

ASX Announcement

31 July 2023

QUARTERLY ACTIVITIES REPORT 30 June 2023

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) announces its activities for the quarter ended 30 June 2023.

HIGHLIGHTS

Safety

- 403 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 0.38 (per 200,000 hours worked)

Mine Development and Production

- Mining of fourth stope continued
- Stope mining faces advanced 9m in quarter (108.7m to date)
- 339 Stope tonnes blasted
- 271 Stope tonnes hauled to plant (4,374t to date)
- 1,694 run of mine ore tonnes processed
- 1,781 carats recovered at a grade of 1.05 carats per tonne (expected grade of 0.8cpt)
- Diamond sale of 7,329 carats realises US\$1.35 million

Resource and Mine Grade Reconciliation

- 4,637 carats from Level-1 Stope mining returned average positive grade variances vs. the resource grade of +38%

Environment, Social, Governance

- Company remains fully compliant with EPA quarterly environmental audit

Corporate

- In July 2023, Company entered into a non-binding and conditional Heads of Terms with the Africa Finance Corporation for a US\$50 million debt financing facility. Due Diligence is ongoing.

1. Safety

There were zero lost time injuries (**LTI**) recorded during the period and the financial year-to-date, and the Company registered 403 LTI free days 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 0.38 (previous quarter: 0.40). The reporting calculation is based on 200,000 hours worked.

2. Operations - Tongo Diamond Mine Development

Underground Development and Mining

Mining of Stopes A3 and A4 on the first mining level continued during the quarter (Figures 1 and 2). A total of 9m of stope face advance was completed by blasting 339 stope tonnes, of which 271 tonnes were hauled to the 5tph processing plant. Stope A3 is now completely mined out, and a further 5m of Stope A4 remains to be blasted.

Average mining stope widths of 0.65m are being maintained on both Stopes A3 and A4 (vs. 0.75m in the revised life of mine schedule), as the granitic host rock provides competent side walls from which the blasted kimberlite is easily extracted with minimal dilution.

