

ASX Announcement

29 July 2022

JUNE QUARTERLY ACTIVITIES REPORT

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) is pleased to announce its activities for the quarter ended 30 June 2022.

HIGHLIGHTS

Safety

- 37 Lost Time Injury Free Days recorded to end of quarter
- 1 LTI recorded for the quarter and year to date
- LTIFR year to date 0.74 (per 200,000 hours worked)
- Life of Mine LTIFR 0.53 (per 200,000 hours worked)

Production and Sales

- Diamond sale achieved U\$1.4 million (average U\$269 per carat)
- 2,729 carats recovered from processing of underground and surface bulk samples
- Further Grade reconciliation work shows a higher recovered grade than the resource grade (+26% variance).

Mine Development

- A total of 1,514m of underground development achieved to period end (285m in the quarter)
- First production Level-1 mine stope face opened

Corporate

- Further A\$1m capital raise as part of a A\$10 million underwriting by Townshend Capital

1. Safety

On the 24 May 2022 the Company announced the death of an underground worker at the Tongo Diamond Mine in Sierra Leone following a fall of ground incident in an underground development heading. All mining operations at the Tongo Mine were immediately suspended pending an investigation by the Company and the National Minerals Agency of Sierra Leone (**NMA**).

On the 1 June 2022, and following a safety review, all areas of the Mine were re-opened and operations resumed, with the exception of the development end where the fatality occurred. The NMA subsequently provided approval to re-commence work at the development end where the incident occurred on 8 June 2022.

The Company has since completed and submitted all necessary regulatory reports regarding the incident and is awaiting feedback from the NMA on the findings and Company recommendations. The Company is committed to a safe work environment and is continually assessing mining operations to ensure best practise safety procedures are in place.

The Company continues to offer full and ongoing support to the bereaved family and employees.

One lost time injury (**LTI**) recorded during the period. The company records 37 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 deteriorated from 0.43 (at the end of the last quarter) to 0.53. The reporting calculation is based on per 200,000 hours worked.

Operations - Tongo Diamond Mine Development

Mining

Underground Development

A total of 285.10m was developed in the quarter bringing the total development for the project to 1,514.0m. Figure 1 shows the underground mine development to date (green), as well as planned development on Kundu and Lando to the end of 2022 (blue and red respectively). The current mine development status face positions are shown in purple. The ongoing development will focus on the Kundu and Lando declines as well as stope mining on Level-1 Kundu.

Ventilation Raise and Shaft

The 2m x 2m ventilation raise holed into the ventilation shaft in mid-April and has now established a through connection from the underground workings to surface. The ventilation shaft has been equipped with a steel ladder and now serves as the second means of egress from the underground workings to surface. The ventilation shaft will now be equipped with a 75kW fan which will draw air from the portal entrance, through the underground workings and out through the ventilation raise and shaft.

In addition, a water dam will be constructed at the foot of the ventilation raise to capture any water ingress from surface. Any water collected at this point will be pumped to surface and thus keep the ventilation raise and shaft dry.

Level-1 Rock and Kimberlite (Reef) Drives and Stope Mining

Development activities along the Kundu Level-1 rock and kimberlite (reef) drives resulted in the development of 136m and 138m respectively from the Kundu decline by the end of the quarter. The reef drive continues to provide kimberlite material to the processing facility for treatment and diamond recovery.

Nine 3m x 3m cross cuts have now been developed from the rock drive northwards into the reef drive. These cross-cuts are spaced at 13m centres and will provide access to enable the drawing of kimberlite ore from the mine stopes once developed.

Towards the end of the quarter, the first 2m x 2m diagonal raise was established on reef from cross-cut 2 at a 30-degree angle with a face length of 27m (Figure 2). From this raise the first mine stope was established at the end of June and had advanced a distance of 3.6m by the end of the quarter, which yielded a total of 175 run of mine tonnes.

