



ACN 153 219 848

INTERIM FINANCIAL REPORT

31 December 2017

CONTENTS

	PAGE
Directors' Report	2
Interim Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Consolidated Financial Statements	16
Directors' Declaration	21
Auditor's Independence Declaration	22
Independent Auditor's Review Report	23

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Newfield Resources Limited (the **Company** or **Newfield**) and its subsidiaries (the **Group** or **Consolidated Entity**) for the half-year ended 31 December 2017 and the Auditor's Review Report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Michael Lynn

Executive Director – appointed 24 August 2015

Mr Anthony Ho

Executive Director – appointed 14 September 2011

Mr Robert Ang

Non-Executive Director – appointed 30 January 2018

Mr Suryandy Jahja

Non-Executive Director – appointed 6 August 2015, resigned 30 January 2018

REVIEW OF OPERATIONS

1. THE ALLOTROPES DIAMOND PROJECT – SIERRA LEONE (NEWFIELD 100%)

Exploration Activities and Results

Newfield Resources Limited ("Newfield" or the "Company") is currently active in four of its exploration licences, covering 726 km² of tenement holdings within the Bo, Bonthe, Moyamba, Pujehun and Kenema Districts in the Southern Province of Sierra Leone (Figure 1). A recent rationalisation of the operational footprint has seen the voluntary surrender of EL 11/2011 (221.23 km²) and the voluntary surrender of a portion of EL 12/2014 (54.8 km²) (cf. Figure 1), allowing the Company to focus on its priority areas.

Exploration in the first half of the period was impacted by the seasonal Monsoons with the alluvial program limited to auger drilling and mapping exercises. Despite this, the four (4) suction dredges remained on the Sewa River and continued to investigate suitable trap sites at the Gbinima locality. The dredging exercise continues to show promise and a further 90 km of the river was mapped for potential ground-penetrating radar (GPR) and dredge sites during the second half of the reporting period. Following the completion of a large ground-magnetometry (GM) survey in EL12/2104 and EL/19/2014, diamond drilling of geophysical ground-magnetometry (GM) anomalies was the focus of the kimberlite program. All causative bodies were resolved, and no kimberlite was intersected.

An outline of the exploration activities and results, follows.



Figure 1. Status of Exploration Licence (EL) holdings, Sierra Leone. The recent voluntary surrender of licence holdings is shown in the hatched areas.

DIRECTORS' REPORT

1 Exploration Licence - EL 15/2012

1.1 Gbinima and Kpatobu Dredging Program

Dredge sampling at the Gbinima site has shown that the Modern Sewa River contains the highest grades associated with alluvial deposits (highest reported grade being 101 carats per hundred ton or cpht *in situ* grade). Dredging continued at Gbinima for the reporting period, despite the seasonal rise in the Sewa River's level. This was due to the fact that the dredges were able to operate in the relative slack water at the river's edge. The Gbinima flood-plain site has returned a consistent average stone size to date of 0.86 carats per stone (cts/stn) (Figure 2) with a peak of 1.43 cts/stn from one individual sort. Some high recovered grades were also achieved (ASX Annual Report, September 2017). To date, a total of four (4) dredges have been deployed to the Gbinima sites. However, with the exploration almost completed at this location, dredge targets have been a dredge site has been mapped and prepared for sampling at the Kpatobu and Tongie/Baoma localities (Figure 3).

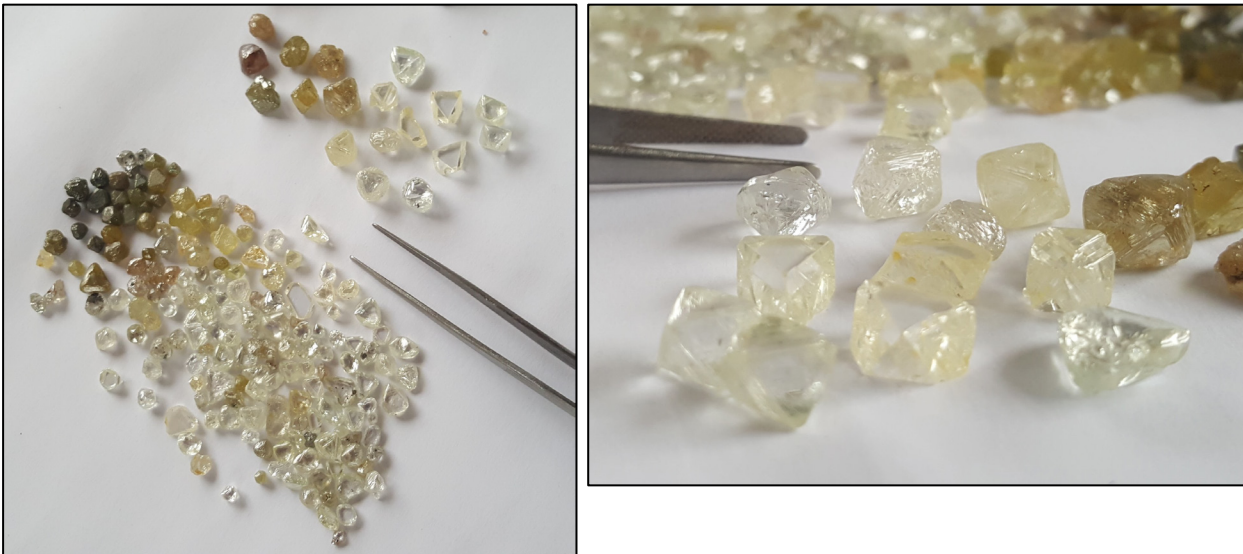


Figure 2. High-quality diamonds recovered from exploration dredging at Gbinima, EL 15/2012.

