

ASX Announcement

29 April 2022

MARCH QUARTERLY ACTIVITIES REPORT

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) is pleased to announce its activities for the quarter ending 31 March 2022.

HIGHLIGHTS

Safety

- 863 Lost Time Injury Free Days recorded to date
- LTIFR of 0 during the period (per 200,000 hours worked)
- Life of Mine LTIFR at 0.46 (per 200,000 hours worked)

Production Results

- 1,211 carats recovered in line with planned budget
- Grade reconciliation shows a higher recovered grade than the resource grade (+22% variance). Surface bulk sampling of Kundu ore body is in progress. The results of this exercise will enhance the confidence of the grade and revenue per carat value for this reserve

Tongo Mine Development

- A total of 1,229m of underground development achieved to period end (261m in the quarter)
- Priority development focused on the completion of the ventilation raise, Kundu decline and the establishment of the first mining level rock and kimberlite drives

Processing

- Processing from the underground and surface Kundu kimberlite continues to yield encouraging results with a high proportion of gem quality diamonds
- 5tph Processing facility on a 24-hour per day treatment regime
Improvements to the maintenance discipline of the processing plant is reaping benefits

Diamond Marketing and Sales Agreement and First Diamond Sale Planned

- Diamond sales and marketing agreement with Bonas Group signed after quarter end
- Maiden diamond sale planned for late May 2022

Environment, Social and Governance (ESG) Reporting

- ESG report for 2021 released on 2 February 2022

Corporate

- Board and Management strengthened through appointment of Non-Executive Director (Alistair Croll) and General Manager for Tongo Mine (Charl Barnard)
- Capital raise of A\$3.76 million announced at A\$0.35 per share as part of a A\$10 million underwriting by Townshend Capital

1. 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 863 LTI free days as at the end of the quarter. The ongoing Loss Time Injury Frequency Rate (LTIFR) continues to decrease to 0.46. The reporting calculation is based on per 200,000 hours worked.

2. Operations - Tongo Diamond Mine Development

a. Mining

Underground Development

A total of 260.90m was developed in the quarter bringing the total development for the project to 1,228.90m. Figure 1 highlights in green indicates the areas of the mine developed for the project to date.

