

ASX Announcement

24 April 2023

QUARTERLY ACTIVITIES REPORT for the period ending 31 March 2023

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) announces its activities for the quarter ended 31 March 2023.

HIGHLIGHTS

Safety

- 312 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 (per 200,000 hours worked)
- Life of Mine LTIFR 0.40 (per 200,000 hours worked)

Mine Development and Production

- Fourth mining stope raise developed (24.4m)
- Stope mining faces advanced 29.7m in quarter (99.7m to date)
- 1,247 Stope tonnes blasted
- 1,298 Stope tonnes hauled to plant (4,103t to date)
- 297 ore tonnes processed
- 241 carats recovered at a grade of 0.81 carats per tonne (expected grade of 0.8cpt)

Environment, Social, Governance

- 2nd Annual ESG Report published
- Appointment of Karen O'Neill as Non-Executive Director

Corporate and Funding

- Loan agreement for AU\$15 million entered into with Wonder Holdings
- Loan with Goodrich Capital fully repaid
- Share placement of AU\$289k with L1 Capital, along with 4 million options at price of AU\$0.54

1. Safety

There were zero lost time injuries (**LTI**) recorded during the period and the financial year-to-date and the Company recorded 312 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 0.40 (last quarter: 0.45). The reporting calculation is based on per 200,000 hours worked.

2. Operations - Tongo Diamond Mine Development

Underground Development and Mining

Underground activity during the quarter was focused on stope development and blasting of the Kundu A segment of the mine. A fourth stope face (Stope A4) was established from cross-cut 16 through the blasting of a 24m long raise at an angle of 35-degrees. The raise connects the top end (return airway) with the bottom end (fissure/ore drive) on the first mining level (Figure 1). The blasting and mining of Stope A4 is progressing towards the west to connect with the mining development of Stope A3. Stope A3 was also mined in a westerly direction (see Figure 2). A total of 24.4m of stope face advance was achieved, bringing total cumulative stope face mining advance to 99.7m for Stopes A1, A2, A3 and A4.

Underhand mining methods continue to be employed for the time being, which leads to faster tonnage production than overhand stoping as the material can be drawn down from the stope earlier.

Average stope widths of 0.65m were achieved for both Stopes A3 and A4 (vs. 0.85m in the mine schedule). The narrow stope mining widths achieved are a result of careful charging and blasting within the competent granitic side walls which provide very stable hanging and footwalls to the kimberlite ore which is easily separated from the sidewalls with limited dilution.

The ore is lashed to the footwall of the stope raise where it stockpiles awaiting hauling to surface. A total of 1,247 stope tonnes (waste and ore) were blasted with 1,298 run of mine tonnes being hauled to the processing plant.

In January, the Board of Directors and corporate advisors spent 7 days at the Tongo Mine reviewing all areas of mining and processing operations, policies and procedures in place at the Mine. Various audits into risk, ESG and financial management were undertaken to satisfy the Board of the high standards being followed by the Mine management.

Processing

Limited processing of underground run-of-mine ore was done during the quarter. Some 297 tonnes of material were processed which yielded 241 carats at a +1.2mm bottom cut off (grade of 0.81 carats per tonne vs. budget grade of 0.8). Material from the underground continues to be stockpiled at the plant for processing.