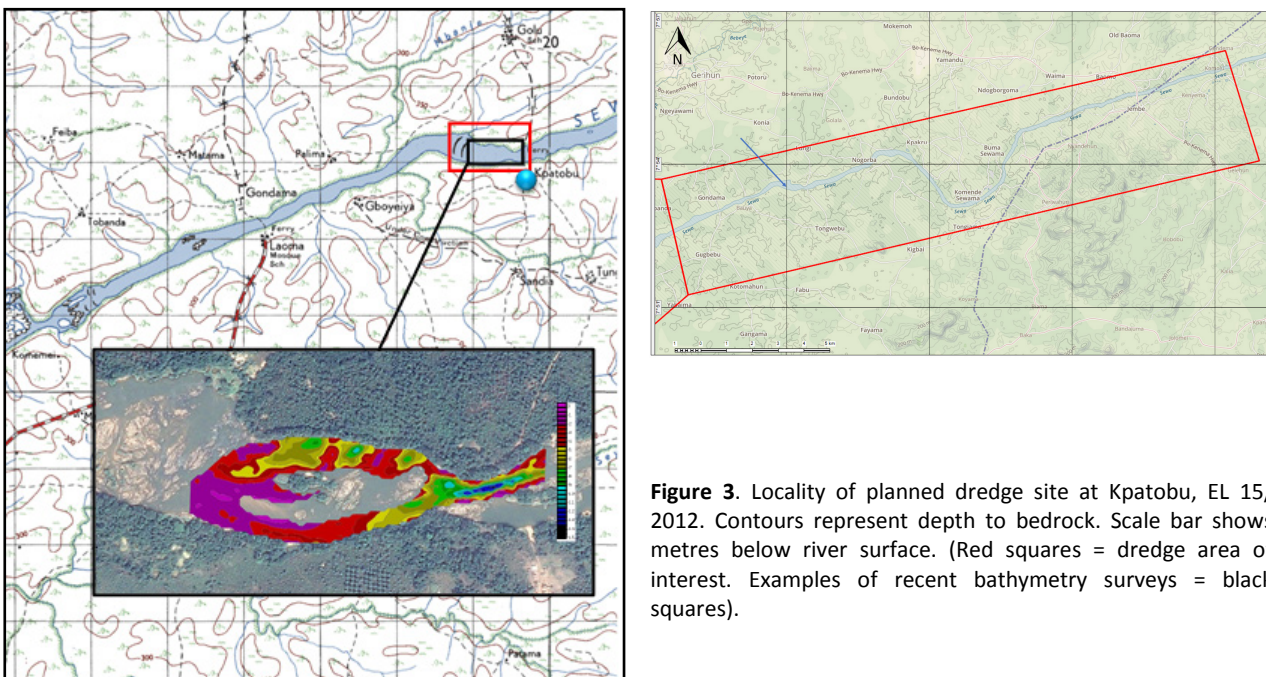


Figure 3. Locality of planned dredge site at Kpatobu, EL 15/2012. Contours represent depth to bedrock. Scale bar shows metres below river surface. (Red squares = dredge area of interest. Examples of recent bathymetry surveys = black squares).

In tandem with the dredging, a limited auger drilling campaign was completed to determine the extent of the remaining flood plain gravels available for future exploration dredging. A total of twenty-six (26) holes were completed, twenty of which, intersected gravel.

DIRECTORS' REPORT

1.2 Sejeve Dredging Program-Kenema

The Sejeve River is an interpreted palaeo-course of the ancestral Sewa River. A single dredge target was tested in the Sejeve River and although the results were discouraging, and the project abandoned as a result, the program demonstrated that diamond-bearing tributaries can be dredge-sampled during the wet-season (refer NWF Quarterly Report to 30 June 2017).

2. Exploration Licence - EL 20/2014: Baoma/Tongie Dredging and GPR Mapping

In the reporting period, the alluvial exploration program saw the completion of geological mapping along river courses, notably the Sewa River at Jomu and its tributary, the Bebeve stream at Tongie, to delineate alluvial remnants. The Bebeve River in particular, is a proven diamondiferous tributary to the Sewa, returning grades over 36 carats per hundred tons (cpht) (Hall, 1972). The geo-traverses aimed to delineate intact areas that may be host to basal gravels occupied by the river flats (Figure 4). A planned GPR survey and potential dredge site was also delineated in the Sewa River, near the Bebeve confluence (Figure 5).

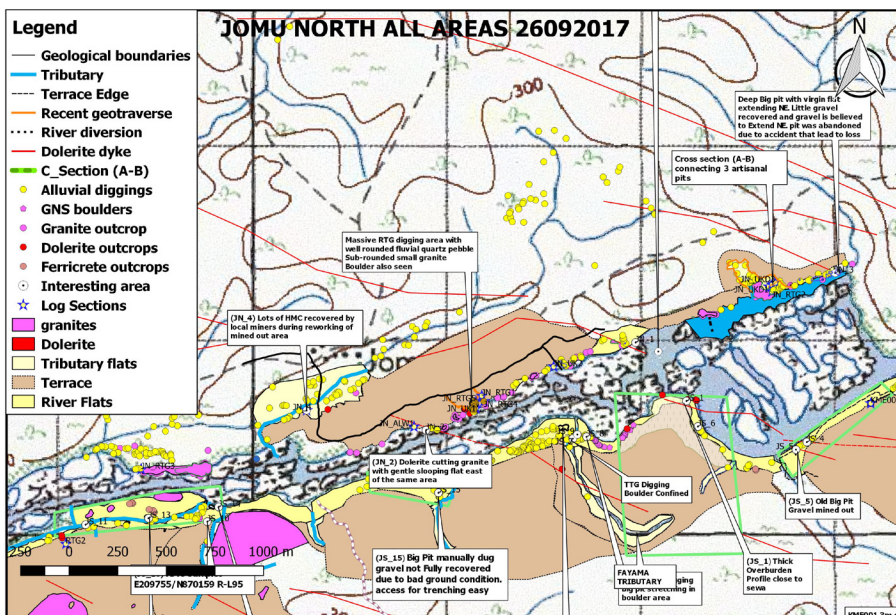


Figure 4. Showing detail of surface mapping conducted along the south bank of the Sewa River. The village of Jomu is located some 2 km to the west.

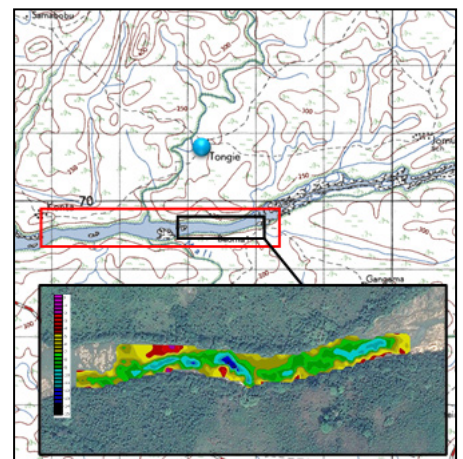
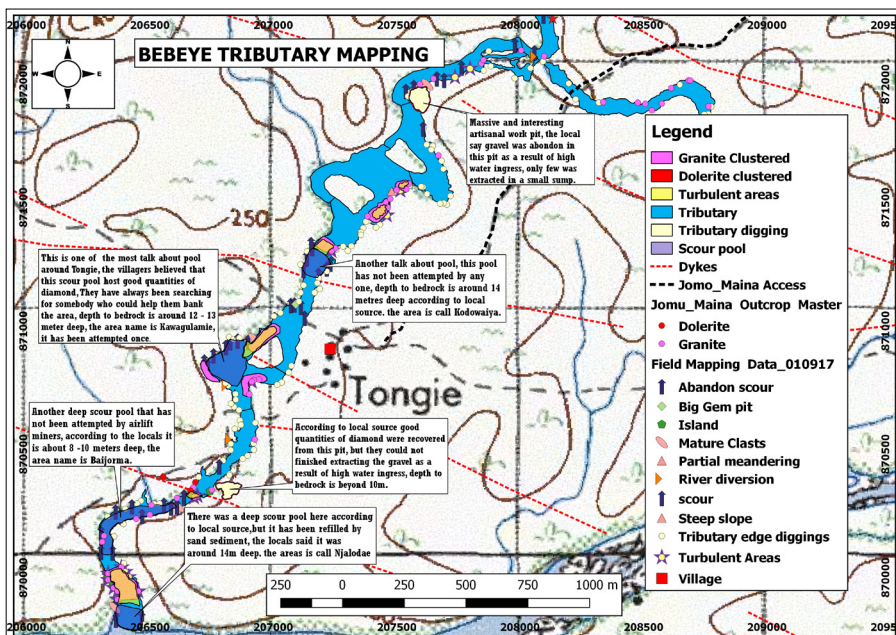


Figure 5. Showing detail of mapping conducted along the Bebeve River. Hall (*op. cit.*), reported good economic grades from the river flats. At right, planned GPR and dredge site at a change in river elevation (knick point) near the Bebeve-Sewa confluence (Tongie = blue dot).

