

ASX Announcement

30 April 2024

QUARTERLY ACTIVITIES REPORT

31 March 2024

Newfield Resources Limited (ASX: **NWF**) (**Newfield** or **Company**) announces its activities for the quarter ended 31 March 2024.

1. Safety

There were zero lost time injuries (**LTI**) recorded during the period, and the Company registered 678 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 0.34 (previous quarter: 0.35). The reporting calculation is based on 200,000 hours worked.

2. Operations - Tongo Diamond Mine Development

Mine development activities were limited during the reporting period as the Company progressed funding opportunities. However, maintenance and continual improvement of underground services including to power, water and air supply were made as well as completion of the installation of the 75kW fan at the ventilation shaft.

To date mining underground has focussed on Kundu Segment A which represents the eastern most extension of the 2km long Kundu kimberlite body. However, as can be seen in Figure 2 below, Kundu is comprised of a series of discrete lenses termed Kundu A to G. Only Segment B is classified in the indicated resource and probable reserve category. The Company has identified an opportunity to undertake surface bulk sampling of Segment D which, if successful, would provide further grade and value information which may result in an upgrade of that Segment to indicated resource.

A conceptual plan for the stripping of disturbed surface area will be conducted, and a ramp constructed to access the top of Kundu Segment D kimberlite over a 200m strike length (Figure 3). Extraction of kimberlite to a depth of 5m would yield in the region of 2,500 tons of diluted ore/waste and yield an estimated 2,100 carats at a diluted grade of 0.84 carats per cubic metre. The estimated in-situ kimberlite grade for Kundu D is 2.9 carats per tonne at a +1.18mm cut off. This work will commence in the next quarter.

