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ASX Announcement

30 October 2020

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SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

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

Highlights

- **The 6m x 4m Joint Decline was completed in July (152m total development)**
- **Decline development then continued with a focus on the 4m x 4m Kundu decline (66m developed)**
- **Mine infrastructure construction continued on offices, lamp room, first aid room and security buildings**
- **The 5 tph bulk sample plant was refurbished and commissioning will be completed in 4Q, providing capacity to process the first kimberlite recovered**

1. Tongo Diamond Mine (Sierra Leone)

During the Quarter, the underground decline development and infrastructure continued although the progress was hampered by the restrictions imposed due to the Covid-19 pandemic and limitations on travel. The major impacts have been as follows:

- Delays imposed upon the supply chain significantly increasing lead times and reducing the capacity to bring in required mining equipment and spares
- Slower progress on the underground development due to the above point
- The rotation of expatriate staff has been restricted by the continued closure of commercial flights around the world which prevented the move to double shift operations on the underground development

These impacts have significantly impacted the original schedule of the mine development. Furthermore, the Covid-19 pandemic is not yet over, and continues to impact operations. However, the Company has formulated strategies to overcome each challenge, and is currently revising the mine design and scheduling in an effort to meet the original strategic objective of achieving first diamonds from underground by the end of the year.

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Underground Development and First Carats

Underground development has continued albeit at a slower than planned pace. However, the 6m x 4m joint decline from surface was developed to 152.5m underground at an 8-degree dip. Thereafter, the joint decline has been blasted and split into two separate 4m x 4m declines which will be developed towards the Lando and Kundu kimberlite ore reserves respectively. In an effort to target the efficient use of resources and to make up lost time to first carats, the development is now focussing on just the Kundu kimberlite and by the end of this quarter the Kundu decline had advanced some 66m from the split of the joint decline. At a distance of 96m along the Kundu decline a further split will be developed to a 3.5m x 3.5m incline to access the top end of the Kundu ore reserve to establish the return airway (RAW) underneath the crown pillar, whereas the 4m x 4m decline will continue to be developed at an 8-degree dip to access firstly the bottom end of Level-1 of the Kundu ore reserve and thereafter continue to depth to access deeper levels of the ore reserve. The first carats are targeted to come from the on-reef development of the RAW in an easterly direction which is being developed to hole out at a planned ventilation shaft further along strike.

Development of the decline towards the Lando Kimberlite Ore Reserve is now scheduled to commence in mid-2021.

Throughout the decline developments so far, two loading cubbies have been established, one of which has now been converted to the first pump station in the joint decline, to which all water at the base of the decline is pumped for onward pumping to the surface to keep the underground dry. It should be noted though that there is very little water ingress into the underground workings thus far. Furthermore, the side and hanging walls remain remarkedly stable with very little jointing and no instability evident. Nevertheless, the hanging wall is being supported as the development progresses, as advised by the Company's geotechnical consultants. Blasting and construction of the first refuge bay on the Kundu decline is currently underway and will be completed this next quarter.

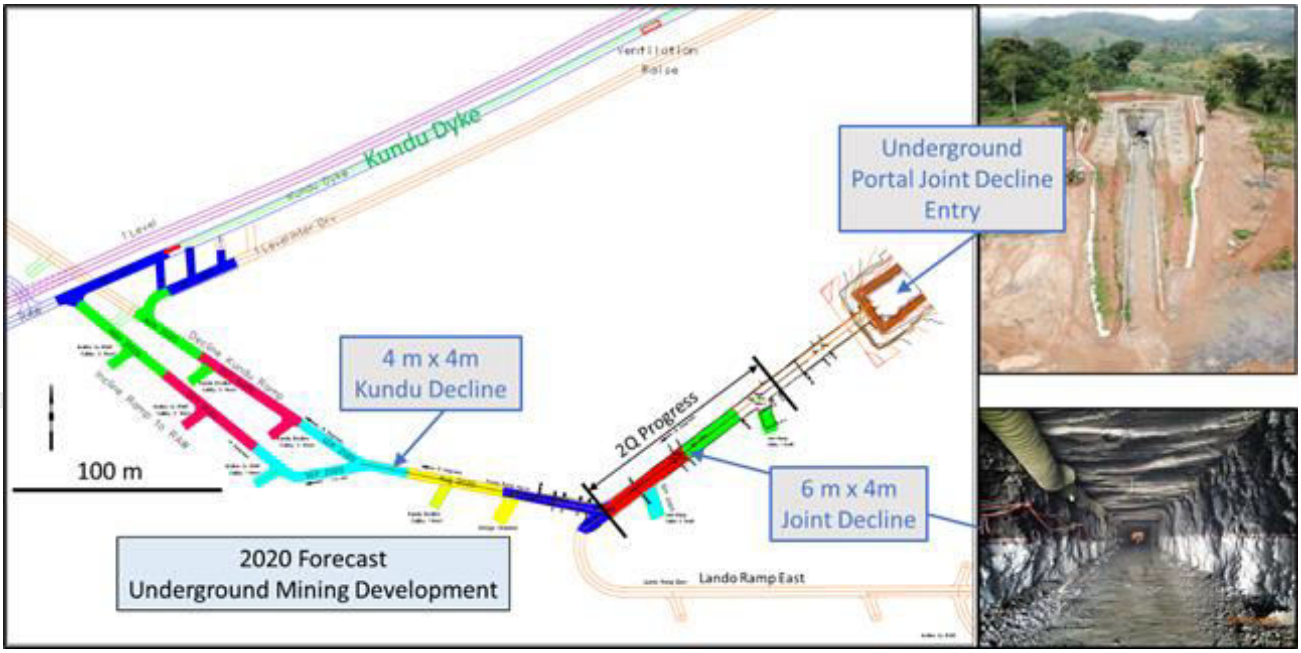


Figure 1: *Map of the underground development showing monthly progress and scheduled progress. Top right is an aerial view of the portal entrance to the decline, and bottom right shows the 6 m x 4 m decline underground.*