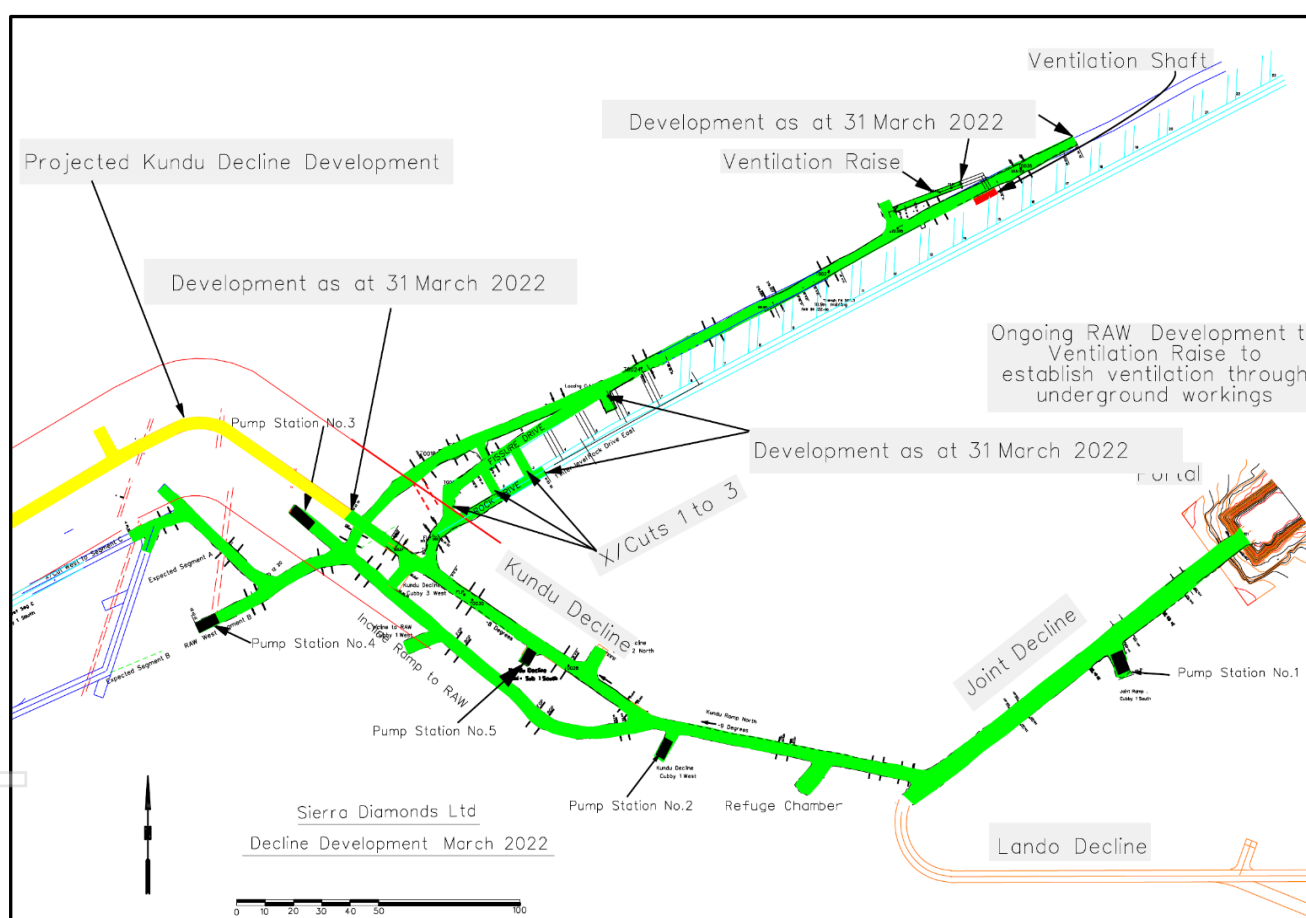


Figure 1: Mine development to 31 March 2022

Ventilation Raise

During the last quarter, the development of the Return Air Way (RAW) on Kundu Segment A had reached the point where the ventilation raise could commence (see Figure 1). The ventilation raise is being developed on a 2m x 2m dimension at a 30-degree upwards angle. At the end of the quarter, some 30m had been hand drilled, blasted and supported. However, post-period, the ventilation raise was holed into the ventilation shaft in mid-April and has now established a through connection from the underground workings to surface. This will allow for the throughflow of air from surface portal entrance, through the

underground workings and then out via the ventilation raise and shaft (the RAW), to surface. Importantly, the ventilation raise will be equipped as a travelling way (stairway) and will serve as the second means of egress from the underground workings to surface. This is a legal requirement and provides an escape way for personnel in the unlikely event that this may be required due to an incident of some sort underground which prevents exiting the mine through the portal (which serves as the normal means of access into the mine).

Level-1 Rock and Kimberlite Drive

During the last quarter, Kundu decline reached the point from which development operation can commence for the establishment of the first production stopes at the mine. It is pleasing to report that to date the rock and kimberlite drives have been developed for 54.1m and 62.9m respectively. The kimberlite fissure is being extracted from a 3m (wide) x 4m (high) drive and is providing ore tonnes to the processing plant for treatment and diamond recovery.

Three 3m x 3m cross cuts (spaced at 13m centres) have been developed from the rock drive to the kimberlite drive. Of importance is that these drives will provide the access to the first kimberlite raises to be developed in April 2022 in preparation for the first ore production from stopes.

Surface Bulk Sampling Activities

The Tongo Diamond Mine, an 8.3 million carat JORC compliant indicated and inferred diamond resource, is primarily based on five kimberlites, over 75,000m of drilling, microdiamond analysis of drill core and a series of surface bulk samples that provided parcels of diamond for grade and valuation purposes.

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.

The Kundu kimberlite has a declared 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, see below). 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 gather more detailed information on the diamond grade and value for that section of the kimberlite.

A previous excavation (a bulk sampling pit which was initiated but not actually sampled) over this section of kimberlite has been dewatered and cleaned to expose some 113m of kimberlite dyke on strike. This has been drilled and blasted. 384 Tonnes of kimberlite has been recovered during the quarter and sent to the plant for processing. The results will be reported in the next quarterly report.

Similarly, the Lando kimberlite, planned for development later this calendar year, has an 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 is in the process of being de-watered in preparation for bulk sampling.