Figure 1: Underground Development

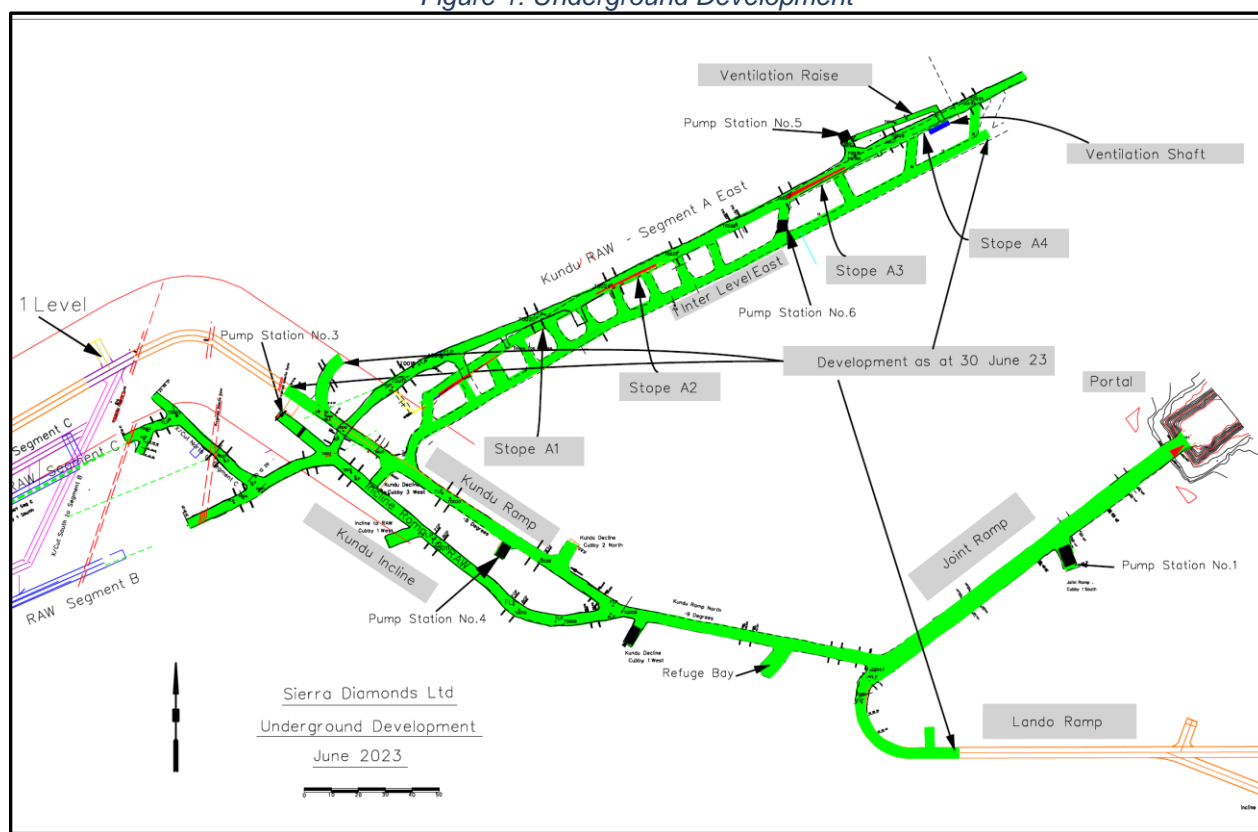
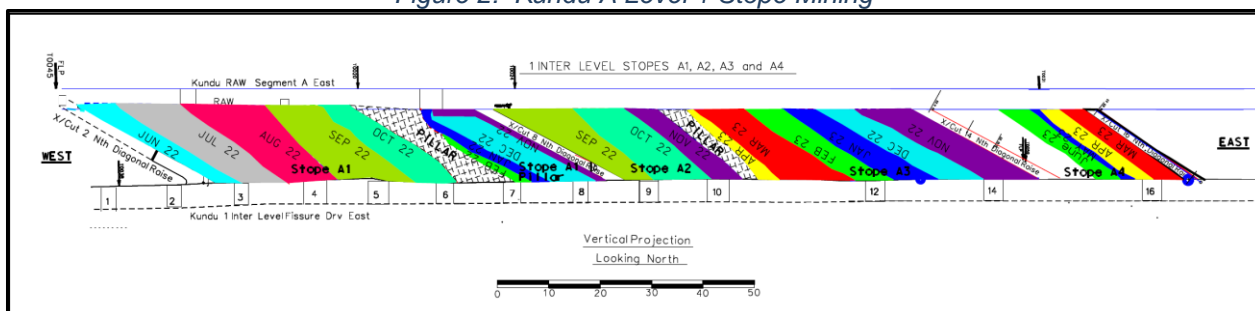