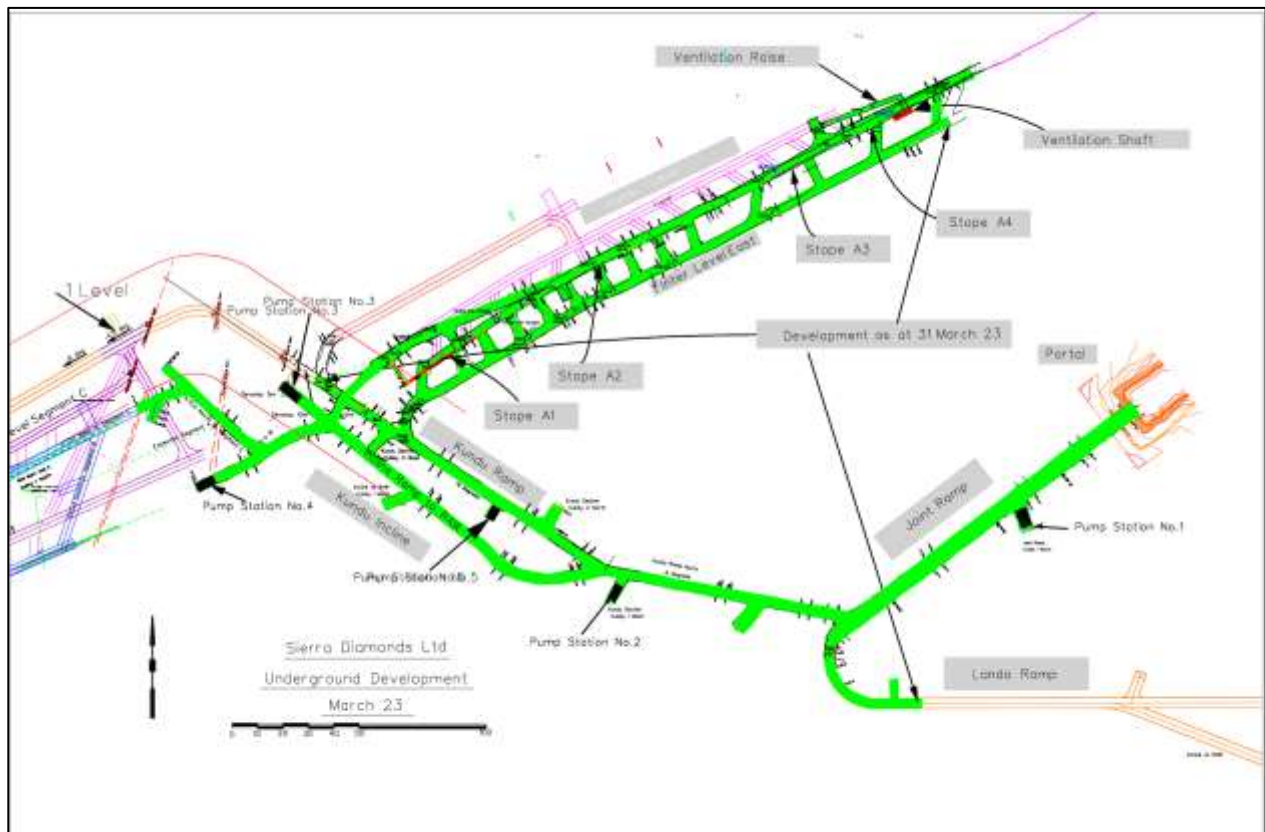


Figure 1: Mine development plan to 31 March 2023

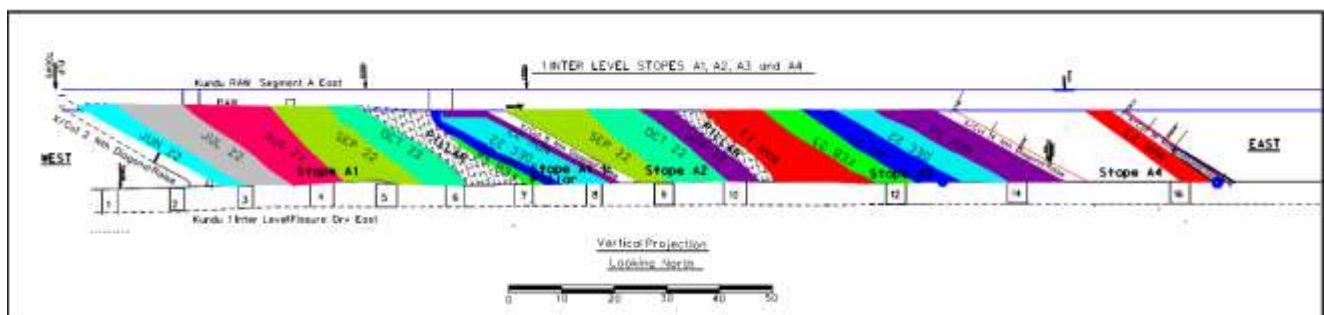


Figure 2: Level-1 Stope Mining on Kudu A Segment



Figure 3: Board of Directors and Advisors Visit to the Tongo Mine

3. ESG and Reporting

During this quarter, the Company published its second environmental, social and governance (ESG) annual report, which is available on the Company's website.

The ESG disclosures comprise a set of universal, comparable, stakeholder metrics focused on people, planet, prosperity and principles of governance that organisations can report on, regardless of industry or region. The Company uses a universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into the Company's governance, business strategy and performance management processes, the objective is to consider all pertinent risks and opportunities in running the business.

The Company uses the SocialSuite ESG Go Disclosure Platform to track and disclose the Company's ESG progress and demonstrate to stakeholders how material ESG issues and performance are managed.

Likewise, 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 of the Sierra Leone government.

During 2023, the focus for community development projects remains on supporting small-scale agricultural projects and providing microfinance to local businesses for selected community members, with both initiatives proving successful.

The Company continues to engage with state power provider, EDSA, regarding access to the hydroelectric power line that traverses the Tongo Mine site. Further meetings are planned in the second quarter of 2023 to progress the long-term power offtake contract and costs. Successful negotiations 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

In January 2023, the Company announced that Ms. Karen O'Neill, a seasoned resource and financial executive, was appointed as a non-executive director.

A key focus for the Company remains the training and development of national staff across the whole mine site. So far, the Company has delivered 952 training interventions (23 in the quarter) and has entered into partnerships with two educational and artisan institutions in the country to facilitate some of the training. The Company is committed to training and development pursuant to the Local Content Policy of the Sierra Leone government.

