NEWFIELD
RESOURCES LIMITED

ABN 98 153 219 848

INTERIM FINANCIAL REPORT

31 December 2019

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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 2019 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 Anthony Ho
Executive Director – appointed 14 September 2011

Mr Michael Lynn
Executive Director – appointed 24 August 2015

Mr Nicholas Karl Smithson
Executive Director – appointed 7 November 2018

Mr Robert Ang
Non-Executive Director – appointed 30 January 2018, resigned 1 November 2019

Mr Chris Burton
Non-Executive Director – appointed 1 November 2019

REVIEW OF OPERATIONS

1. Tongo Diamond Project (Sierra Leone – Subject to Tribute Mining and Revenue Share Agreement with Octea Mining Ltd)

Box cut blasting and underground development

The drilling, blasting and excavation of the box cut has been completed and the portal site is now ready for blasting of the 6mx4m decline that will be sunk at an angle of eight degrees and advance towards both the high-grade Kundu and Lando kimberlites.

The underground mining machinery, which comprises 2x Jumbo Drill Rigs, 2x 15 tonne Haul Trucks and 2x LHD Loaders, has arrived on site, albeit slightly later than planned due to shipping delays out of China. The machines have been customs cleared, have undergone commissioning and are now ready to commence drilling, blasting and hauling of the underground decline at the portal. Support equipment for the decline development has also been shipped out of South Africa and received on site.

Figure 1: *commissioning of a drill rig and loader*

Tongo Mine Infrastructure Construction

Several components of the mine infrastructure are at an advanced stage of construction. An aggregate crushing plant has been erected to enable the Company to fabricate its own foundations and bricks to reduce the cost of construction.

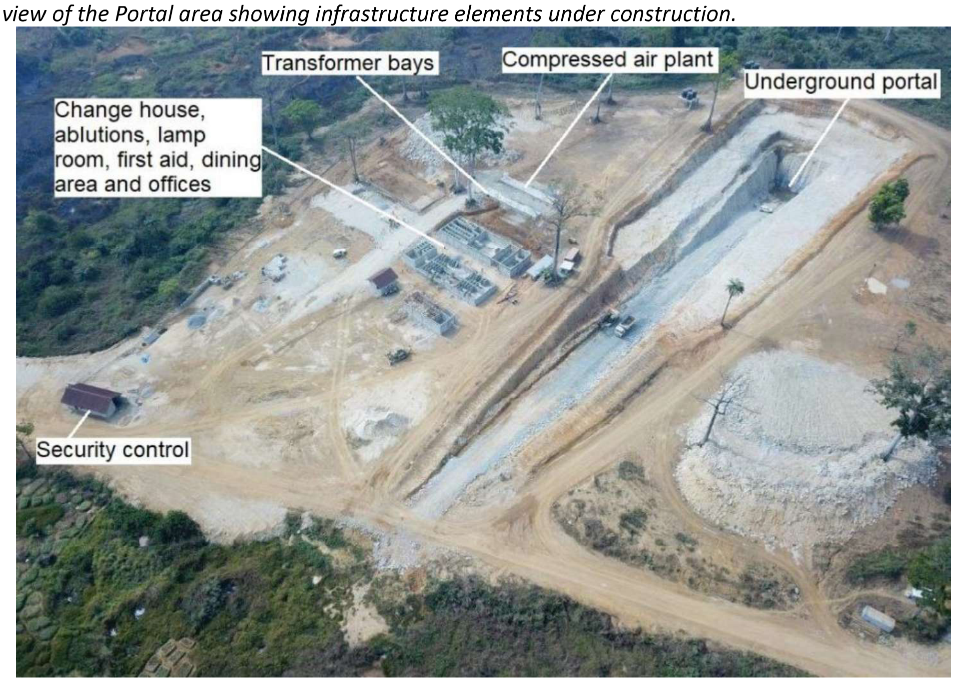
At the camp, construction of 36 additional accommodation units was completed in preparation to receive additional skilled employees, whilst lay-down and stores areas have been prepared to receive mining machinery, equipment and stock items expected early in 1Q 2020.