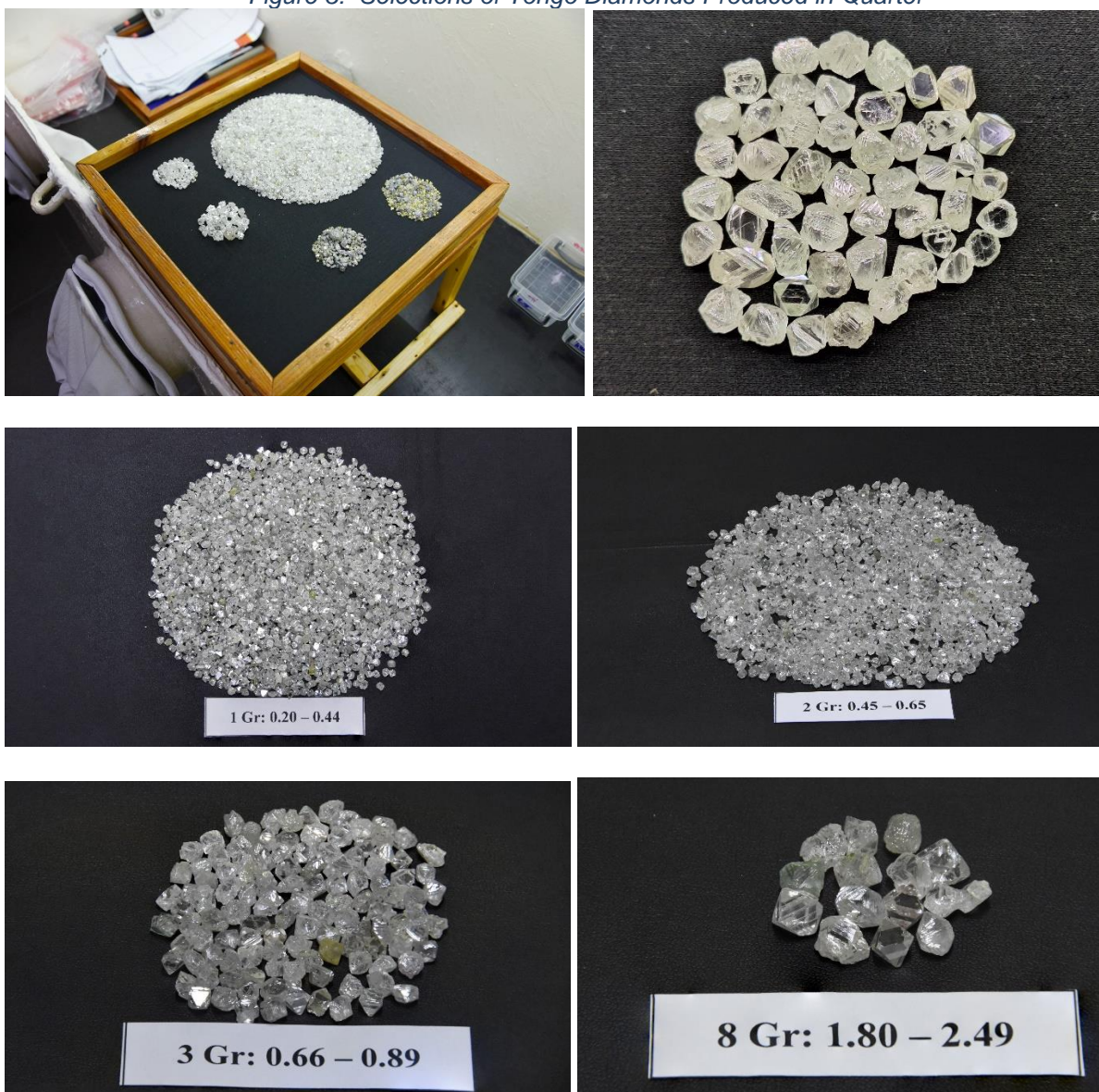
Figure 2: Kundu A Level 1 Stope Mining



Processing

Processing of the run of mine (diluted) ore continued via the 5tph plant with diamond recovery performed by Flowsort technology. A total of 1,694 tonnes were processed via the plant (diluted tonnes), which yielded 1,781 carats at a +1.2mm bottom cut-off. A fully diluted and recovered grade of 1.05 carats per ton (105 carats per hundred tonnes) is calculated. The quality of diamonds recovered remains high, with an estimated 80% being of good gem quality.

Figure 3: Selections of Tongo Diamonds Produced in Quarter



Diamond Sale

Post period, a parcel of 7,239.29 carats of diamonds was placed on tender via the Company's diamond marketing agent Bonas Couzyn in Antwerp, Belgium. The goods sold for US\$1.35 million at an average price of US\$184.34 per carat. Although the rough diamond market is currently soft, generally as a result of sluggish polished diamond sales in the US and China, the largest diamond consuming markets, the tender was well attended and all separate lots on offer were strongly bid.