Newfield's subsidiary, Sierra Diamonds Limited, employed 243 people at the Tongo Mine in Sierra Leone. Of these, 207 (85%) are local Sierra Leoneans, and 36 (15%) are skilled expatriates. Some 27 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

Mining of Kundu A stopes will continue into Q2-23 and provide ore for processing. The decline development of Kundu and Lando will continue towards deeper levels.

The development towards the Kundu B and C kimberlite segments to the west of the ore body will commence now that the required equipment and materials are available on site.

A second diamond sale is now being planned for Q2-23, subject to rough diamond market conditions.

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. The quarterly operating activity includes continued mining from the production stopes on Level-1 at Kundu.

Capital Raising

On 24 November 2022, the Company issued a placement notice to SBC Global Investor Fund (**SBC Global**) for AU\$289,000 (**Placement Notice**) pursuant to the AU\$55 million equity funding facility (**Equity Facility**) previously announced on 31 August 2022. A total of 1,043,008 provisional placement shares were issued to SBC Global on the same day. On 11 January 2023, SBC Global subscribed for a total of 875,758 provisional placement shares at a price of \$0.33 each in satisfaction of the Placement Notice. In addition, 4,000,000 options exercisable at AU\$0.54 on or before 10 January 2026 were also issued to SBC Capital who holds an excess of 167,250 provisional placement shares at quarter end.

On 3 March 2023, the Company fully repaid the drawn down balance of AU\$2.45 million loan from Goodrich Capital Pty Ltd.

On 14 March 2023, the Company entered into a \$15 million loan agreement with its shareholder, Wonder Holdings Pty Ltd, to fund the continued development of the Tongo Mine Project into production and ongoing working capital requirements. The loan is unsecured and repayable in 18 months, with an interest of 7.5% p.a. payable quarterly in arrears. As at the end of the quarter, the Company has drawn down AU\$10.075 million under the facility.

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.