At the mining portal, the change house, ablutions, lamp room, first aid room, washbay, security access control, dining area, offices, compressed air plant and transformer bays are all at an advanced stage of construction.

The Explosives Magazine design was signed off by the National Minerals Agency and construction commenced. The magazine will be ready for the start of underground decline blasting in 1Q 2020.

Figure 2: *Aerial view of the Project camp showing newly completed infrastructure elements and laydown areas for further construction work.*

Figure 3: *Aerial view of the Portal area showing infrastructure elements under construction.*



100 tph Processing Plant

As part of an optimisation program following the FEED Study completed in May 2019, Newfield assessed options for potential rapid expansion of processing capacity and diamond production rates. This review included weighing a single enlarged plant design against planned refurbishment of the existing 50tph plant coupled with investment in a stand-alone 25tph processing plant at the Tongo Dyke-1 site. The outcome of this review is that it is more efficient, in both capital investment and operating terms, to implement a modular 100tph plant design from the outset of the Tongo Mine Development.

Various key components of the 50tph plant can be used in the development of the 100tph plant. The aggregate capital investment with the expanded capacity is only marginally higher than the original 50tph refurbishment approach. As the expanded plant design can be implemented on a modular basis, a portion of the capital requirement is capable of being deferred to later years as mine production levels progressively increase.

The detailed design of the 100tph plant has been completed and long lead time components have been ordered and fabrication is progressing well. At site, work commenced with preparation of the foundation work and modifications to the haul road. The final recovery building design is completed and final tenders will be considered in Q1-20. The three Debtech X-Ray machines for the final recovery were purchased and have been shipped to site.

Panguma Kimberlite Resource Drilling

As previously reported the JORC Compliant Tongo global Mineral Resource Estimate is currently 7.4 million carats (+1.0mm cut off). The Panguma kimberlite, located in the west of the Tongo mining licence area, does not currently have a Mineral Resource estimate. However, Newfield has previously declared an Exploration Target Range for the Panguma kimberlite of 1,000,000 to 1,900,000 tonnes at a grade of 0.9 to 2.0 carats per tonne, based on historical drilling and bulk sampling data.*

Three separate samples of the Panguma kimberlite, totalling 486kg, were collected as part of the current work program and were consigned to the SRC for caustic fusion (microdiamond analysis). Combined, these samples yielded 1,439 diamonds, weighing 2.50 carats (see Table 1). A total of 38 diamonds were classified as >0.85mm in size, with the largest stone measuring 5.5mm x 4.7mm x 3.0mm (0.79 carats in weight). The three samples showed consistent results and are thus reported together in Table 1 below. These results, along with historical and recent bulk sampling and drilling information, will be used to compile a Maiden Mineral Resource Estimate for the Panguma kimberlite.

Table 1: *Panguma Kimberlite Microdiamond Results*

Number of Diamonds According to Sieve Size (mm) to 0.075 mm bottom cut-off		
From	To	Number of Diamonds
-4.75	3.35	1
-3.35	2.36	2
-2.36	1.70	4
-1.70	1.18	11
-1.18	0.850	20
-0.850	0.600	35
-0.600	0.425	52
-0.425	0.300	84
-0.300	0.212	157
-0.212	0.150	233
-0.150	0.106	366
-0.106	0.075	474
Total number of stones		**1,439**
Total sample weight (kg)		**486**
Total carats		**2.50**
Average Diamonds per kg		**2.96**

** The Exploration Target Ranges are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource in these areas and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

Figure 4: *100tph Plant Design*

2. Allotropes Alluvial Diamond Project (Sierra Leone – 100%)

The project continues to be in care and maintenance during the half-year.