Overall from Tongo 12,457 carats have been sold to date at an average price of US\$216 per carat. As production increases at Tongo the size distribution of the diamonds recovered will "normalise" and be better represented in the larger sizes, which will in turn translate to a stronger average price per carat.

The outlook for the rough diamond market for the remainder of 2023 remains challenging. In response, large producers such as De Beers have recently reduced prices of rough diamonds sold at recent sights, as well as offer deferrals, to bring profitability back into the manufacturing sector. Furthermore, recent signs of easing of worldwide inflationary pressures and the lessening of recessionary risks are expected to impact positively on rough diamond prices going forward.

Mining Grade Reconciliation

A grade reconciliation exercise has been carried out for the stope areas mined out to date. As reported, a total of four stopes (and one stope pillar) have been mined, which have so far yielded 4,637.2 carats from 1,463.4 kimberlite tonnes (surveyed, in-situ tonnes) for a +1.2mm grade of 3.17 carats per tonne. The samples were processed separately for each stope area, and the recovered grades were compared to the calculated block model grades for that specific area mined. In all cases, the calculated recovered grades exceed the block model grades, ranging from 3.7% to 72.9%, giving an overall average of 38% higher than the resource grades (Table 1).

Table 1: Mining Grade Reconciliation for Stopes Mined

Kundu A	in-situ Kimberlite Tonnes	Carats (+1.2mm)	In-situ Grade (cpt @ bottom cut off +1.2mm)	Block Model Grade (cpt @ bottom cut off +1.18mm)	Variance (%)
Stope A1	418.0	1,527.6	3.66	2.46	48.6%
Stope A1 Pillar	250.1	721.8	2.89	2.34	23.2%
Stope A2	219.6	755.7	3.44	2.25	53.3%
Stope A3	397.5	1,069.7	2.69	2.60	3.7%
Stope A4	178.3	562.4	3.15	1.82	72.9%
Totals	1,463.4	4,637.2	3.17	2.29	38.0%

3. ESG

During this quarter, the Company remained compliant with the environmental regulations of Sierra Leone and is undergoing regular quarterly audits by the Environmental Protection Agency. Community initiatives continued in agricultural support and microfinance of small business enterprises. These areas are aligned with the Community Development Agreement that is in place between the Company and local Communities and Chiefdoms.

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 price than the only current option of running diesel-powered generators in the remote area of eastern Sierra Leone.

People

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 micro diamond samples currently in the SRC Laboratory in Canada.

5. Operational Outlook

Mining of Kundu segment Stope A4 will conclude in the next quarter. After that development towards the Kundu B and C, kimberlite segments will commence to the west of the ore body.

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.

Project Funding

Post period, the Company announced that it had entered into a non-binding and conditional Heads of Terms with the Africa Finance Corporation in relation to a US\$50 million debt financing subject to due diligence being satisfactorily completed and final terms being negotiated. During the quarter, due diligence was undertaken on various technical, environmental and social aspects of the Tongo Mine Development. The due diligence is expected to be completed during the year's third quarter.

On 14 March 2023, the Company entered into a 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. At the end of the quarter, the Company has drawn down A\$13 million under the facility. The balance of this facility is expected to be drawn down in the current quarter.

On 18 July 2023, the Company announced that the maturity date of the US\$1 million bond subscription agreement with Fidelitas Deutsche Industrie Holding AG (**Fidelitas**) had been extended to 30 September 2023. The Company advises that an extension deed has now been executed, with an extension fee of US\$105,000 payable on or before the end of the current quarter. All other terms and conditions of the bond subscription agreement remain the same.

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.

Payments to related parties

The table below describes and explains payments to related parties and their associates per Section 6.1 of Appendix 5B following this Quarterly Activities Report.

