



ABN: 98 153 219 848

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

www.newfieldresources.com.au

ASX Announcement

31 August 2022

NEWFIELD SECURES A\$55 MILLION FUNDING FACILITY

Newfield Resources Limited (**Newfield** or **Company**) (ASX: **NWF**) is pleased to announce it has entered into a \$55 million equity funding facility (**Facility Agreement**) with SBC Global Investment Fund (**Investor**), a fund of L1 Capital Global Opportunities Master Fund (**L1 Capital**).

HIGHLIGHTS

- Access up to \$55m in equity capital over 36 months (in addition to the initial placement below) to fund ongoing expansion of the Tongo Diamond Mine
- Initial placement of 1,453,488 Shares to the Investor at an issue price of \$0.344, raising \$500,000 (before costs) on signing of Facility Agreement

The funding facility will provide Newfield access to committed capital to advance the Company's Tongo Diamond Mine in Sierra Leone towards commercial production. The funding facility will allow flexibility on the timing of any placement to raise capital, but will not oblige the Company to proceed with any placement. The Board of Directors welcomes this new funding initiative which will provide the Company with access to both working and expansion capital over the next 36 months.

Executive Director, Karl Smithson, commented *"We are very pleased to have the support of a high-quality, independent global investment group. This partnership enables Newfield to expedite the development of its Tongo diamond mine (**Tongo Diamond Project**) and advance the project into commercial production."*

Project Overview

Newfield's flagship Tongo Diamond Project entered production earlier this year with carats mined from both underground and surface locations contributing to the first production sale of more than 5,000 carats in Antwerp in May 2022, at a sales price of US\$262 per carat. This funding facility will contribute to the continued development and mining activities to advance the Kundu and Lando declines and to the opening of additional mining and production areas from the Kundu Kimberlite and the commencing of production from the Lando Kimberlite.

The Company will also deploy a portion of these funds to conduct work on the nearby Tongo Dyke-1 ore body which is aimed at converting the upper 100m of the declared JORC Compliant indicated and inferred mineral resource of 1.4 million carats (at a +1.0mm cut off size and a cut-off grade of 1.6 carats per tonne) to a mineral reserve estimate. This work will include drilling for geotechnical and hydrology studies, detailed mine design, mine scheduling and engineering studies. The work will also include locating an appropriate site for a box cut and portal entrance for the planned decline which will afford access to the Tongo Dyke-1 ore body at depth. This work is an important step toward fulfilling Newfield's strategy of expanding and increasing production of the Tongo Mine by bringing additional kimberlites and flexibility into the existing life of mine plan. An enhanced and longer life of mine for the Company will be the objective. Part of this work will also investigate ways to reduce the production and overall cost per carat across the mine.

Funding Facility Terms

Under the funding facility, capital may be accessed by the Company making placements of shares at the Company's election by the Company issuing "placement notices" to the Investor specifying a "minimum acceptable price" for the issue of fully paid ordinary shares (**Shares**) by the Company to the Investor. The issue price of placement Shares will be the higher of 95% of the average of 5 daily volume weighted average prices (**VWAPs**) of Shares from among the VWAPs on ASX over a 30-trading day period after issue of a placement notice (subject to applicable adjustment) and 95% of a minimum acceptable price notified by the Company.

The number of Shares that Investor may be required to subscribe for under a placement notice is 10 times the average number of Shares traded on ASX during the 15 trading days prior to the date of the placement notice.

The key material terms of the Facility Agreement include:

Security to be issued	Fully paid ordinary shares (Shares)
Facility Limit	A\$55,000,000 (Maximum Placement Amount)
Investor	SBC Global Investment Fund (Investor).
Immediate Equity Placement	On execution of the Facility Agreement, Company to raise \$500,000 by placement of Shares to the Investor at an issue price which is the lower of A\$0.35 and an 18% discount to the VWAP of Shares prior to the issue of the Share, but not less than 75% of the VWAP for the 15 Trading Days immediately prior to the date of execution.
Placements	<p>Capital may be raised at the election of the Company by way of Share placements (Placement) made by the Company giving "Placement Notices" to the Investor, subject to the Company either having available capacity at the time of the Company making the decision to raise funds or the Company obtaining shareholder approval for the relevant issue of Shares.</p> <p>Each Placement Notice may request an amount up to a maximum of the number calculated by $1,000\% \times 15\text{-trading day average daily value traded on ASX prior to the Placement Notice}$ (Placement Amount).</p> <p>Company may deliver more than one Placement Notice (so long as 10 trading days has passed since completion of the previous Placement), subject to the total of the Placement Amounts specified in all Placement Notices not exceeding the Maximum Placement Amount.</p> <p>The Company has no obligation to proceed with any Placement or issue any Placement Notice.</p>
Commitment Period	Placements must be made by the Company within 36 months of execution of the Facility Agreement, or such longer period as the parties may agree (Commitment Period).
Issue price of Shares	<p>The issue price of Shares under a Placement will be determined as being the higher of 95% of:</p> <p>(a) the "market price" of Shares trading during 30-trading day period after the Placement Notice (Pricing Period); and</p>