3. Kumbgo Kimberlite Project (Liberia – 90%)

The Kumgbo kimberlite project comprises two exploration licences that cover a total area of 670 Km² located in the western part of Liberia. Kimberlites were first discovered in this region during the 1960's and more recently (2000 - 2010) new discoveries (dykes and pipes) have been made to the south of Newfield's licences. Western Liberia has historically experienced considerable artisanal diamond digging activity and yielded large and high value diamonds.

During the period, the previously collected 195 stream samples, comprising the 1st reconnaissance phase of sampling, were submitted to specialist kimberlitic indicator mineral processing and recovery / sorting laboratories in South Africa, and results were received.

Some 81% of the stream samples reported positive for indicator minerals with a substantial number containing a high abundance of visually kimberlitic ilmenite and spinel. The results have been carefully analysed and a number of anomalous areas of confirmed kimberlitic minerals have been identified warranting further follow up field work; the majority of these occurring within the northern Zoi licence. Follow-up work has resulted in the discovery of three kimberlite dykes in the Zoi area. The widest of these dykes is 6m though further delineation work is ongoing. Some 230kg of kimberlite material has been collected and consigned to the SRC Laboratory in Canada for microdiamond analysis to determine whether these kimberlites are diamondiferous.

Further follow up activity continues to broadly map the kimberlite dykes and identify further kimberlites associated with indicator mineral anomalies reported in the last quarter.

The two licences have been renewed for a further two-year period, expiring in February 2021 and have also been awarded Environmental Permits valid until March 2021. Both licences statutory reporting requirements are up to date.

4. Impairments

No impairments were recorded in the half year.

5. Corporate activities

On 1 November 2019 Mr Robert Ang resigned and Mr Chris Burton was appointed as a Non-Executive Director of the Company.

During the half-year period the Group drew down bonds of $9.6 million.

The Company completed its small shareholding sale facility during the half-year. A total of 315,884 Shares (representing approximately 0.05% of Shares on issue) were sold at the sale price of 16 cents per Share which was higher than the authorised price as required by the Company's constitution. Following the sale facility, the total number of shareholders was reduced by 1,019.

RESULTS

The Group incurred a loss of $9,702,664 after income tax for the half-year (2018: $5,213,495). Major expenditure items have been separately disclosed in the statement of profit or loss.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Karl Smithson, Executive Director of Newfield and Chief Executive Officer of Newfield's subsidiary company Sierra Diamonds Limited, a qualified geologist and Fellow of the Institute of Materials, Metals, Mining, with 31 years' experience in the diamond and natural resources sector. Mr Smithson has sufficient experience 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 Smithson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 2019.

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 9th day of March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2019

	Note	31 Dec 2019 $	31 Dec 2018 $
Other income	5a	140,686	30,166
Exploration and evaluation expenses		(298,447)	(195,548)
Corporate and administrative expenses		(800,259)	(629,349)
Impairment losses	5b	-	(4,501,116)
Fair value adjustments to financial liability	16	(8,387,544)	-
Foreign exchange gain/(loss)		27,904	1,538
Finance income		191,647	318,841
Finance costs		(576,651)	(238,027)
Loss before income tax		(9,702,664)	(5,213,495)
Income tax expense		-	-
Net loss for the half-year		**(9,702,664)**	**(5,213,495)**
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(232,112)	2,842,107
Other comprehensive (loss) / income for the half-year, net of tax		(232,112)	2,842,107
Total comprehensive (loss) for the half-year		**(9,934,776)**	**(2,371,388)**
Loss attributable to:			
Owners of the Company		(9,701,193)	(5,212,688)
Non-controlling interest		(1,471)	(807)
		(9,702,664)	**(5,213,495)**
Total comprehensive (loss) attributable to:			
Owners of the Company		(9,933,334)	(2,370,559)
Non-controlling interest		(1,442)	(829)
		(9,934,776)	**(2,371,388)**
Basic loss per share (cents) for loss attributable to the ordinary equity holders of the Company:		(1.67)	(0.90)