No kimberlite exploration was undertaken in this EL during the reporting period.

DIRECTORS' REPORT

3. Exploration Licence - EL 19/2014: Kimberlite Exploration

3.1 Manowo GM Mega-Block Survey

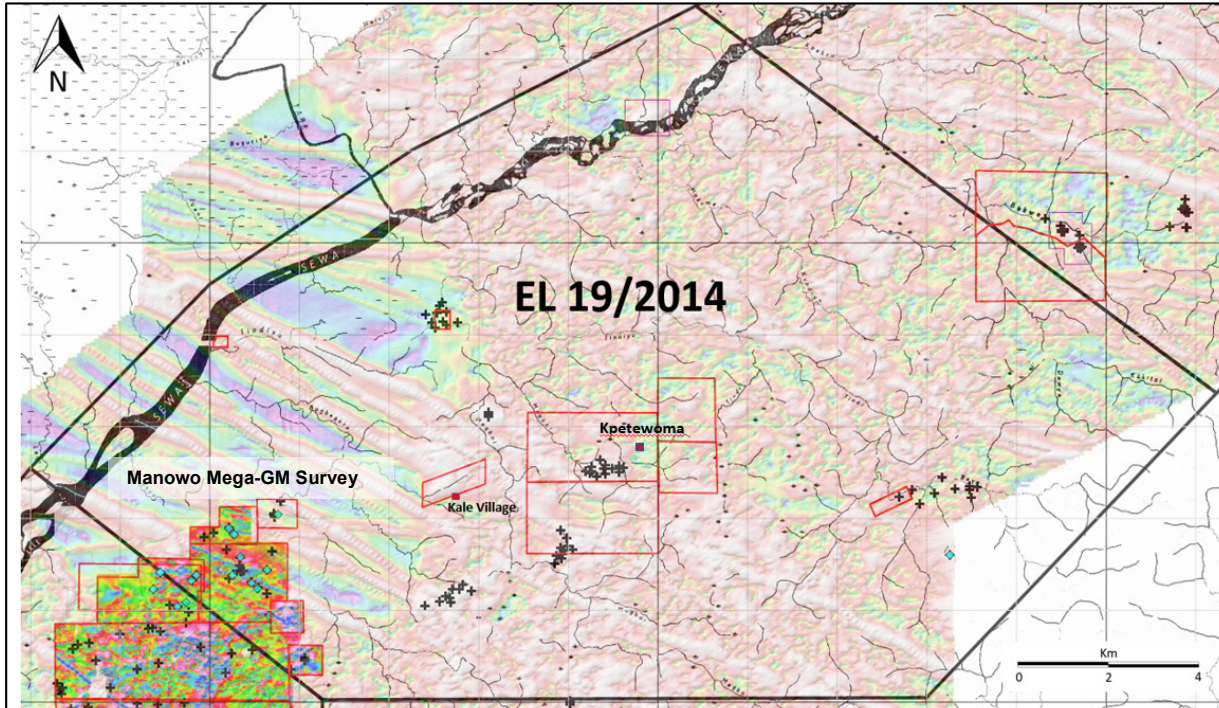


Figure 6. Manowo mega GM survey results (TMI), EL 19/2014. Drill hole collars are indicated in light blue diamonds; soils samples are black crosses. Red polygons-individual GM blocks. Background image is TMI from 2016 airborne magnetometry (AM) survey, overlying regional drainage. The bulk of the survey has been conducted in the adjacent EL 12/2014.

The Manowo mega-block (Figure 6), straddles an interfluvium from which the bounding drainages have reported kimberlitic indicator minerals (KIMs) from samples collected by both the Company and a previous operator, Sierra Leone Diamond Company (SLDC). Intriguingly, several artisanal diamond diggings in the vicinity do not appear to be associated with significantly transported alluvial sediments, suggesting a primary source for the diamonds. The GM survey overlaps the common EL 19/2014 and EL 12/2014 licence boundaries (*cf.* Figure 6). Several follow-up surveys have been conducted over anomalies which have been targeted for drilling. It is pertinent to note that a total of twenty-eight targets have been identified for follow-up work, following the interpretation of the GM survey results (*i.e.* within EL 19/2014 and EL 12/2014).

3.2 Kale GM Survey-Target Selection

A GM survey completed around the village of Kale (*cf.* Figure 6, left of centre), was designed over a linear NE-SW AM feature associated with old and active artisanal workings. From this, three priority drill targets were selected (Figure 7) and the drill-sites mapped. The Kale swamp is the only currently known diamondiferous deposit that overlies the Rokel River Group shale floor-rocks (Hall, 1972).

DIRECTORS' REPORT

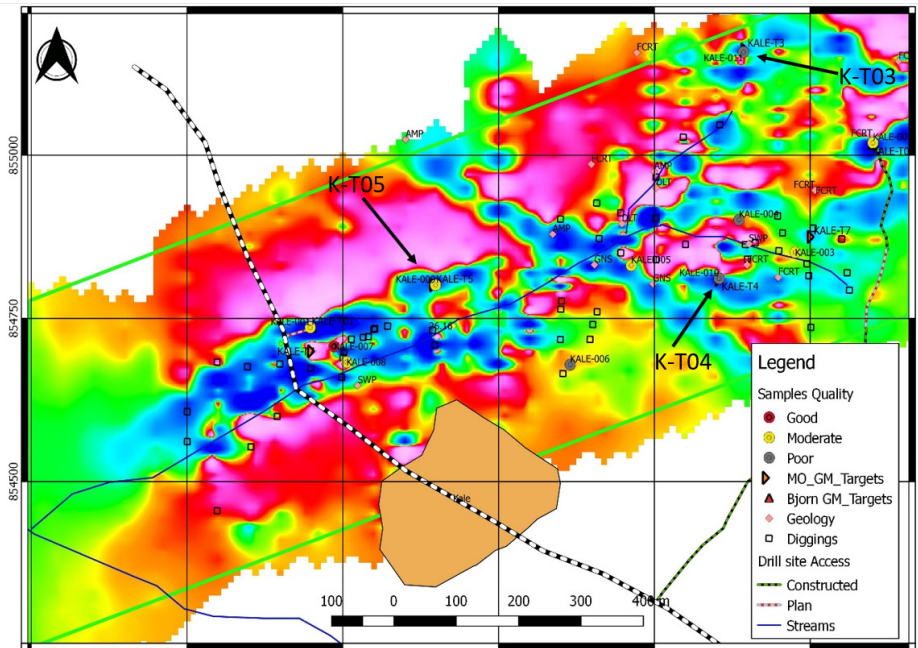


Figure 7. Kale GM survey (TMI), selected over a NE-SW AM anomaly and selected artisanal workings (cf. Figure 3 for locality). Three high-interest drill targets were selected from the interpreted GM data (arrowed).