Figure 1: Underground Development to Date

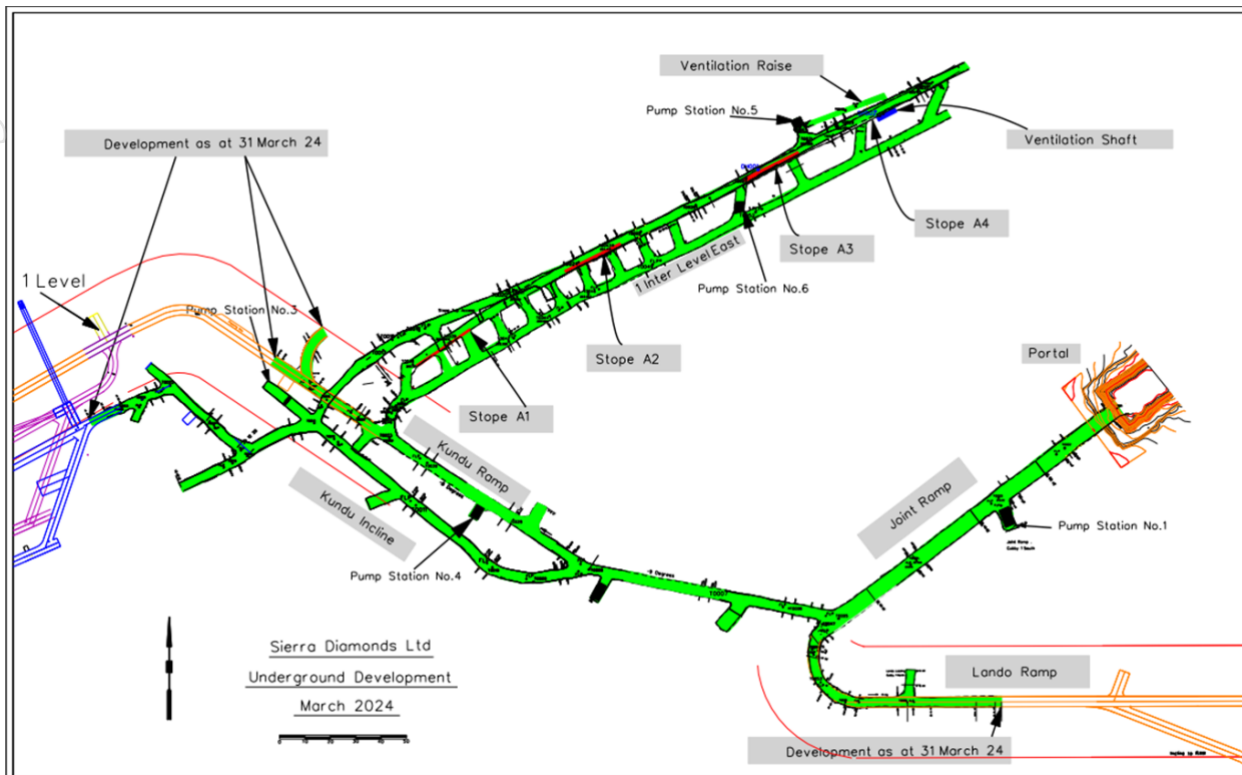


Figure 2: Kundu Kimberlite Segments A to G

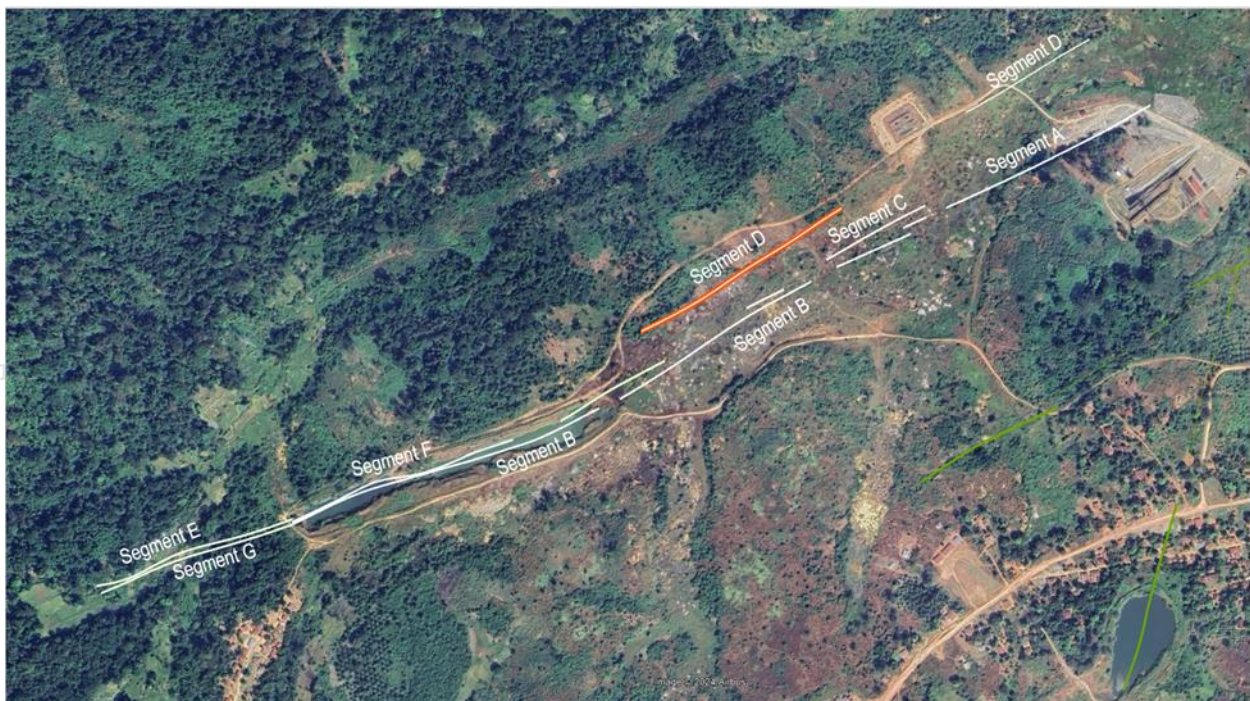
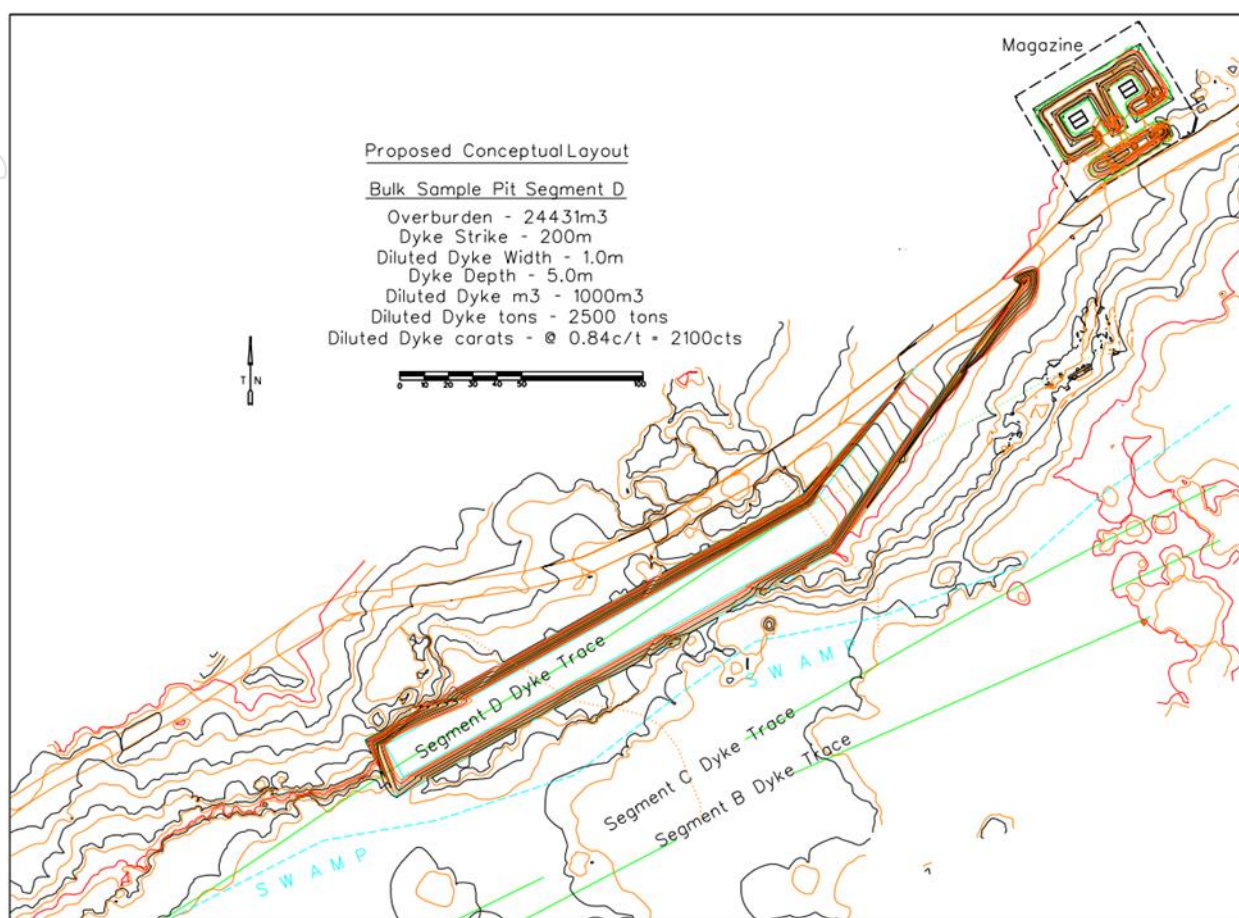


