

ASX Announcement

29 January 2024

QUARTERLY ACTIVITIES REPORT

31 December 2023

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

1. Safety

There were zero lost time injuries (**LTI**) recorded during the period and the financial year-to-date, and the Company registered 587 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 0.35 (previous quarter: 0.36). The reporting calculation is based on 200,000 hours worked.

2. Operations - Tongo Diamond Mine Development

There were limited underground development activities during the reporting period as the Company progressed funding opportunities. However, activities underground and on surface included continued back-filling of development drives and mined out stopes to provide safety support, haul road maintenance and improvements and the improvement of the ventilation shaft surroundings to provide for a more suitable second escapeway environment (Figure 1).

Figure 1: Tongo Mine Development



Underground development and mining remains focused on the Kundu kimberlite, which has a JORC compliant inferred and indicated resource of 2.76 million carats at a +1.0mm grade of 3.2 carats per tonne.

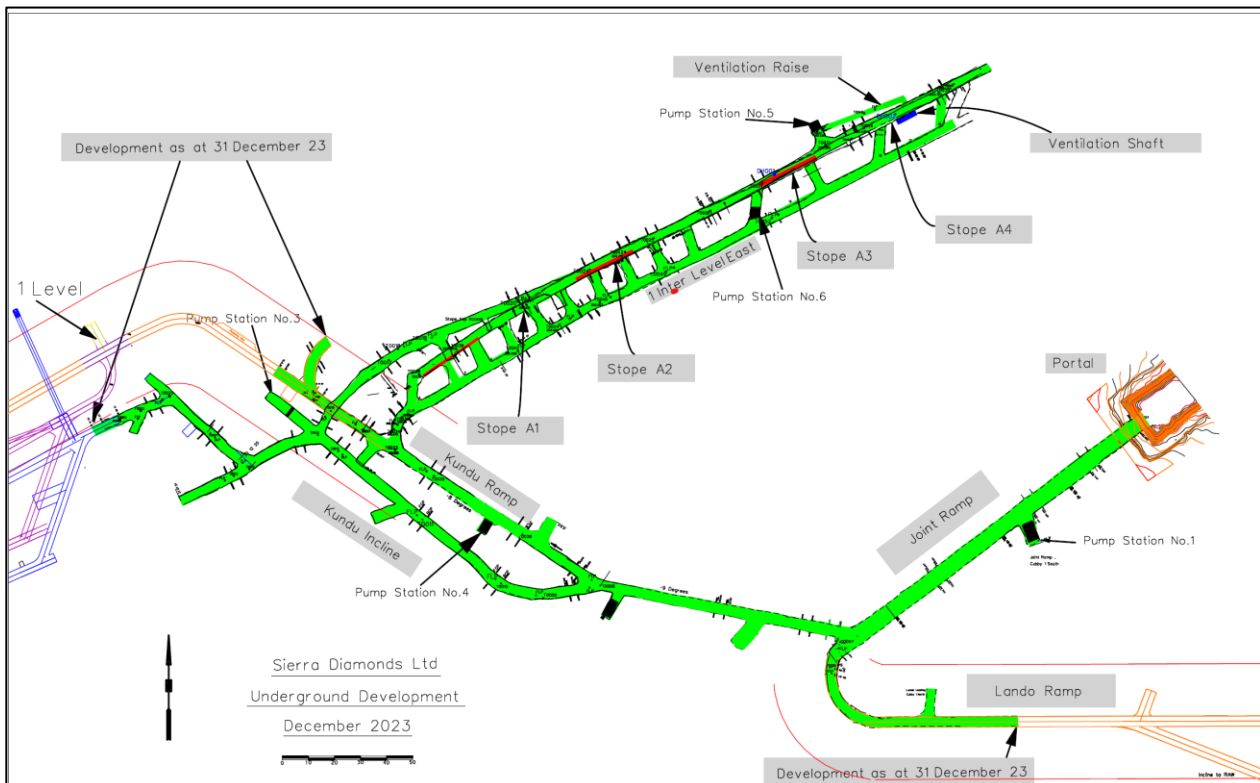
The Kundu Segment A located on the eastern side of the resource body has been mined out at the first interlevel through four Stopes A1-4 (Figure 2). Total production to end of the period from the Kundu A segment has yielded 7,630 carats from 5,606 tonnes of run of mine (diluted) ore, at a diluted +1.2mm grade of 1.36 carats per tonne. However, calculated back to the in-situ kimberlite, a total of 2,478 kimberlite tonnes were processed to yield those 7,630 carats at a +1.2mm grade of 3.08 carats per tonne, some 36% higher than the modelled resource grade for the section mined. From the stopes themselves, where dilution is better controlled than the development drives, this grade variance averages 40% higher than the expected resource grade, which is encouraging.

