	Granted	30%
	M77/0846	Woongaring Hills	0.39	Granted	30%

Interests in Mining Tenements Lapsed, Relinquished or Reduced for the quarter ended 30 September 2022

Nil

Interests in farm-in or farm-out agreements for the quarter ended 30 September 2022

Nil

Schedule 2 – Details

In accordance with ASX Listing rule 3.10.3c, the Company provides the following details in relation to the issue of options.

Class of Securities:	Unquoted options
Number of Securities to be issued:	4,000,000 unquoted options
Consideration:	Nil. The unquoted options are being issued to SBC Global Investment Fund pursuant to the Equity Funding Facility announced to the market on 31 August 2022
Exercise Price:	\$0.54 per unquoted option
Expiry Date:	1 November 2025

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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(2,498)	(2,498)
	(c) production	-	-
	(d) staff costs	(1,732)	(1,732)
	(e) administration and corporate costs	(156)	(156)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
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	(4,385)	(4,385)

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	(8)	(8)
	(e) investments	-	-
	(f) other non-current assets	-	-

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
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)	-	-
2.6	Net cash from / (used in) investing activities	(8)	(8)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	3,725	3,725
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	(211)	(211)
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings	(82)	(82)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (proceeds from shares to be issued) reclassified to 3.1 (see note 6)	-	-
3.10	Net cash from / (used in) financing activities	3,532	3,532

4.	Net increase / (decrease) in cash and cash equivalents for the period	(861)	(861)
4.1	Cash and cash equivalents at beginning of period	1,258	1,258
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,385)	(4,385)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,532	3,532

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	-	-
4.6	Cash and cash equivalents at end of period	397	397

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	397	1,258
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)	397	1,258

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	60
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	60
Non-executive director remuneration	-

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,385)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(8)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,393)
8.4	Cash and cash equivalents at quarter end (item 4.6)	397
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	397
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.09
	<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?	
	No. The Company will continue to adapt its development and production plan to utilise the remaining funds raised from the underwriting agreement, plan an additional sale of diamonds, begin to utilise the \$55 million equity facility with L1 Capital and consider additional funding options through further equity raising or debt instruments.	

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?

Yes. The Company has entered into a binding Underwriting Agreement to raise \$10 million before costs. As at quarter end, the balance of the underwritten shares yet to be issued was \$2.014 million (before costs) ¹. The Company has also entered into an equity funding facility to access up to \$55 million in equity capital over 36 months. Furthermore, the Company has obtained shareholder approval to refresh its share placement capacities enabling the Company to raise more capital through the issue of equities.

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 development and early production objectives for the period.

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 October 2022

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

¹ Subsequent to the reporting period, the Company announced on 7 and 26 October 2022 that it has issued a total of \$2.014 million shares representing the balance of the Underwriting Agreement.

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

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.

6. The Company has now issued the shares in the March 2022 and as such the amount of A\$2 million has been reclassified from item 3.9 to items 3.1 in the year to date figures.