Figure 3: Kundu Segment D Bulk Sample Conceptual Plan



Diamond Market

Trading reports suggest that the early part of the quarter saw strong rough diamond sales from a number of producers with price increases across a range of sizes and quality. However, rough prices in the second half of the quarter were said to be stable, but not out performing. There remains caution in the rough diamond market as there is as yet no significant improvement in Chinese jewellery consumption which would ultimately provide support to the rough market demand.

The G7 sanctions on Russian diamond production are now implemented for goods of greater than 1 carat in size. A second round of sanctions on goods below 1 carat in size will come into play in September 2024. Russia produces a high proportion of the world's small, fine crystal diamonds which is similar to the product of the Tongo Diamond Mine. It is therefore thought that if this Russian product is not available for trade in Antwerp it could help realise interest and demand in the Tongo diamond product in the future.

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. Total emissions in Q1-24 were recorded at 395.36 tCO₂e (Q4-23: 525.10 tCO₂e).

Table 1: Tongo Mine Greenhouse Gas Emissions

Scope	Activity Type	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	TOTAL
Scope 1	Stationary combustion	80.84	95.63	79.72										256.18
	Mobile combustion	7.80	7.40	6.27										21.47
	Fugitive emissions from air-conditioning	21.00	20.08	32.98										74.06
	Scope 1 - Total	109.64	123.10	118.97										351.71
Scope 2	Purchased and Consumed Electricity	N/A	N/A	N/A										N/A
	Purchased and Consumed Heat & Steam	N/A	N/A	N/A										N/A
	Scope 2 - Total	N/A	N/A	N/A										N/A
Scope 3	Waste generated in operations	1.20	0.94	0.72										2.86
	Business travel	13.17	9.70	17.93										40.80
	Employee commuting	0.00	0.00	0.00										0.00
	Scope 3 - Total	14.37	10.63	18.65										43.65

As part of the Company's carbon offset strategy a total of 20 tree saplings were planted during the quarter. (Q4-23: 33 saplings). A total of 282 saplings have been planted to date on the project area.

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 216 people at the Tongo Mine in Sierra Leone. Of these, 196 (91%) are local Sierra Leoneans, and 20 (9%) are skilled expatriates. Positions are regularly offered to graduate trainees and interns to have on-mine work experience and training.

Some 27 of the national Sierra Leonean staff are female (14%) 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.

4. Liberia Exploration

No work was undertaken on the Liberia exploration licences during the report period.

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. In addition, the Company will undertake surface bulk sampling of the Kundu kimberlite Segment D to provide more detailed grade and value information which will be targeted for future underground mining.