Table 1: Kundu A Mining Grade Reconciliation

Activity	Kimberlite tonnes mined	Ore tonnes processed	Carats recovered	Grade(carat per tonne)		Variance(%)
				Resource block model KZI (1.18mm)	Actual (1.20mm)	
Development	1,015.46	1,180.50	2,916.44	2.23	2.87	28.70
Stope	1,463.22	4,425.95	4,714.12	2.29	3.22	40.61
Sub total	2,478.68	5,606.44	7,630.56	2.26	3.08	36.28

Since a successful water sealing exercise was completed in the past quarter, access to the western side of the ore body and Segments B and C is now able to safely continue. A waste drive of some 40m is required to access the Return Air Way (RAW) of Kudu Segment B, which will deliver further ore for processing through its development.

Figure 2: Underground Development to Date



Diamond Market

Newfield did not tender any diamonds during the past quarter. Market conditions remained weak during October and November but a noticeable improvement was reported by various producers who conducted diamond tenders in December, with some producers announcing strong pricing increases across all sizes in December. This is thought to be a direct result of factory replenishment after the Diwali break and the end of the voluntary rough import ban in India. The market is said to have bottomed out in October and has strengthened consistently since (*reference: Bonas Couzyn Rough Market Report for December 2023*).

Notably, the G7 and EU announced new sanctions and export controls on Russian diamond production, in effect diamonds produced in Russia, or goods of Russian origin polished in another country, are sanctioned for import and sale in all G7 countries. If successfully implemented and adhered to, this will reduce the output of rough diamond production to the market and may provide further price support into 2024 and beyond. For context, Russia is the largest producer of rough diamonds by volume worldwide, at around 35 million carats per year, down from approximately 42 million carats in 2022 (*Kimberley Process Statistics*).

3. ESG

During the quarter, the Company remained compliant with the environmental regulations of Sierra Leone and is undergoing regular quarterly audits by the Environmental Protection Agency (EPA).

In 2023 the Company commenced a Carbon Footprint Management Programme, whereby CO₂ emissions are recorded from a variety of sources including generator sets, vehicles and air conditioners. Total emissions in 2023 were recorded at 2,144.77 tCO₂e (Q4-23: 525.10 tCO₂e).

Table 2: Tongo Mine Greenhouse Gas Emissions

Scope	Activity Type	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	TOTAL
Scope 1	Stationary combustion	147.49	121.82	124.02	115.15	108.07	176.67	162.17	115.50	91.63	139.95	112.95	89.28	1504.69
	Mobile combustion	21.40	10.50	16.23	9.71	16.34	18.01	11.50	9.28	11.35	15.35	11.96	11.50	163.12
	Fugitive emissions from air-conditioning	9.07	10.48	10.26	11.80	37.74	8.41	23.64	26.26	17.70	20.24	34.99	36.35	246.94
	Scope 1 - Total	177.95	142.80	150.51	136.66	162.15	203.09	197.31	151.04	120.68	175.54	159.89	137.13	1914.76
Scope 2	Purchased and Consumed Electricity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Purchased and Consumed Heat & Steam	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Scope 2 - Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Scope 3	Waste generated in operations	1.81	1.74	2.04	1.39	1.68	1.44	1.97	1.56	1.00	1.58	1.87	1.06	19.14
	Business travel	30.16	9.90	20.02	13.98	15.74	12.10	13.98	14.17	2.78	15.96	18.69	13.39	180.87
	Employee commuting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Scope 3 - Total	31.97	11.64	22.06	15.37	17.42	13.55	15.95	15.73	3.77	17.54	20.56	14.44	200.01