Figure 2: Bulk Sampling of Kundu Dyke

b. Processing

During the underground development, kimberlite is being recovered from the on-reef drives of the return airway and level 1 mining kimberlite drive. More recently, surface bulk samples from the Kundu and Lando kimberlite are being collected and transported to the 5tph DMS processing plant to be stockpiled in advance of treatment.

Processing during the quarter has yielded 1,211 carats (at a +1.2mm cut off) which is in line with the budget forecast for the period. This is a combination of both underground and surface bulk sample material (being processed separately), and once the bulk sample has been completed it will be reported separately.

Processing of the kimberlite ore recovered from the on-reef Kundu RAW, fissure drive and surface bulk sampling continue to show consistency in encouraging diamond grades and quality of diamonds being recovered. Initial in-house observation estimates that 80% of the diamond recoveries are in the gem quality category, with many diamonds exhibiting excellent crystal shapes with top colour and clarity characteristics.

Although volume of ore processed to date is relatively small, the results are consistent with, or higher than, the estimated mineral resource grade and value of that area of the Kundu Segment A resource. This has been established through a grade reconciliation exercise.

Grade Reconciliation

In addition to the run-of-mine processing activities, two controlled underground bulk samples have been processed to calculate the actual recovered grade from mining and processing, versus the 2019 resource model grades. These samples were mined from the Kundu Segment A RAW development and the carat recoveries reconciled directly with those segments of kimberlite in the resource block model, which has grades assigned on a 10m x 10m x 1m block basis across the declared resource.

Control Sample 1

A total of 380.88 dry tonnes of kimberlite (including some mining dilution) yielded 970.50 carats at a +1.2mm bottom cut off on the processing plant. This calculates to a +1.2mm dry grade of 2.55 carats per tonne. By comparison the resource grade for that segment of kimberlite was estimated at 2.21 carats per tonne at a +1.18mm cut off. The recovered grade for this section is therefore 15.4% higher than the modelled resource grade based on the sample data.

Control Sample 2

A small sample of 65.7 dry tonnes has been mined and processed so far to yield 230.99 carats, giving a recovered dry grade of 3.52 carats per tonne at a +1.2mm cut off, compared to the modelled resource grade of 2.21 carats per tonne at a +1.18mm cut off (+59.3% variance). It should be stated that the sample size is too small to be representative, but the indications are that the current mining and processing grades do exceed the resource block model grades.

Combining the results of Control Samples 1 and 2, which represent a continuous sample along strike of the Kundu A RAW, some 446.58 tonnes have yielded 1,201.49 carats at an average recovered dry grade of 2.69 carats per tonne, versus the resource block model grades of 2.21 carats per tonne, for a variance of +21.7%.

Processing Plant

The Company has continued to process kimberlite mined from the Kundu RAW, fissure drive and surface bulk sampling pits through the 5tph plant during the quarter. An assessment of the production throughput and efficiency of the 5tph plant was undertaken to identify and implement various operational initiatives including plant modification and double shifts. This has resulted in sufficient processing capacity of 80 tons per day to maintain pace with the underground mining using the existing plant. As such, the Board has deferred construction and commissioning of the 25tph plant to HY-22 in favour of increasing the production before additional production capacity is required later in the year.



Figure 3: 5tph Plant at Night Shift



Figure 4 (clockwise): 2 grainers, 1 grainers, 4 carats, 3 carats

3. ESG Reporting

In February, the Company released its first [Environment, Social and Governance \(ESG\) Annual Report for 2021](#). The Company has signed up to the SocialSuite platform to implement, monitor and report on its comprehensive ESG policies as it evolves into a mining and production focussed company. SocialSuite is a web-based platform to help capture, monitor and report a corporation's impact on people and the environment. It is aligned with the World Economic Forum Stakeholder Capitalism metrics and the four pillars of this framework, namely Principals of Governance, Planet, People and Prosperity. Within this framework there are 21 core metrics to follow. The 2021 ESG Annual Report established the Company's baseline against all these metrics and will on a quarterly basis measure and reports its progress.

Governance

In February 2022, the Board of Newfield was strengthened with the appointment of Mr Alistair Croll, an experienced mining engineer with a strong background in surface and underground diamond mining in Africa and Australia. Furthermore, the Company appointed Mr Charl Barnard, a highly experienced General Manager, to oversee the transition of the Tongo Diamond Mine into production.