A second diagonal raise will be developed from cross-cut 8 during the next quarter from which the second stope face will be established to increase run of mine production from the underground.

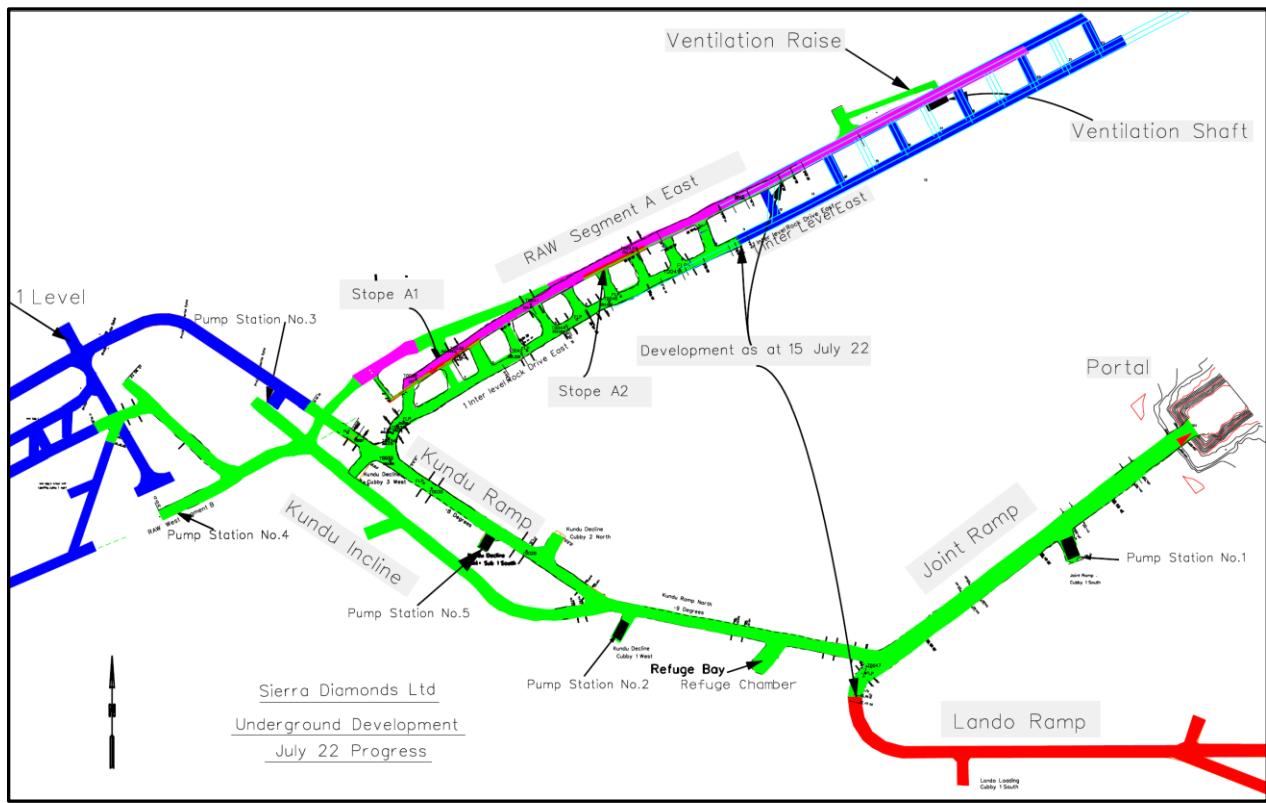


Figure 1: Mine development to 30 June 2022

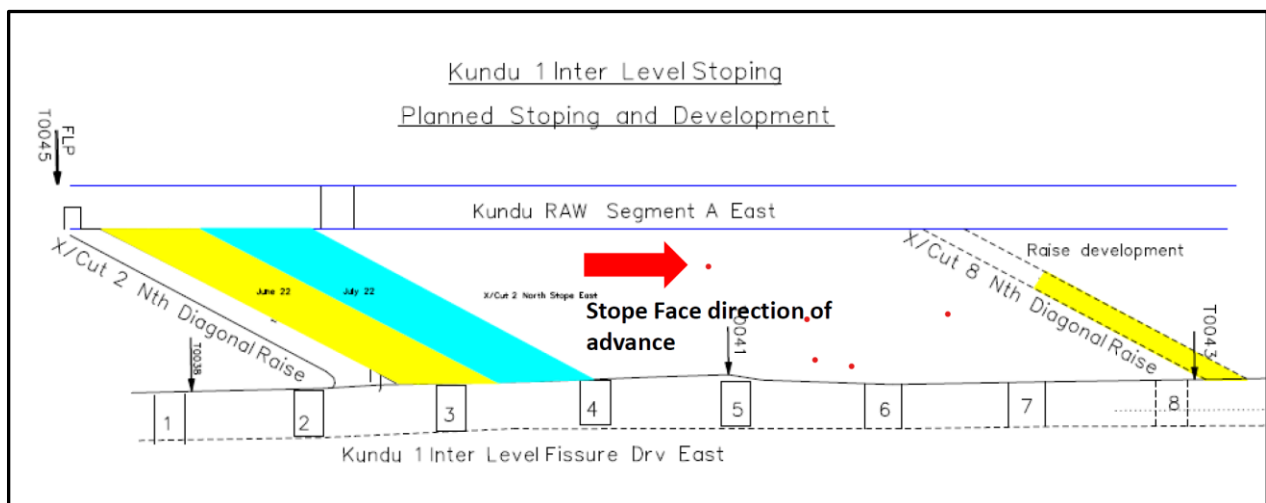


Figure 2: Level-1 Stope Mining

Surface Bulk Sampling Activities

The Tongo Diamond Mine has an 8.3 million carat JORC compliant indicated and inferred diamond resource, which is primarily based on five kimberlites.

The current mine plan is focussed on developing and mining the Kundu and Lando kimberlites, for which a JORC compliant probable reserve of 1.1 million carats has been declared for the upper 110m of these kimberlites.

Kundu Bulk Sample

The Kundu kimberlite has a JORC compliant indicated and inferred resource of 2.76 million carats at a +1.0mm average grade of 3.2 carats per tonne. However, the bulk sampling data is primarily collected from the east of the kimberlite dyke where the mining is now taking place, and for which higher recovered mine grades vs. the resource grade have been yielded and recently reported. It was therefore decided to extract a bulk sample from the western part of the kimberlite, some 1.5km from the previous bulk sample in the east, to obtain more detailed information on the diamond grade and value for that section of the kimberlite.

A bulk sample trench was blasted over a length of 88m and achieved an average depth of 4m from six blasts.

Last quarter it was reported that drilling, blasting and extraction has yielded 384 diluted tonnes. This quarter further blasting and sampling has yielded an additional 1,355 diluted tonnes. In all a total of 1,739 diluted tonnes of ore had been mined. Based on detailed mapping and surveying, it was established that the sample collected comprised 474 tonnes of kimberlite and 1,265 tonnes of waste rock. The material was trucked and processed via the 5tph processing facility and the results are reported below.

Lando Bulk Sample

The Lando kimberlite has a JORC compliant indicated and inferred resource of 3.03 million carats at a +1.0mm average grade of 2.8 carats per tonne. However, the bulk sample data is weighted to the central and eastern part of the kimberlite. To obtain more detailed grade and value information for this area of kimberlite ahead of mining activities, a previous excavation over the western section of Lando was de-watered, cleaned and prepared for blasting.

The bulk sample trench was blasted over a length of 93m and achieved an average depth of 4.2m from five blasts. A total of 762 tonnes of kimberlite and 714 tonnes of waste was sampled bringing the total diluted sample size to 1,476 tonnes. This material was also trucked and processed via the 5tph processing facility, with the results reported below.