As part of the Company's carbon offset strategy a total of 262 tree saplings were planted during 2023 (Q4-23: 33 saplings).

Migration from generator power to hydroelectric power remains a core strategic objective for 2024 and negotiations with national power provider EDSA are ongoing to allow the Tongo Mine to link into the West African Power Pool hydropower line that runs adjacent to the mine site.

People

Newfield's subsidiary, Sierra Diamonds Limited, employs 240 people at the Tongo Mine in Sierra Leone. Of these, 204 (85%) are local Sierra Leoneans, and 36 (15%) are skilled expatriates. Positions are regularly offered to graduate trainees and interns to have on-mine work experience and training.

Some 28 of the national Sierra Leonean staff are female (12%) and the Company continues efforts to increase this proportion in line with our diversity policy.

Community

Community initiatives continue 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 mine continues to provide clean, treated potable water to the immediate community outside the accommodation and office site, at an average rate of 16,800 litres per day.

4. Liberia Exploration

Sample assays were conducted on 45 stream sediment samples from the Biedien licence in western Liberia. A number of these samples yielded abundant kimberlitic ilmenite and spinel, with two samples also yielding gold grains. The results strongly suggest the proximal presence of kimberlite bodies and further follow up work will be required to locate these bodies.

5. Operational Objectives

Mine development will remain focused on the advancing of the Kundu B and C drives to access the top end of the return airways of each kimberlite segment.

The Company and the Africa Finance Corporation (**AFC**) continue to work towards finding an appropriate and acceptable debt / equity funding arrangement to bring the Tongo Mine to full scale production. The independent technical and market due diligences were completed during the quarter and the external consultants have issued their positive reports. The financial and legal due diligence remains to commence and a priority for the Company in the current quarter is to achieve alignment on the mine production financial model with the AFC.

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 development and maintenance of underground operations primarily related to securing the mined out production stopes and preparing for further development drives to Kundu Segments B and C. (refer section 2 above).

Proposed Debt Facility

As previously announced, the Company entered into a non-binding and conditional Head of Terms with the Africa Finance Corporation in July 2023¹, in relation to a US\$50 million debt financing subject to due diligence being satisfactorily completed and final terms being negotiated. During the quarter, the parties worked on updating the mine financial model on the basis of the independent technical and market reports and recommendations, which have endorsed the Tongo Mine's economics and forecasts. The parties continue to discuss the appropriate debt/equity structure for the mine development and expect to arrive at an agreed position in the coming quarter.

¹ Refer ASX announcement dated 10 July 2023.

Share Placement and Withdrawal of the Entitlement Offer

On 6 December 2023, the Company advised that the Entitlement Offer, together with the other offers set out in the prospectus dated 23 October 2023 and the supplementary prospectus dated 13 November 2023, would be withdrawn due to the Company's inability to satisfy the spread requirements under the ASX Listing Rules for the proposed New Options to be quoted.

Subsequent to the withdrawal, and as an alternative to the Entitlement Offer, the Company completed a combined A\$4.7 million share placement in December at A\$0.15 per share, with 21,175,181 shares issued to Mr Rustiyan Oen, raising A\$3,176,277.15 before costs (**Tranche 1 Placement Shares**). The second tranche successfully settled on 23 January 2024 and 5,970,149 shares were issued to Truth Wealth Management VCC – Leading Jaguar Hedge Fund, raising A\$895,522.39 before costs (**Tranche 2 Placement Shares**).