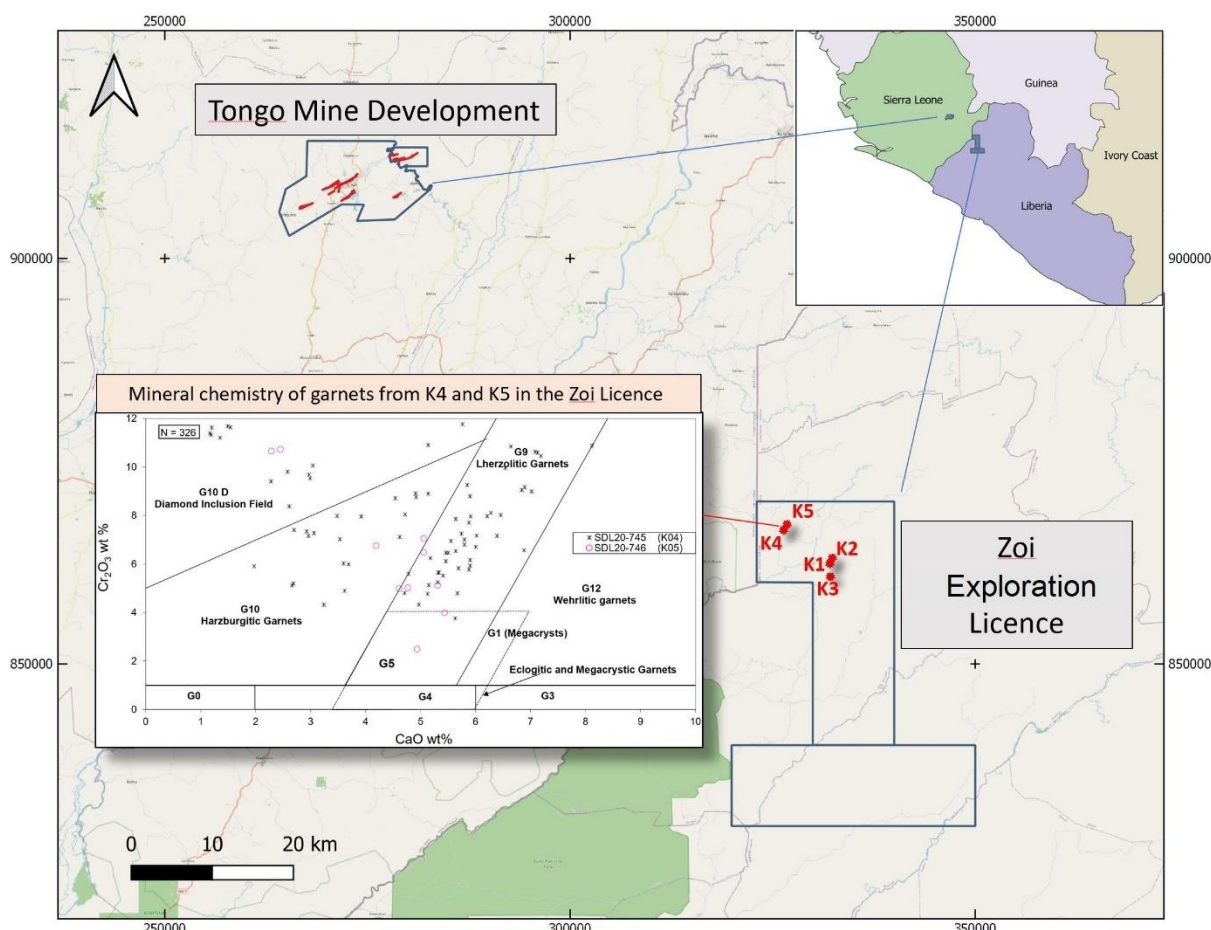
These recent appointments are consistent with Newfield's strategic plan of strengthening the senior management to enhance corporate governance, compliance and capacity to align with Newfield's growth from an exploration and development company to a production-focused company. The Company continues to further integrate ESG metrics into our governance, business strategy, and performance management processes, as we aim to consider all pertinent risks and opportunities in running our business. During the quarter, the Company embarked on the first step to meeting the recommendations of the Task Force on Climate-related Financial Disclosures. This was the start of a process aimed at ensuring that climate-related issues are adequately addressed by understanding the relevance of climate change to the business. Capacity building in terms of training, as well as establishing a method for measuring emissions, and an initial assessment of climate-related risks all commenced this quarter.