3.3 Diamond Drilling

No diamond drilling was conducted in the EL in the reporting period.

3.4. KIM sampling

Follow-up stream and soil sampling was conducted over the high-priority targets selected in the Kale GM survey (cf. Figure 6), as well as over a GM block surrounding the village of Kpetewoma (cf. Figure 6; Figure 7). The latter was based on historical diamond recoveries recorded by Hall (*op. cit.*) in Block 15 (Figure 8).

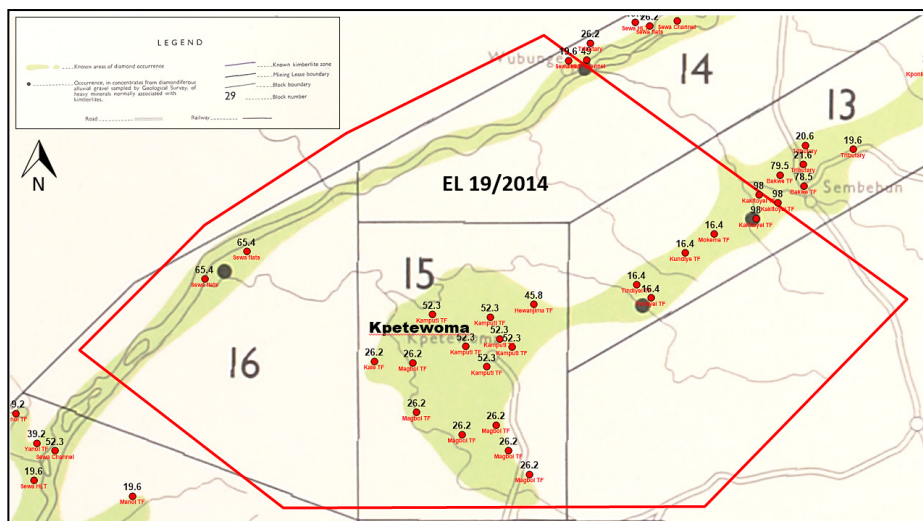


Figure 8. The Kpetewoma area (Hall's Block 15) was a centre of intense diamond activity in the 1960's (grades shown as cpts above red dot sample sites).

A total of 65 samples were collected, comprising thirty-eight stream samples and twenty-seven soil samples from the Manowo, Kale and Kpetewoma areas (Table 1). All samples were washed, and hand gravitated in field and classified on their heavy mineral concentrate (HMC). It was noted that the HMCs were abundant in the fine fraction, while the coarse fraction was less abundant. None of the samples have yet been despatched for laboratory testing.

DIRECTORS' REPORT

Number of Samples	Locality	EL
27	Manowo	EL12-2014
9	Kale	EL12-2014
1	Kpetewoma	EL19-2014
28	Kpetewoma	EL19-2014
65		

Table 1. Summary of soil and stream sediment sampling in the period, for EL 19/2014. (MNW=Manowo; KPW=Kpetewoma).

No alluvial exploration was conducted in the EL in the reporting period.

4. Exploration Licence - EL 12/2014

4.1 Alluvial Exploration-Jene-Tissana Terraces

The reporting period saw the completion of the first auger drilling stage at a grid spacing of 100m x 100m in the Sewa River flats, comprising a large palaeo-meander (Figure 9). A total of eighty (80) holes, totaling 806.45m, were completed to either bedrock or an impenetrable ferricretised cemented layer, locally referred to as 'ganga'. This cemented cap often overlies virgin gravel occurrences. Whilst gravel was intersected in seventy-seven of the holes ranging in thickness from 0.5-1.5m, the overburden proved prohibitively thick averaging 10.9m, up to a maximum thickness of 16.4m in two holes (probably scours downstream of a dolerite dyke¹). This excessive thickness results in prohibitively high stripping-ratios, and down-grades the target considerably, to the point that it requires no further investigation.

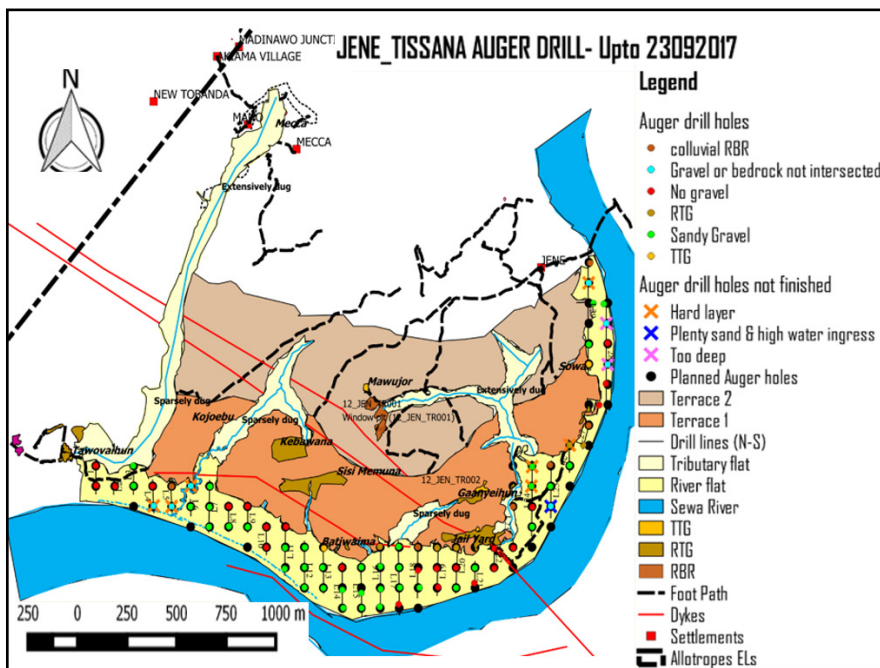


Figure 9. Plan showing planned and completed of completed auger drill conducted on the Sewa River alluvial flats.

4.2 Kimberlite Exploration-Manowo Mega-block GM Survey

Activities in the period comprised the field mapping (ground-truthing) of additional targets interpreted from the GM survey, which predominantly straddles the EL (Figure 10).