	<p>(b) the price specified by Company specified in the Placement Notice (Minimum Acceptable Price or MAP).</p> <p>"Market price" determined by the average of 5 daily VWAPs during the Pricing Period.</p>
Placement reduction	<p>For a given Placement, the Investor may, at its option, reduce up to 1/30th of the Placement Amount for each trading day during the Pricing Period during which (a) 95% of the daily price is below the MAP; and/or days on which Shares are suspended or halted from trading for more than 2 hours; and/or (c) days on which the volume of Shares traded on ASX is less than 30% of the average daily value of Shares traded during the 15 trading days prior to the date of the Placement Notice and/or (d) days on which an event occurs which has a material adverse effect.</p> <p>The Investor may also (at the Investor's option) reduce a Placement Amount by up to a maximum of 50% of the Placement Amount.</p>
Provisional Shares	<p>On issue of a Placement Notice, the Company must issue to the Investor sufficient Shares to satisfy the planned Placement Amount, in number equal to 120% of the Placement Amount divided by 95% of the MAP (Provisional Placement Shares).</p> <p>The number of Provisional Placement Shares cannot be more than 4.99% of all Shares on issue (unless Investor agrees) or the number of Shares able to be issued within Company's issuance capacity under listing rules 7.1 and 7.1A as applicable.</p> <p>Any Provisional Placement Shares not required to satisfy a Placement Amount will be excess and increase the excess Share Number (Excess Share Number).</p> <p>Whenever the Company is obliged to issue Shares to the Investor, the Company can elect to apply any of the Excess Share Number to the obligation.</p> <p>If the Company is obliged to issue Shares to the Investor and does not do so, the Investor can elect to apply any of the Excess Share Number to the obligation.</p> <p>At any time the Investor can pay the Company 95% of the average of 5 daily VWAPs chosen by the Investor from the prior 30 trading days to reduce the Excess Share Number.</p> <p>If any Excess Share Number remains after the Commitment Period, the Investor must reduce it to zero within 3 months by paying the Company (in one or more payments) 95% of the average of 5 daily VWAPs chosen by the Investor from the prior 30 trading days, provided that if the Company's shares do not trade during any of the 3 month period, the timeframe to reduce the Excess Share Number to zero will be extended by the length of the non-trading period, and if the extended period is not complete by the date which is 6 months after the end of the Commitment Period (ie the Company's shares do not trade for an aggregate of 3 months or more), the Excess Share Number will be automatically reduced to zero.</p>

Use of funds	For use in the Company's business generally, including for working capital purposes.
Restrictions on disposal and holding of Shares	Neither Investor nor any of its affiliates may borrow any Shares from any third party to open any short selling position in Shares. During the Commitment Period, the Investor must not hold more than 14.99% of all issued Shares.
Fee	Fee of 2% of the gross proceeds of the amount of each Placement.
Options	Company agrees to grant to the Investor 4,000,000 options to subscribe for Shares (Options), subject to the Company's shareholders approving the issue of the Options in accordance with listing rule 7.1. The Options will have a term of 3 years and an exercise price equal to 130% of the daily VWAP on the day prior to shareholder approval for issuing such Options. If the Company does not obtain shareholder approval to the issue of the Options within 60 days of the date of the agreement, the Company must instead pay the Investor \$500,000. In addition to the 4,000,000 Options, in respect of each of the first 2 Placements, the Company will issue 1,000,000 Options each with a term of 3 years and exercise price of 130% of the VWAP of Shares traded on ASX over the 5 trading days preceding the Placement. If the Company does not obtain shareholder approval to the issue of these Options prior to the date of the relevant Placement, the Company must instead pay the Investor \$125,000 (in respect of each parcel of 1,000,000 Options).
Governing law	Western Australia

Initial Placement Shares

Pursuant to the Facility Agreement, the Company further advises that it has today 1,453,488 Shares at an issue price of \$0.344 to raise \$500,000 (before costs).

The placement is being made to the Investor using the Company's 10% placement capacity pursuant to Listing Rule 7.1A. Accordingly, shareholder approval will not be required for the issue of the Shares which will rank equally with existing fully paid ordinary shares.

The issue price per Share represents a 18.10% discount to the 15-day VWAP.

The proceeds from the Placement will be used to fund:

- continued development of the Tongo Diamond Project into production;
- additional working capital; and
- Placement costs.

The Company now has a total of 753,422,617 Shares on issue following the placement.

Notice under Section 708A(5)(e) of the Corporations Act 2001 (Cth) (Notice)

This Notice is given by Newfield as required under section 708(5)(e) of the *Corporations Act 2001* (Cth) (**Act**).

The Act restricts the on-sale of Shares issued without disclosure unless the sale is exempt under section 708 or 708A. By the Company giving this Notice, a sale of the Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

1. the Company issued the Shares without disclosure under Part 6D.2 of the Act;
2. as at the date of this Notice, the Company has complied with the provisions of Chapter 2M of the Act, as they apply to the Company, and section 674 of the Act; and
3. as at the date of this Notice, there is no information:
 - i. that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
 - ii. that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the ordinary shares of the Company.

An Appendix 2A follows this announcement.

AUTHORISED BY THE BOARD OF DIRECTORS

About the Tongo Diamond Mine:

The Tongo Diamond Mine Development comprises two adjacent mining licences covering a combined area of 134 km² in eastern Sierra Leone. Tongo hosts 11 identified diamondiferous kimberlites, only five of which are incorporated in the current JORC-compliant indicated and inferred diamond resource estimate of 8.3 million carats. Of this resource, a 1.1 million carat probable reserve, has been estimated.

This information about the Company's mineral resources and ore reserves is based on and contained in the Company's announcement to ASX dated 27 January 2021 'Increase in Diamond Resource to 8.3 million carats' and the Company's announcement to ASX dated 28 November 2018 (**Resources and Reserves Announcements**). The Company is not aware of any new information or data that materially affects the information included in the Resources and Reserves Announcements and all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.