The Company continues to pursue credible funding initiatives for both short and long term capital requirements of the Tongo Mine development.

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. Irrespective of the positive technical and market due diligence that has been completed, the parties have not been able to advance towards agreement at this point in time. The Company therefore continues to pursue other alternative funding opportunities that could provide preferred cost of capital solutions in a more workable time frame.

Share Placements

On 24 January 2024 it was announced that the second tranche of a placement initially announced on the 6 December 2023 was successfully settled on 23 January 2024 and whereby 5,970,149 shares were issued to Truth Wealth Management VCC – Leading Jaguar Hedge Fund, raising A\$895,522.39 before costs at a price of A\$0.15 per share (**Tranche 2 Placement Shares**).

On 16 February 2024 a further 1,510,345 shares were placed with Truth Wealth Management VCC – Leading Jaguar Hedge Fund raising A\$226,551.88 at a price of A\$0.15 per share, as part settlement of the previously announced third tranche of approximately A\$606,881 for 4,045,877 shares to Truth Wealth Management VCC (**Tranche 3 Placement Shares**). The balance of this Tranche 3, being 2,535,532 shares, is expected to be settled in the near future.

The Tranche 2 and 3 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.

On 15 March 2024 the Company announced it had entered into a binding agreement with a sophisticated investor for a A\$3 million private placement to fund working capital. The placement price is A\$0.15 per share and will be conducted in two equal tranches of

- a) 10,000,000 shares to raise A\$1.500,000 (Tranche A) to be settled in April no later than 30 April 2024; and
- b) 10,000,000 shares to raise A\$1.500,000 (Tranche B) to be settled in May no later than 31 May 2024

Due to weak market conditions the Company and sophisticated investor agreed to cancel the private placement at A\$0.15 and enter into a single tranche, A\$3 million placement (before cost) at a price of A\$0.10 per share. The Company has received the placement proceeds and issued 30,000,000 placement shares on 30 April 2024.

The Placement shares were issued pursuant to the Company's 15% capacity under Listing Rule 7.1 and will rank equally with the Company's existing shares on issue.

¹ Refer ASX announcement dated 10 July 2023.

For additional information regarding the above, please refer to the ASX announcements dated 6 December 2023, 24 January 2024, 16 February 2024, 15 March 2024 and 30 April 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. After discussion with the Bond Holder a further extension has been agreed to 31 July 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.

Board Changes

On 30 April 2024 it was announced that Karl Smithson would step down as an Executive Director and be replaced by Mr Benjamin Young as an Non-Executive Chairman. Mr Smithson has agreed to remain as a consultant to the Company to provide technical and other advice on an ongoing basis to ensure continuity of operations. Mr Young has been Corporate Advisor to NWF for a number of years and has been instrumental in numerous capital raising and forging strong shareholder relationships. The Company intends to strengthen its Board in due course once longer term funding solutions are secured.

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	0 ¹	153
Non-Executive Directors	0 ¹	18 ¹
Total Directors' remuneration	0	171
Associated entities/services	-	-
Total payments to related parties of the entity and their associates	0	171

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.

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Schedule of Tenements as of 31 March 2024

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 2024

Nil

Interests in farm-in or farm-out agreements for the quarter ended 31 March 2024

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 2024

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	(192)	(1,322)
(c) production	(455)	(2,277)
(d) staff costs	(459)	(2,859)
(e) administration and corporate costs	(49)	(875)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(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	(1,155)	(7,364)

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 (9 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)	1,116	7,405
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)
3.5	Proceeds from borrowings	28	570
3.6	Repayment of borrowings	-	(599)
3.7	Transaction costs related to loans and borrowings	-	(79)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,144	7,267

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	47	158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,155)	(7,364)
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)	1,144	7,267

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	(18)
4.6	Cash and cash equivalents at end of period	37	37

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	37	47
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)	37	47

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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 31 July 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)	1,155
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)	1,155
8.4 Cash and cash equivalents at quarter end (item 4.6)	37
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)	1,475
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.3
<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	

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 the 16 February 2024 the Company announced part completion of Tranche 3 Placement through issuing 1,510,345 shares at a price of A\$0.15 per share raising A\$226,551.88. The balance of the Tranche 3 Placement of A\$380,329 for 2,535,527 shares is expected to be settled during the following quarter.

On the 30 April 2024, due to weak market conditions, the Company issued 30,000,000 shares at \$0.10, raising \$3m cash (before cost).

In addition, the Company also has an equity funding facility to access A\$55 million in equity capital over 36 months from the 30 August 2022) (refer ASX announcement dated 31 August 2022).

The Company continues to pursue appropriate debt and equity funding required to advance the Tongo Diamond Mine to commercial production 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 objectives for the period. Importantly, it also has the flexibility 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: 30 April 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.

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