¹ As per the Hima-Mano geological model (ASX September 2016 Quarterly Report).

DIRECTORS' REPORT

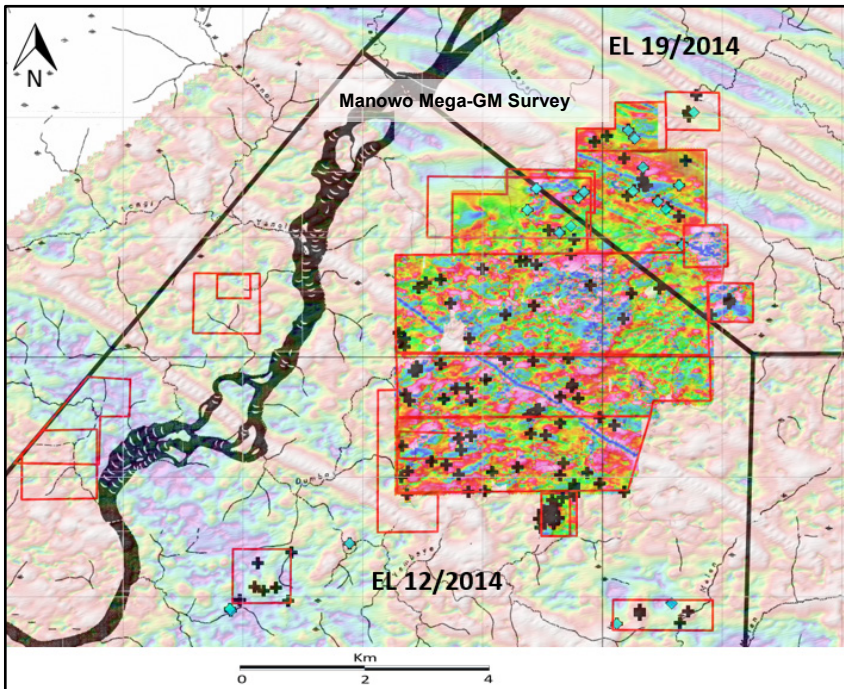


Figure 10. Location of Manowo mega-block GM survey, EL 12/2014. Additional red blocks indicate discrete GM surveys. Drill hole collars are indicated in light blue diamonds; soils samples are black crosses (background TMI image from 2016 AM survey).

4.3 GM Survey-Target Selection

A review of GM anomalies resulted in twenty-eight small targets being selected for follow-up soil sampling and surface mapping (Figure 11). These field observations and additional sampling is required to locate an accurate geographic position for any indicator minerals where they overlie a GM target. Where these data overlap, then allows the positioning of an accurate drill site.

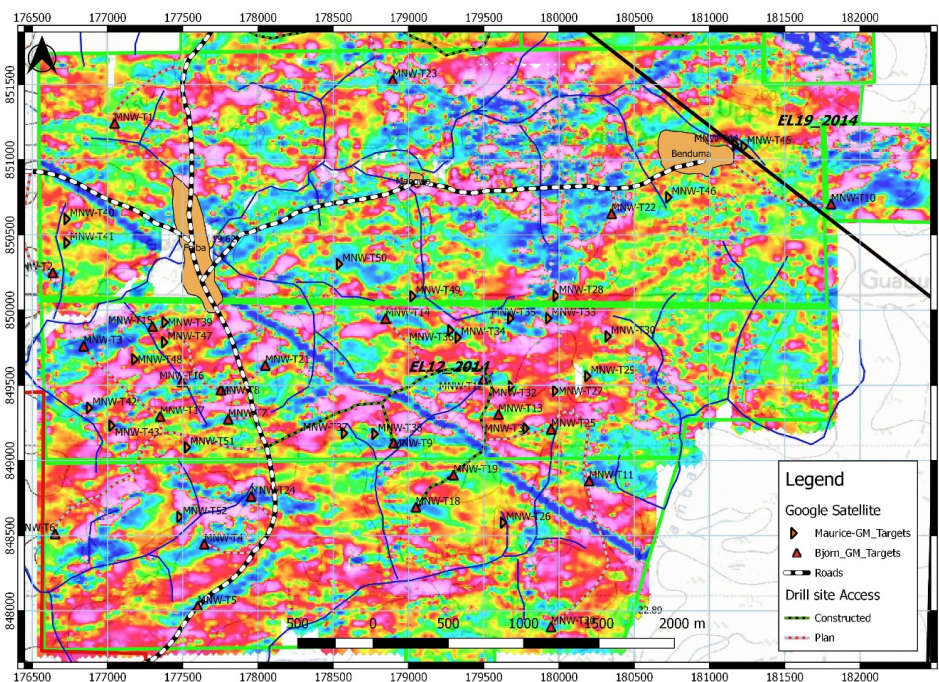


Figure 11. Overview of priority drilling targets (red triangles) generated from the Manowo mega-block GM survey. To date, a total of 96 samples have been collected from the survey.

4.4 Diamond Drilling

Drilling was conducted within EL12/2014 close to the villages of Feiba and Manowo, targeting the above-mentioned ground magnetic targets. A total of 55.6m was drilled on two (2) holes (Table 2). The causative magnetic bodies consisted of magnetic amphibolitic gneiss. No kimberlite was intersected and the causative lithologies identified and confirmed from the magnetic susceptibility (mag.sus.) data collected during logging.

DIRECTORS' REPORT

Hole ID	EOH
MNW-T012-DD-001	10.35
MNW-T025-DD-001	
MNW-T025-DD-001	
MNW-T025-DD-001	
MNW-T025-DD-001	45.25
Total	55.6

Table 2. Summary of drilling conducted on EL 12/2014. No kimberlite has as yet been intersected.

4.5 Voluntary Partial Surrender of EL 12/2014.

During the period, the Company submitted a partial relinquishment application for a portion of the EL. Allotropes has conducted extensive exploration over the EL during the last three years. The results of this work have delineated areas where it intends to continue with exploration activities, and those areas that it considers un-prospective and that it can confidently relinquish to reduce the EL operational footprint. The area of partial surrender (Figure 12), is delineated by a polygon of c.54.8 km² extent, as follows:

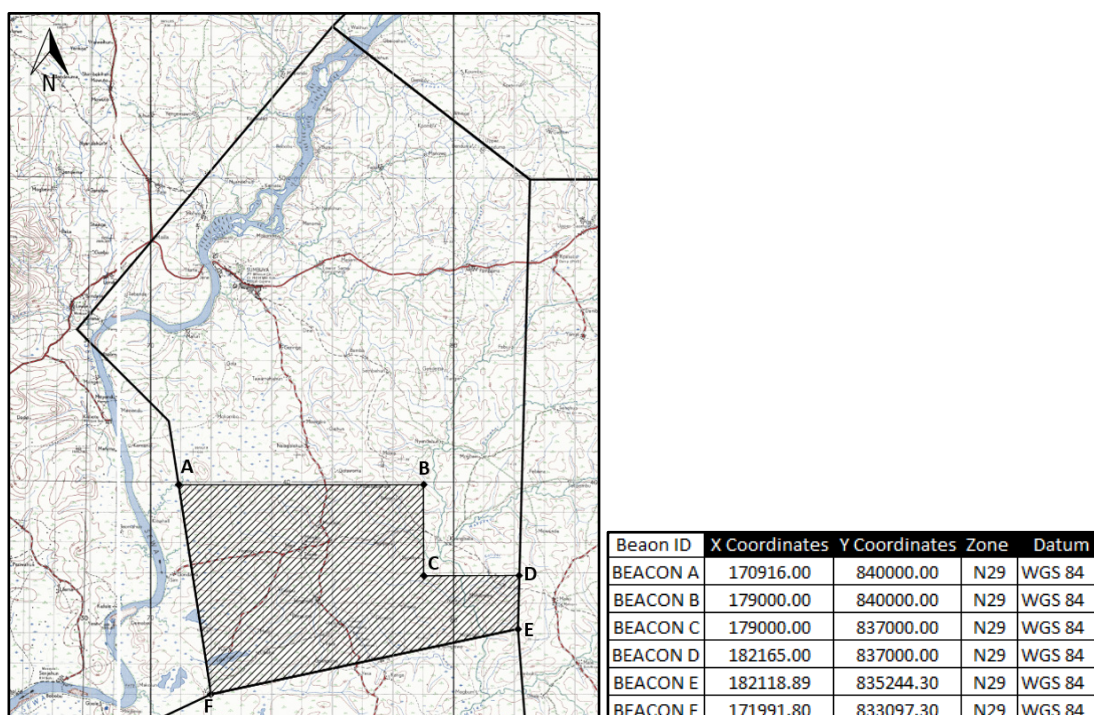


Figure 12. Showing detail of intended partial surrender area (hatched), EL 12/2014. The area delineated by beacons A-F, comprises c.54.8km² in extent.

This reduction in EL footprint, will allow the focus of resources and funding to be channelled into the remainder of higher priority areas within the EL.

5. Exploration Licence - EL 11/2014-Voluntary Surrender of EL

With the completion of the Company's alluvial exploration program, it was found that frequent occurrence of an increasing overburden thicknesses encountered in the southern reach of the Sewa River (i.e. Coastal Plain reach) proved increasingly cost-prohibitive in cashflow models, and a decision to halt further alluvial exploration work was taken. Moreover, with both AM and GM surveys completed satisfactorily and follow-up reconnaissance drilling failing to intersect further kimberlite around the Lake Popei and other target areas, the Company decided to voluntarily surrender the EL after 3 years of exhaustive exploration activities. This allows the Company to focus resources and funding into other areas that remain a priority for exploration, whilst at the same increasing savings associated with the reduction of the operational footprint.

DIRECTORS' REPORT

REFERENCES

Hall, P.K., (1972). The diamond fields of Sierra Leone. Geol. Surv. Sierra Leone Bull. 5 (1); 133 pp.

COMPETENT PERSON'S STATEMENT- DIAMONDS

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves on the Allotropes Diamond's Sierra Leone Diamond Project, is based on information compiled by Mr Richard Hall (*M.Sc. Geology-Cum Laude*) who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Geological Society of Australia.

Mr Hall consults to Newfield and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hall consents to the inclusion in this ASX release of this information in the form and context in which it appears.

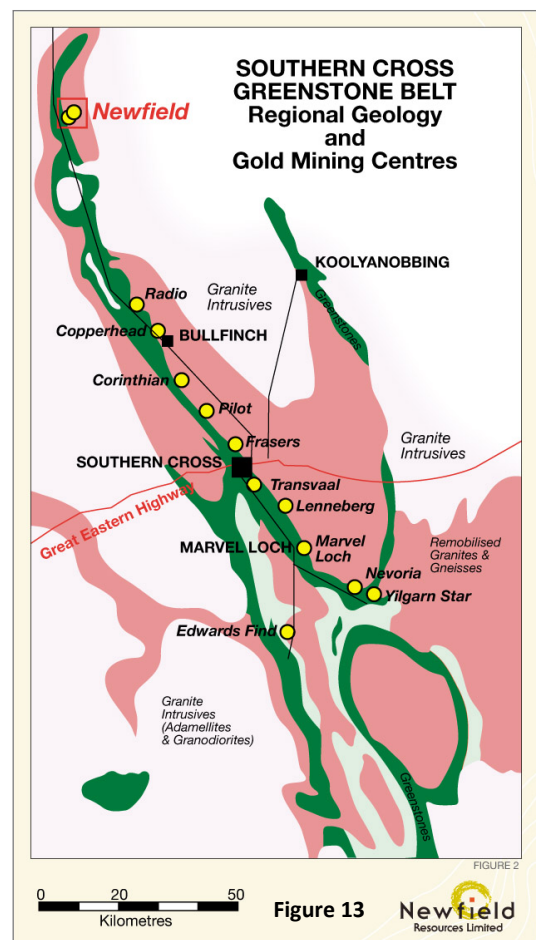
2. NEWFIELD GOLD PROJECT (100%)

The Newfield Project comprises two granted mining leases. The project is centred approximately 60km NNW of Bullfinch, in the Yilgarn Mineral Field (Figure 13).

The project covers the historical Newfield (also known as Carterton) Mining Centre, which is located at the northern end of the highly endowed Southern Cross greenstone belt. Historical, pre-1940, gold production for the Carterton group was 8,552 oz from 8,700t of ore at an average grade of 30.5 g/t Au, with production mainly coming from the Newfield Central workings.

More recent production at the Newfield Central Mine during the period from 2001 – 2005 resulted in 33,200 tonnes of ore extracted for a total of 24,200 ounces at a recovered grade of 22.68g/t Au.

During the reporting period, exploration activities comprised ongoing prioritisation of gold targets within the project area and a review of the existing datasets. This work has identified several high priority gold targets, which include near surface targets within the strike extensions of the Newfield Central Fault Zone, as well as the down-dip extensions of the Newfield Central Main Lode.



DIRECTORS' REPORT

3. CREST YARD GOLD PROJECT (NEWFIELD 70%)

The Crest Yard Gold Project, covers 987 ha, centred between the historical gold mining centres of Kintore and Dunnsville, located approximately 60km northwest of Kalgoorlie, Western Australia.

Exploration undertaken by the Company on the project to date has included an aeromagnetic survey, a detailed auger geochemical program and aircore drilling programs. This work has defined several areas of bedrock gold mineralisation associated with zones quartz veining, Fe-staining, sericite alteration and haematite alteration within the previously untested Doyle Dam Granodiorite.