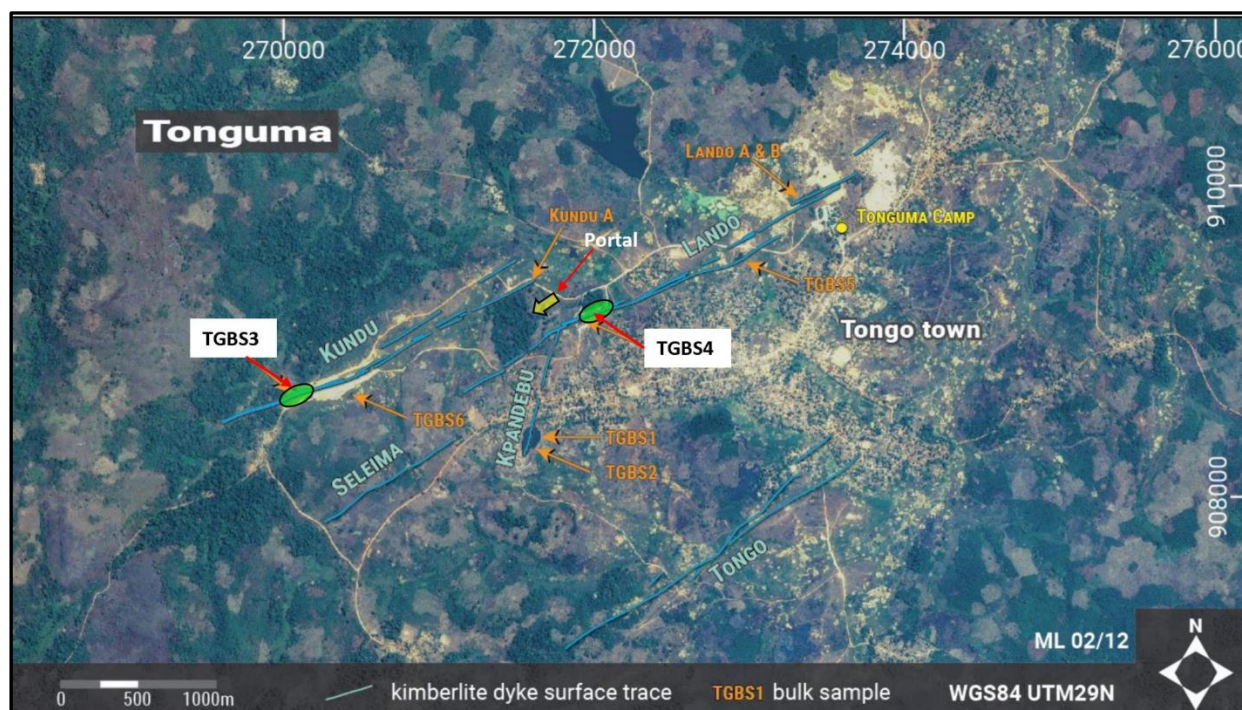


Figure 3: Location of Kundu and Lando Bulk Samples (TGBS3 and 4 respectively)



Figure 4: Kundu Bulk Sample (Left) and Lando Bulk Sample (Right)

Processing

Processing from both underground and surface bulk samples during the quarter has yielded 2,729 carats (at a +1.2mm cut off) from 3,263 diluted tonnes. The surface bulk samples are highly diluted so as to create a wide and safe working environment in the trench.

Carats yielded from the first level underground drive totalled 618 carats. The surface bulk samples have yielded 622 carats from Kundu and 1,489 carats from Lando during the quarter. Processing of these bulk samples is still ongoing and full grade reconciliations will be calculated once processing is completed.

Observation of the diamonds being produced continue to show consistently high percentages of gem quality goods with many diamonds exhibiting excellent crystal shapes with top colour and clarity characteristics.