Subsequent to quarter end, the Company announced on 18 April 2023 that it entered into a binding agreement to issue 10 unlisted, unsecured short-term bearer bonds with a face value of US\$1 million to Fidelitas Deutsche Industrie Holding AG, a group entity of Deutsche Balaton AG, a shareholder of the Company. The funds raised will be applied to ongoing working capital requirement to advance the Tongo Diamond Mine into production. The bonds were issued at the price of US\$946,000 with a coupon interest of 7.5% p.a. and will be redeemed at maturity date being 14 July 2023.

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	-	103 ¹
Non-Executive Directors	-	75 ¹
Total Directors' remuneration	-	178
Associated entities/services	-	186 ¹
Total payments to related parties of the entity and their associates	-	364

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 over the last 12 months.

Authorised by:

The Board of Directors

Newfield Resources Limited

About the Tongo Diamond Mine:

The Tongo Diamond Mine Development comprises two adjacent mining licences covering a combined area of 134 square kilometres 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. Newfield, under its subsidiary company Sierra Diamonds, has developed the Tongo Diamond Mine into production achieving its first successful diamond sale in May 2022 where it achieved an average price of US\$262 per carat.

Schedule of Tenements as at 31 March 2023

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 2023

Nil

Interests in farm-in or farm-out agreements for the quarter ended 31 March 2023

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 2023

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*	(301)	(4,467)
	(c) production*	(444)	(1,969)
	(d) staff costs*	(906)	(4,387)
	(e) administration and corporate costs*	(385)	(904)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(141)	(195)
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	(2,177)	(11,921)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(6,790)	(6,790)
	(c) property, plant and equipment*	-	(284)
	(d) exploration & evaluation	(8)	(54)
	(e) investments	-	-
	(f) other non-current assets	-	-

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*	-	141
	(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	(6,798)	(6,987)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	289	5,928
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)	(548)
3.5	Proceeds from borrowings	11,988	16,326
3.6	Repayment of borrowings	(3,782)	(3,936)
3.7	Transaction costs related to loans and borrowings	(22)	(111)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)*	-	(9)
3.10	Net cash from / (used in) financing activities	8,467	17,650

4.	Net increase / (decrease) in cash and cash equivalents for the period	(508)	(1,258)
4.1	Cash and cash equivalents at beginning of period	563	1,258
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,177)	(11,921)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,798)	(6,987)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,467	17,650

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*	(15)	40
4.6	Cash and cash equivalents at end of period	40	40

*The amounts reported in the previous quarter for these items have been amended mainly for the correction of cashflow categorisation between payments for 1.2(b) development, 1.2(c) production and 1.2(d) staff costs. The net impact of this correction is nil.

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	40	563
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)	40	563

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	-
<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>		

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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>		
7.1	Loan facilities ⁽ⁱ⁾	15,000	10,075
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) ⁽ⁱⁱ⁾	2,239	2,239
7.4	Total financing facilities	17,239	12,314
7.5	Unused financing facilities available at quarter end		4,925
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.		
	<p>(i) Unsecured loan from Wonder Holdings Pty Ltd with interest of 7.5% per annum repayable by 14 September 2024</p> <p>(ii) USD1.5m financing facility provided by DelGatto Diamond Finance Fund, secured against future diamond sales and repayable by 23 November 2023, with an effective interest rate of 16.2% per annum.</p> <p>(iii) On 14 April 2023, the Company issued 10 unlisted, unsecured short-term bearer bonds with a face value of US\$1 million to Fidelitas Deutsche Industrie Holding AG, which is a group entity of Deutsche Balaton AG, a current shareholder of the Company. The bonds were issued at the price of US\$946,000 with a coupon interest of 7.5% p.a. and will be redeemed at maturity date being 14 July 2023.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,177)
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)	(2,185)
8.4	Cash and cash equivalents at quarter end (item 4.6)	40
8.5	Unused finance facilities available at quarter end (item 7.5)	4,925
8.6	Total available funding (item 8.4 + item 8.5)	4,965
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.27
	<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?	
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?	

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

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?

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: 24 April 2023

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.