The phase two aircore drilling program returned several areas of anomalous bedrock gold mineralisation (greater 100ppb Au) at or near bottom of drill holes within the southern target area. (NWF ASX Release 30 January 2015).² Newfield Resources Ltd continues to review and interpret the results of the previously completed aircore drilling programs with a view to refining targets for deeper drill testing.

COMPETENT PERSON'S STATEMENT-GOLD

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves on the Newfield and Crest Yard Gold Projects is based on information compiled by Mr Bryan Alexander who is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Alexander is a director of Archaean Exploration Services Pty Ltd, a company which consults to Newfield Resources Ltd. Mr Alexander has sufficient experience which is relevant to the style of the mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Alexander consents to the inclusion in this ASX Release of this information in the form and context in which it appears.

RESULTS

The Group incurred a loss of \$585,363 after income tax for the half-year (2016: \$729,464).

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 22 and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.



Anthony Ho
Executive Director

Dated at Perth, Western Australia this 16th day of March 2018.

² In accordance with Listing Rule 5.23.2, the Company confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Exploration and evaluation expenses		(267,609)	(408,641)
Corporate and administrative expenses		(357,121)	(387,470)
Exploration and evaluation assets written off	7	401	(5,663)
Gain on disposal of assets		2,696	-
Foreign exchange loss		(418)	-
Finance income		37,605	73,522
Finance costs		(917)	(1,212)
Loss before income tax		(585,363)	(729,464)
Income tax expense		-	-
Net loss for the half-year		(585,363)	(729,464)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(344,225)	733,598
Other comprehensive income for the half-year, net of tax		(344,225)	733,598
Total comprehensive income/(loss) for the half-year		(929,588)	4,134
Loss attributable to:			
Owners of the Company		(585,363)	(729,464)
Non-controlling interest		-	-
		(585,363)	(729,464)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(929,588)	4,134
Non-controlling interest		-	-
		(929,588)	4,134
 Basic loss per share (cents)		 (0.25)	 (0.32)

Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Note	31 Dec 2017 \$	30 Jun 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		457,919	1,068,249
Trade and other receivables		9,976	1,817,404
Inventory		178,847	176,767
Other current assets		228,154	230,800
Total Current Assets		874,896	3,293,220
NON-CURRENT ASSETS			
Trade and other receivables		-	70,584
Property, plant and equipment	6	2,899,736	3,170,781
Exploration and evaluation assets	7	22,389,678	20,300,092
Total Non-Current Assets		25,289,414	23,541,457
TOTAL ASSETS		26,164,310	26,834,677
CURRENT LIABILITIES			
Trade and other payables		534,126	225,784
Provision for employee benefits		97,208	124,028
Loans and borrowings		-	22,301
Total Current Liabilities		631,334	372,113
NON-CURRENT LIABILITIES			
Income tax payable		32,772	32,772
Total Non-current Liabilities		32,772	32,772
TOTAL LIABILITIES		664,106	404,885
NET ASSETS		25,500,204	26,429,792
EQUITY			
Contributed equity		38,964,752	38,964,752
Other reserves	8	(4,193,519)	(3,849,294)
Accumulated losses		(9,271,095)	(8,685,732)
Non-controlling interest		66	66
TOTAL EQUITY		25,500,204	26,429,792

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2017

	Contributed Equity \$	Other Reserves \$	Accumulated Losses \$	Total \$	Non- controlling interests \$	Total Equity \$
Balance as at 1 July 2016	36,141,400	(3,271,957)	(7,325,997)	25,543,446	66	25,543,512
Loss for the half year	-	-	(729,464)	(729,464)	-	(729,464)
Other comprehensive income	-	733,598	-	733,598	-	733,598
Total comprehensive income for the half year	-	733,598	(729,464)	4,134	-	4,134
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Issue of options to employees and consultants	-	113,933	-	113,933	-	113,933
Balance as at 31 December 2016	36,141,400	(2,424,426)	(8,055,461)	25,661,513	66	25,661,579
Balance as at 1 July 2017	38,964,752	(3,849,294)	(8,685,732)	26,429,726	66	26,429,792
Loss for the half year	-	-	(585,363)	(585,363)	-	(585,363)
Other comprehensive loss	-	(344,225)	-	(344,225)	-	(344,225)
Total comprehensive loss for the half year	-	(344,225)	(585,363)	(929,588)	-	(929,588)
<i>Transactions with equity holders in their capacity as equity holders:</i>						
Contribution of equity net of transaction costs	-	-	-	-	-	-
Balance as at 31 December 2017	38,964,752	(4,193,519)	(9,271,095)	25,500,138	66	25,500,204

The Consolidated Statement of Changes in Equity is to be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2017

	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(131,466)	(448,675)
Interest received	1,081	73,078
Interest paid	(917)	(1,212)
	<u>(131,302)</u>	<u>(376,809)</u>
Net cash (outflow) used in operating activities		
Cash flows from investing activities		
Payments for exploration and evaluation assets – capitalised costs	(2,550,478)	(3,786,943)
Proceeds from sales of diamonds from exploration activities	612,705	-
Proceeds from disposal of property, plant and equipment	8,367	2,654
Payments for purchase of property, plant and equipment	(28,986)	(1,043,421)
Loan repayment from other entities	1,500,000	-
	<u>(458,392)</u>	<u>(4,827,710)</u>
Net cash (outflow) used in investing activities		
Cash flows from financing activities		
Payments of share issue costs	-	(24,349)
Repayment of borrowings	(22,301)	(31,961)
	<u>(22,301)</u>	<u>(56,310)</u>
Net cash (outflow) from financing activities		
Net (decrease) in cash and cash equivalents	(611,995)	(5,260,829)
Cash and cash equivalents at the beginning of the half year	1,068,249	8,636,589
Effects of exchange rate changes on cash and cash equivalents	<u>1,665</u>	<u>2,480</u>
Cash and cash equivalents at the end of the half year	<u><u>457,919</u></u>	<u><u>3,378,240</u></u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2017

1. REPORTING ENTITY

Newfield is a public company limited by shares incorporated in Australia whose shares are traded on the Australian Securities Exchange.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the “Group” and individually “Group companies”). They were authorised for issue by the Board of Directors on 16 March 2018.

The annual financial report of the Group as at and for the financial period ended 30 June 2017 is available upon request from the Company’s registered office or may be viewed on the Company’s website, www.newfieldresources.com.au.

2. BASIS OF PREPARATION

This interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2017 and considered together with any public announcements made by Newfield Resources Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Going concern

The financial report has been prepared on a going concern basis which assumes the Group’s ability to realise its assets and satisfy its liabilities in the normal course of business. The Directors believe it is reasonable that the Group will be able to continue as a going concern after consideration of the following factors:

- The Group had cash reserves of \$457,919 and net working capital of \$243,562 as at 31 December 2017.
- Subsequent to 31 December 2017 the Company has successfully raised \$7million through a share placement which provided additional working capital for the Group.
- In addition to that, subsequent to balance date, the Company has announced it is undertaking a major capital raising and an acquisition which will also contribute to its working capital position (further details are set out in Note 11).