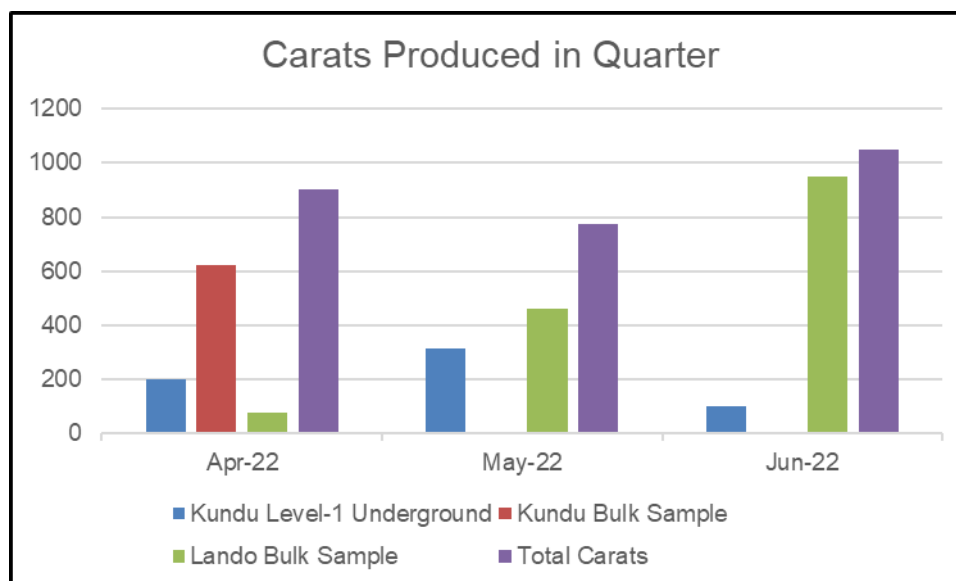


Figure 5: Quarterly Carats Produced

Mining Grade Reconciliation

In the last quarterly report, it was reported a mining grade reconciliation exercise from two controlled production samples from the Kundu Segment A RAW, weighing a combined 447 tonnes and which yielded 1,201 carats, gave a recovered +1.2mm grade of 2.69 carats per tonne (cpt), some 22% higher than the block model resource grade.

A further controlled sample has been processed from the Level-1 reef drive for most of the 131m length so far developed. The sample comprised 319.30 tonnes and yielded 950.29 carats at a +1.2mm cut off, giving a recovered grade of 2.98cpt, some +26% higher than the resource block model grade of 2.36cpt for the corresponding area sampled.

All controlled samples and reconciliation of the results from the RAW and the Level-1 mining show that the recovered mining grade is consistently higher than the resource grade, which is an encouraging trend.

2. Diamond Sale

The Company conducted its first diamond tender in May through established tender house Bonas Group in Antwerp. The sale comprised 5,330 carats offered across 15 individual lots. The lots ranged in sizes from -7 DTC sieve to up to 9 carats of run of mine production. A total of 100 companies viewed the goods with 411 bids being received across the 15 lots, demonstrating the strong demand for the goods on offer. All lots were sold which realised U\$1,435,405 in gross revenue at an average price of U\$269 per carat.

The parcel sold included 203 carats of goods from previously mined (but not sold) from a now discontinued alluvial operation in Sierra Leone. Excluding these goods, a total of 5,128 carats were sold from the Tongo Diamond Mine, realising U\$1,343,889 at an average price of U\$262 per carat.

This average price per carat comfortably exceeds the +1.18mm modelled diamond price of U\$222 per carat for the Tongo Mine that Newfield has previously reported.

3. ESG Reporting

Last quarter it was reported that the Company released its first Environment, Social and Governance (ESG) Annual Report for 2021. During this quarter the Company continued 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 centres around providing funds, materials and support for small scale agricultural projects and microfinance business opportunities for selected community members.