	Current Quarter \$A'000	Previous Quarter \$A'000
Payments to related parties of the entity and their associates		
Directors' remuneration		
Executive Directors	83 ¹	103 ¹
Non-Executive Directors	60 ¹	75 ¹
Total Directors' remuneration	143	178
Associated entities/services	44 ¹	186 ¹
Total payments to related parties of the entity and their associates	187	364

Note:

1. Payments pursuant to director service agreements as disclosed in the Remuneration Report of the FY22 Annual Report. The amount paid includes outstanding amounts accrued over the last 12 months.

-ENDS-

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. A 1.1 million carat probable reserve of this resource has been estimated. Newfield, under its subsidiary company Sierra Diamonds, developed the Tongo Diamond Mine into production, achieving its first successful diamond sale in May 2022 with an average price of US\$262 per carat.

Schedule of Tenements as of 30 June 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 30 June 2023

Nil

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

30 June 2023

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	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(479)	(4,946)
	(c) production	(636)	(2,605)
	(d) staff costs	(1,777)	(6,164)
	(e) administration and corporate costs	(190)	(1,094)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(314)	(509)
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	(3,396)	(15,317)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(742)	(7,532)
	(c) property, plant and equipment*	-	(284)
	(d) exploration & evaluation	(4)	(58)
	(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*	9	150
	(d) investments	90	90
	(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	(647)	(7,634)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	-	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	-	(548)
3.5	Proceeds from borrowings	4,331	20,657
3.6	Repayment of borrowings	(133)	(4,069)
3.7	Transaction costs related to loans and borrowings	-	(111)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(9)
3.10	Net cash from / (used in) financing activities	4,198	21,848

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	40	1,258
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,396)	(15,317)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(647)	(7,634)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,198	21,848

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*	(37)	3
4.6	Cash and cash equivalents at end of period	158	158

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	158	40
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)	158	40

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	187
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>		

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 ⁽ⁱ⁾	15,000	13,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) ⁽ⁱⁱ⁾ and ⁽ⁱⁱⁱ⁾	3,764	3,764
7.4	Total financing facilities	18,764	16,764
7.5	Unused financing facilities available at quarter end		2,000
7.6	<p>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> <p>(i) Unsecured loan from Wonder Holdings Pty Ltd with interest of 7.5% per annum repayable by 14 September 2024</p> <p>(ii) US\$1.5m 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. with a maturity date being 14 July 2023. Subsequent to quarter end, the maturity date was extended to 30 September 2023, with an extension fee of US\$105,000 payable to the bond holder. The interest rate remains unchanged at 7.5% p.a.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,396)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,400)
8.4	Cash and cash equivalents at quarter end (item 4.6)	158
8.5	Unused finance facilities available at quarter end (item 7.5)	2,000
8.6	Total available funding (item 8.4 + item 8.5)	2,158
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.63
	<p><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></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Yes.</p>	

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 an equity funding facility to access up to \$55 million in equity capital over 36 months (refer ASX announcement dated 31 August 2022) and has sufficient placement capacity to raise capital through a private placement if urgently required.

The Company is also conducting a diamond sale of approximately 7,000 carats in July 2023 and the proceeds will be used to settle existing liabilities, including the US\$1.5m financing facility provided by DelGatto Diamond Finance Fund.

Additionally, the Company recently announced that it has entered into a non-binding and conditional Head of Terms for a US\$50 million debt facility with the Africa Finance Corporation (AFC) for project financing. Detailed due diligence is progressing, and the Directors remain confident that sufficient funds will be available as bridging funds for the interim period.

The Board is also of the opinion that the Company will be able to raise additional funds to support ongoing operations based on previous fundraising experience. Should the Company proceed with fundraising plans, the Board will seek to ensure that funding is accessed at appropriate valuations to preserve the value and limit dilution for all shareholders.

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. Importantly, it also has the ability to adjust its operating cash outflows if required.

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: 31 July 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

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

[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.