The Directors believe that the Group will be in a position to pay its debts as and when they fall due and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the 2018 interim financial report.

3. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2017.

4. FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the financial year ended 30 June 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2016

5. SEGMENT INFORMATION

The Group operates predominantly in the mineral exploration industry in Australia and Sierra Leone. The Board has determined that the Group has three reportable segments, being mineral exploration Australia, mineral exploration Sierra Leone and corporate.

	Mineral Exploration Australia \$	Mineral Exploration Sierra Leone \$	Corporate \$	Group \$
Half-year ended 31 December 2017				
Segment income	-	-	37,605	<u>37,605</u>
Segment result	401	(264,914)	(320,850)	<u>(585,363)</u>
As at 31 December 2017				
Segment assets	1,392,178	24,283,451	488,681	<u>26,164,310</u>
Segment liabilities	(9,568)	(461,830)	(192,708)	<u>(664,106)</u>
Half-year ended 31 December 2016				
Segment income	-	-	73,522	<u>73,522</u>
Segment result	(5,663)	(361,548)	(362,253)	<u>(729,464)</u>
As at 30 June 2017				
Segment assets	1,363,819	22,750,767	2,720,091	<u>26,834,677</u>
Segment liabilities	(10,120)	(245,283)	(149,482)	<u>(404,885)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2017

6. PROPERTY, PLANT & EQUIPMENT

	Furniture & fittings	Motor vehicles	Plant & equipment	Capital spares & WIP	Total
	\$	\$	\$	\$	\$
At 30 June 2017					
Cost	129,456	440,693	3,448,388	131,909	4,150,446
Accumulated depreciation	(78,409)	(214,301)	(686,955)	-	(979,665)
Net book amount	<u>51,047</u>	<u>226,392</u>	<u>2,761,433</u>	<u>131,909</u>	<u>3,170,781</u>
Half-year ended 31 December 2017					
Opening net book amount	51,047	226,392	2,761,433	131,909	3,170,781
Exchange differences	(580)	(3,478)	(42,426)	(2,026)	(48,510)
Additions	7,417	-	-	22,065	29,482
Disposals	(346)	(2,568)	(2,114)	(554)	(5,582)
Depreciation charges	(12,496)	(53,123)	(180,816)	-	(246,435)
Closing net book amount	<u>45,042</u>	<u>167,223</u>	<u>2,536,077</u>	<u>151,394</u>	<u>2,899,736</u>
At 31 December 2017					
Cost	133,391	404,572	3,389,646	151,394	4,079,003
Accumulated depreciation	(88,349)	(237,349)	(853,569)	-	(1,179,267)
Net book amount	<u>45,042</u>	<u>167,223</u>	<u>2,536,077</u>	<u>151,394</u>	<u>2,899,736</u>

	31 Dec 2017	30 Jun 2017
	\$	\$
7. EXPLORATION AND EVALUATION ASSETS		
Exploration, evaluation and development costs carried forward in respect of areas of interest	<u>22,389,678</u>	<u>20,300,092</u>
Movements for half-year ended 31 December	2017	2016
	\$	\$
Carrying amount at beginning of period	20,300,092	14,824,010
Foreign exchange difference on opening balance	(269,687)	414,997
Exploration and evaluation expenditure – Australia	27,958	51,005
Exploration and evaluation expenditure – Sierra Leone	2,665,521	3,210,799
Sale of diamonds from exploration activities	(316,423)	-
Foreign exchange difference on valuation of Baoma tenement at balance date	(18,184)	40,016
Reversal of previous exploration expenditure written-off	401	(5,663)
Carrying amount at end of period	<u>22,389,678</u>	<u>18,535,164</u>

The value of the exploration, evaluation and development costs carried forward is dependent upon the continuance of the Group's rights to tenure of the area of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2017

	31 Dec 2017 \$	30 Jun 2017 \$
8. OTHER RESERVES		
Share Based Payments Reserve		
Balance at beginning of the period	113,933	40,000
Issue of options to employees and consultants of the Company	-	113,933
Exercise/expiry of options previously granted	-	(40,000)
Balance at end of the period	<u>113,933</u>	<u>113,933</u>
Foreign Currency Translation Reserve		
Balance at beginning of the period	(3,963,227)	(3,311,957)
Currency translation differences on translation of foreign operations	(344,225)	(651,270)
Balance at end of the period	<u>(4,307,452)</u>	<u>(3,963,227)</u>
Total	<u>(4,193,519)</u>	<u>(3,849,294)</u>

Share based payments reserve

The reserve is used to recognise the values attributed to options over ordinary shares granted to employees and consultants in consideration for the provision of services.

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

9. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies remain consistent with those disclosed in the 2017 annual report.

10. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties during the reporting period:

	Transactions value for the half-year ended 31 Dec 2017 \$	Balance outstanding as at 31 Dec 2017 \$
Payment for secretarial services from Anthony Ho & Associates (director-related entity of Anthony Ho)	30,000	16,500

Unless otherwise stated, all transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2017

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 8 February 2018, the Company raised \$7million before costs by a placement of 35,000,000 fully paid ordinary shares at \$0.20 per share.

On 12 March 2018, the Company announced that the Boards of Newfield Resources Limited (**Newfield**) and AIM-listed Stellar Diamonds plc (AIM: STEL) (**Stellar**) had reached agreement on the terms of a recommended combination of Newfield and Stellar via a UK scheme of arrangement and a corresponding offer to acquire all of the rights over Stellar's ordinary shares (including warrants, options and other rights) (**Stellar Offer**). In addition to the Stellar Offer, Newfield is also undertaking the following transactions:

- (a) an underwritten entitlement offer to eligible Newfield shareholders to raise approximately \$30 million (before costs) by the issue of approximately 200,231,668 Shares at \$0.15 per Share (subject to rounding) (**Entitlement Offer**); and
- (b) a placement to raise \$3 million (before costs) by the issue of 15 million shares at \$0.20 per share (**Placement**), subject to the receipt of shareholder approval.

The Entitlement Offer is conditional on the Stellar scheme becoming effective. If the Stellar scheme does not take effect on or before the proposed issue date for the Entitlement Offer, the Entitlement Offer will be withdrawn and any application monies received by Newfield in relation to the Entitlement Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.

DIRECTORS' DECLARATION

In the opinion of the Directors of Newfield Resources Limited:

- (a) the financial statements and notes set out on pages 12 to 20 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Newfield Resources Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Anthony Ho
Executive Director

Perth, Western Australia
16th March 2018

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NEWFIELD RESOURCES LIMITED

As lead auditor for the review of Newfield Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Newfield Resources Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Newfield Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Newfield Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over the printed name.

Glyn O'Brien

Director

Perth, 16 March 2018