The Company is evaluating cleaner energy solutions to supplement its diesel-powered generation through engaging with national power provider EDSA regarding the opportunity to link into the newly constructed hydroelectric power line that originates in the Ivory Coast and runs through Liberia, Sierra Leone and into Guinea. The evaluation of the opportunity is at the early stages but if 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 258 people at the Tongo Mine including 17 graduate trainees, contractors and interns. Of these, 221 (86%) are local Sierra Leoneans, and 37 (14%) are expatriates. Some 12% of local staff are female, 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 first stope mining, rock and reef drives to establish the second mining stope. This will increase underground tonnage production to the processing facility and carat recoveries over the coming months.

In addition, the Kundu decline will continue to be developed deeper to access the first level of mining on the west of the Kundu kimberlite on the Segment B and C dykes. Furthermore, the blasting of the Lando decline will commence which will ultimately bring into production a second kimberlite of the mine.

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 section 1 quarterly operating cash flows represent the cost of running the mine activities during the quarter and includes for the first-time direct production costs relating to the diamonds mined. The quarterly operating activity includes continued mining from the Bulk Sampling pits and the first underground kimberlite face in addition to the cost of processing ore to recover the 2,729 carats. The Company continued to advance the underground development on Kundu Level-1 Rock and Kimberlite Drive developing more cross cuts as well as the ventilation rise and associated infrastructure. As reported above the Company made its first diamond sale during the quarter which realised A\$1.943m in cash inflows and offset some of the operating costs for the quarter. The Company is yet to enter commercial production and a majority of costs relate to the continuing development of the underground infrastructure.

Capital Raising

On 27 May 2022, the Company announced a placement of 2,857,143 shares at an issue price of A\$0.35 per share to raise A\$1.0 million (before costs) as part of the shortfall to the rights offer and underwritten capital raising programme announced on 13 September 2021 and 24 December 2021, respectively.

The A\$10 million capital raising programme is underwritten by Townshend Capital Pty Ltd, the lead manager to the rights offer (**Underwriting Agreement**). On 28 June 2022, the Company announced an extension of the settlement date of the placement of the remaining shares under the Underwriting Agreement amounting to A\$5.24 million to 25 July 2022.

The Directors continue 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	80	40 ¹
Non-Executive Directors	6	33 ¹
Total Directors' remuneration	86	73
Associated entities/services	-	42 ¹
Total payments to related parties of the entity and their associates	86	115

Note:

1. Payments pursuant to director service agreements as disclosed in the Remuneration Report of the FY21 Annual Report. Amount paid include outstanding amounts accrued and not paid over the last 18 months.

Authorised by:

The Board of Directors

Newfield Resources Limited

Schedule of Tenements as at 30 June 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 June 2022

Nil

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

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 June 2022

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	1,943	1,943
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(1,513)	(13,069)
	(c) production	(1,427)	(1,427)
	(d) staff costs	(1,049)	(5,523)
	(e) administration and corporate costs	(176)	(936)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	15
1.5	Interest and other costs of finance paid	-	(1,819)
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	(2,222)	(20,816)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(69)
	(d) exploration & evaluation	-	(148)
	(e) investments	-	-
	(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	-	-
	(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
2.6	Net cash from / (used in) investing activities	-	(162)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	1,000	32,237
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	(6)	(1,618)
3.5	Proceeds from borrowings	183	4,215
3.6	Repayment of borrowings	(100)	(14,249)
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	1,077	20,585

4.	Net increase / (decrease) in cash and cash equivalents for the period	(1,145)	(393)
4.1	Cash and cash equivalents at beginning of period	2,339	1,592
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,222)	(21,091)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(162)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,077	20,585

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	64	59
4.6	Cash and cash equivalents at end of period	1,258	1,258

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	1,258	2,339
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)	1,258	2,339

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	86
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	6

7.	Financing facilities <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>	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)	(2,222)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,222)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,258
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,258
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.57
	<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 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 the date of this Appendix 5B, the Company has yet to issue the remaining 11,428,571 underwritten shares at \$0.35 per share to raise \$4.2 million before costs.	

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: 29 July 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 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.