Both the Tranche 1 and Tranche 2 Placement Shares were issued pursuant to the Company's existing capacity under ASX Listing Rule 7.1. All new shares rank equally with the existing fully paid shares of the Company.

The third tranche of approximately A\$606,881 for 4,045,877 shares to Truth Wealth Management VCC is expected to settle in the coming weeks (**Tranche 3 Placement Shares**).

Neither Mr Oen nor Truth Wealth Management VCC are related parties of the Company. All tranches were managed internally by Newfield and each placee will receive a 4% placement fee on funds invested.

For additional information regarding the above, please refer to the ASX announcements dated 6 December 2023 and 24 January 2024.

Bond Extension

On 5 January 2024, 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 April 2024. The Company advised that an extension deed has been executed, with an extension fee of US\$105,000 payable to Fidelitas. The Company also granted Fidelitas the right to convert the bond to shares, whilst 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	153	-
Non-Executive Directors	18	1 ¹
Total Directors' remuneration	171	1
Associated entities/services	-	-
Total payments to related parties of the entity and their associates	171	1

Note:

1. Statutory payments for the current quarter. In an effort to minimise cash expenditure on corporate overheads, all directors of the Company agreed to accrue director fees and salaries.

-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, and has achieved two diamond sales to date which have yielded an average price of US\$216 per carat.

Schedule of Tenements as of 31 December 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 December 2023

Nil

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(499)	(1,130)
(c) production	(973)	(1,822)
(d) staff costs	(1,376)	(2,400)
(e) administration and corporate costs	(521)	(826)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(12)	(31)
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	(3,381)	(6,209)

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	-	(6)
(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 (6 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)	-	-
2.6	Net cash from / (used in) investing activities	-	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) (see note 6)	3,176	6,289
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	(30)	(30)
3.5	Proceeds from borrowings	53	542
3.6	Repayment of borrowings	(471)	(599)
3.7	Transaction costs related to loans and borrowings	(79)	(79)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,649	6,123

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	788	158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,381)	(6,209)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,649	6,123

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(9)	(19)
4.6	Cash and cash equivalents at end of period	47	47

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	47	788
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)	47	788

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	171
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.

Payments in the current quarter included accrued directors' fees and salaries for previous periods.

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⁾	1,438	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) ⁽ⁱⁱ⁾	1,462	1,462
7.4 Total financing facilities	2,900	1,462
7.5 Unused financing facilities available at quarter end		1,438
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 31 August 2024.</p> <p>(ii) 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 the parties have agreed to an extended maturity date of 30 April 2024. Refer ASX announcement dated 5 January 2024 for additional details.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,381)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,381)
8.4 Cash and cash equivalents at quarter end (item 4.6)	47
8.5 Unused finance facilities available at quarter end (item 7.5)	1,438
8.6 Total available funding (item 8.4 + item 8.5)	1,485
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.44
<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?	
Yes.	

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

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. As announced on 6 December 2023 and 24 January 2024, the Company has successfully completed Tranches 1 and 2 of a three tranche share placement, raising A\$4,071,799.54 before costs. The third tranche of approximately A\$606,881 for 4,045,877 placement shares at A\$0.15 per share is expected to settle in the coming weeks.

In addition, the Company also has an equity funding facility to access up to \$55 million in equity capital over 36 months (refer ASX announcement dated 31 August 2022).

Furthermore, the Company 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 (refer ASX announcement dated 10 July 2023). Detailed due diligence is progressing, with both technical and market due diligence returning positive reports. The Company and the AFC continue to engage to determine an appropriate debt facility to complete the development of the Tongo underground diamond mine and the Directors remain confident that sufficient bridging funds will be secured for the interim period.

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: 29 January 2024

Authorised by: The Board of Directors of Newfield Resources Limited

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.