People

At the end of the quarter, Newfield employed 200 people including graduate trainees, contractors and interns. Of these, 166 (83%) are local Sierra Leonians, and 34 (17%) are expatriates. 128 local staff (64%) are on permanent employment contracts, and this number will rise as the Company's training programmes continue to focus on the development of Sierra Leone nationals. 12% of local staff are female, and the Company continues efforts to increase this proportion in line with our diversity policy.

4. Liberia Exploration

During the quarter, a 282kg sample from high interest kimberlite K4 (in the Zoi Licence MEL1158/14) was consigned to the SRC Laboratory in Canada for microdiamond analysis to determine the relative diamond content of this kimberlite. This kimberlite has previously yielded high interest indicator minerals including a high percentage of G10 garnets, indicating that the kimberlite has sampled diamondiferous mantle.



5. 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 of the Appendix 5B have been made to employees and suppliers to extend the underground development on both the return airway and Level-1 Rock and Kimberlite Drive as well as preparing the Bulk Sampling pits for mining. The Group incurred costs of processing the kimberlite ore to recover diamonds from the three areas listed above and increase its spares and consumables for the underground equipment. The Company repaid the final balance of the mining equipment lease with BauMart Holdings Limited (ASX: BMH) and now has full ownership of the entire existing underground equipment. The Company also paid the final interest payment relating to the corporate bonds and associated taxes in addition to extinguish existing creditors for work performed in previous periods.

Retirement of debt

On 4 January 2022, the Company announced the issue of 72,211,351 fully paid ordinary shares to convert and retire A\$15 million and US\$7.5 million of Corporate Bonds.

On the same day, the Company announced the issue of 24,744,513 options exercisable at \$0.50 per option expiring on 4 January 2024 as a repayment of interest payable of approximately A\$2.26 million.

Marketing and Sales Agreement and Planned Diamond Sale

Subsequent to the end of the quarter, the Company signed an exclusive diamond sales and marketing agreement with the Bonas Group (**Bonas**), which is the world's leading and largest independent diamond and gemstone tender and auction house. Through the partnership with Bonas, Newfield will be able to fully authenticate the source of its rough diamonds sold via Bonas via the Sarine Technologies (**Sarine**) traceability programme, so that buyers and retailers of our goods have full traceability of the diamonds' origin.

Newfield's maiden diamond sale from first production is planned for the second half of May 2022.

Capital Raising

On 2 February 2022, the Company announced a placement of 10,744,286 shares at an issue price of A\$0.35 per share to raise A\$3.76 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 April 2022, the Company announced an extension of the settlement date of the placement of the remaining shares under the Underwriting Agreement amounting to A\$6.24 million to 27 May 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	40	442 ¹
Non-Executive Directors	33	76 ¹
Total Directors' remuneration	73	518
Associated entities/services	42	64 ¹
Total payments to related parties of the entity and their associates	115	582

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 31 March 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 31 March 2022

Nil

Interests in farm-in or farm-out agreements for the quarter ended 31 March 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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(5,107)	(11,557)
(c) production	-	-
(d) staff costs	(1,259)	(4,473)
(e) administration and corporate costs	(282)	(934)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	15
1.5 Interest and other costs of finance paid	(533)	(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	(7,181)	(18,768)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(69)	(69)
(d) exploration & evaluation	(59)	(148)
(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 (9 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	(128)	(162)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	4,261	31,237
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	(352)	(1,613)
3.5	Proceeds from borrowings	129	4,032
3.6	Repayment of borrowings	(93)	(13,974)
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	3,945	19,682

4.	Net increase / (decrease) in cash and cash equivalents for the period	(3,364)	752
4.1	Cash and cash equivalents at beginning of period	5,709	1,592
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,181)	(18,768)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(128)	(162)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,945	19,682

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	(5)
4.6	Cash and cash equivalents at end of period	2,339	2,339

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	2,339	3,709
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)	2,339	3,709

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	115
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	40
Non-executive director remuneration	33
Associated entities/services	42

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)	(7,181)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(59)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,240)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,339
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,339
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.32
<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 in addition to the plan sale of diamonds next quarter.	
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 17,827,142 underwritten shares at \$0.35 per share to raise \$6.2 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 initial production objectives for the period with the funds available.	
<i>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.</i>		

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 April 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.