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.*

Plant Processing Capacity Strategy

The delay in manufacture, shipping and on-site construction of the 100 tph plant is not expected to affect the recovery of first carats on the Project. As an interim time and cost-saving measure, and to maintain a focus on achieving the first Project cash flow, further work on the 100 tph plant has been deferred whilst the underground production tonnes are ramped up. In the meantime, however, the Company will utilise the 5 tph bulk sample plant to process the initial ore production from the underground, and will modify additional plants previously used on the Allotropes alluvial projects on the Sewa River, to progressively expand plant capacity to meet initial production output from the underground. These measures will ensure that ramping up of production can continue throughout 2021 using existing plant infrastructure.

Refurbishment of the 5 tph plant was almost complete at the end of the Quarter. It will be recommissioned during 4Q in readiness for the first ore production. The plant was used during 2019 to process bulk samples, recovering over 2,160ct of diamonds. Analysis by renowned diamond expert Ray Ferraris confirmed that the plant recovered the diamonds without any damage to the stones.

Mine Infrastructure Construction

Work continued on key infrastructure construction projects around the mine, notably on completion of the administration offices, lamp room, first aid station and security buildings.

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Mineral Resource Expansion Programmes

Processing of some 458kg of kimberlite from Panguma for microdiamond analysis (by SRC in Canada) is scheduled to commence and be completed in Q4. The results will then be combined with existing diamond and drilling results by independent mineral consultants Z-Star (South Africa) and MPH Consulting (Canada) and a formal JORC compliant resource report issued for the Panguma kimberlite.

Health and Safety

Newfield is particularly pleased to note that continued focus on safety and risk mitigation in its operations has resulted in a total of 316 days without a single lost time injury (the last LTI on the Project was in November 2019) giving an improved LTIFR of 0.7 at the end of the September Quarter (0.8 in the June 2020 Quarter).

Visit by the Minister of Mines

During September the newly appointed Minister of Mines, Mr. Timothy Kabba, along with a delegation from the National Minerals Agency visited the Tongo Mine. A detailed presentation was given by the site Management and was followed by an underground visit. The Ministerial delegation emphasised their satisfaction as to the progress made on the Tongo Mine Development and that it was indeed fully compliant in all areas of National legislation and regulation.

2. Kumbgo Kimberlite Project (Liberia)

Due to the ongoing rainy season there was no on-ground exploration work undertaken on the Kumgbo Kimberlite Project, where five new kimberlites have been discovered to date. However, sample assays continued in South Africa with results expected in the next quarter.

3. Summary of cash flows

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 include the continued cash cost of developing its flagship Tongo Diamond Mine with the activities focusing on the development of the Kundu decline and associated refurbishment costs for the 5tph processing plant and portal infrastructure. Staff costs remain consistent with the previous quarter as the Group maintains its core contingent of local and expat labour throughout the pandemic despite travel restrictions which have hampered the movement of staff.

The Group had a focus on conserving cash payments for administration and director salaries and fees during the quarter with only limited administration payments made during this period and a freeze on director payments. As such, no payments have been made to directors under section 6 of the quarterly cash flow.

The Company drew down on the US bond and the Australian bond during the period receiving a further US$5million in September in addition to drawdowns of A$1.1million in the quarter. The Company also made its semi-annual interest payment to bond holders.

Authorised by:

The Board of Directors
Newfield Resources Limited

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Appendix 5B

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

Name of entity

Newfield Resources Limited

ABN	Quarter ended ("current quarter")
98 153 219 848	30 September 2020

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	(1,268)	(1,268)
	(c) production	-	-
	(d) staff costs	(1,081)	(1,081)
	(e) administration and corporate costs	(23)	(23)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1,053)	(1,053)
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**	**(3,425)**	**(3,425)**

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	(32)	(32)
	(e) investments	-	-
	(f) other non-current assets	-	-

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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)	10	10
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(22)**	**(22)**

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	7,956	7,956
3.6	Repayment of borrowings	(238)	(238)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**7,718**	**7,718**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**	4,271	4,271
4.1	Cash and cash equivalents at beginning of period	1,003	1,003
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,425)	(3,425)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	(22)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,718	7,718

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	167	167
4.6	**Cash and cash equivalents at end of period**	**5,441**	**5,441**

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	5,441	1,003
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)**	**5,441**	**1,003**

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	-

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.

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7.	**Financing facilities** *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.*	**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**	43,006	26,103

7.5	**Unused financing facilities available at quarter end**	16,903

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)	(3,425)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(32)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,457)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,441
8.5	Unused finance facilities available at quarter end (item 7.5)	16,903
8.6	Total available funding (item 8.4 + item 8.5)	22,344
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	6.46

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.

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: -

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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: 30 October 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.

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