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 2019

	Note	31 Dec 2019 $	30 Jun 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,524,573	491,413
Trade and other receivables		382,302	373,407
Inventory		86,428	107,620
Financial assets at amortised cost	6	158,135	6,747,593
Financial assets at fair value through profit or loss	7	750,000	-
Other current assets		880,367	517,438
Total Current Assets		3,781,805	8,237,471
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	150,196	30,196
Property, plant and equipment	8	3,617,984	4,073,912
Mine properties	9	58,573,165	-
Exploration and evaluation assets	10	27,399,923	74,325,756
Total Non-Current Assets		89,741,268	78,429,864
TOTAL ASSETS		93,523,073	86,667,335
CURRENT LIABILITIES			
Trade and other payables		2,947,737	3,457,280
Provision for employee benefits		23,361	38,537
Loans and borrowings		-	47,150
Total Current Liabilities		2,971,098	3,542,967
NON-CURRENT LIABILITIES			
Income tax payable		-	32,896
Deferred tax liabilities		12,077,036	12,052,013
Loans and borrowings	11	8,718,987	-
Financial liability at amortised cost		5,761,446	5,506,571
Financial liability at fair value through profit or loss	15	12,658,488	4,262,094
Total Non-current Liabilities		39,215,957	21,853,574
TOTAL LIABILITIES		42,187,055	25,396,541
NET ASSETS		**51,336,018**	**61,270,794**
EQUITY			
Contributed equity		102,090,022	102,090,022
Reserves		1,545,155	1,777,296
Accumulated losses		(52,296,478)	(42,595,285)
Non-controlling interest		(2,681)	(1,239)
TOTAL EQUITY		**51,336,018**	**61,270,794**

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 2019

	Contributed Equity $	Other Reserves $	Accumulated Losses $	Total $	Non-controlling interests $	Total Equity $
Balance as at 1 July 2018	102,090,022	(2,235,593)	(36,137,683)	63,716,746	66	63,716,812
Loss for the half year	-	-	(5,212,688)	(5,212,688)	(807)	(5,213,495)
Other comprehensive income	-	2,842,129	-	2,842,129	(22)	2,842,107
Total comprehensive loss for the half year	-	2,842,129	(5,212,688)	(2,370,559)	(829)	(2,371,388)
Balance as at 31 December 2018	**102,090,022**	**606,536**	**(41,350,371)**	**61,346,187**	**(763)**	**61,345,424**
Balance as at 1 July 2019	**102,090,022**	**1,777,296**	**(42,595,285)**	**61,272,033**	**(1,239)**	**61,270,794**
Loss for the half year	-	-	(9,701,193)	(9,701,193)	(1,471)	(9,702,664)
Other comprehensive income	-	(232,141)	-	(232,141)	29	(232,112)
Total comprehensive loss for the half year	-	(232,141)	(9,701,193)	(9,933,334)	(1,442)	(9,934,776)
Balance as at 31 December 2019	**102,090,022**	**1,545,155**	**(52,296,478)**	**51,338,699**	**(2,681)**	**51,336,018**

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 2019

	31 Dec 2019 $	31 Dec 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	(906,362)	(806,543)
Interest received	81,757	321,400
Interest paid	(426,320)	(2,216)
Net cash (outflow) used in operating activities	(1,250,925)	(487,359)
Cash flows from investing activities		
Payments for exploration and evaluation assets – capitalised costs	(3,430,277)	(10,210,647)
Payments for mine development	(8,693,538)	-
Payments for purchase of property, plant and equipment	-	(91,844)
Payments for investment in financial assets at fair value through profit or loss	(750,000)	(1,900,000)
Distributions received from financial assets at fair value through profit or loss	19,638	30,166
Loan to other entities	-	(3,400,000)
Repayment of loan from other entities	6,700,000	1,650,000
Net cash (outflow) used in investing activities	(6,154,177)	(13,922,325)
Cash flows from financing activities		
Proceeds from borrowings	9,600,000	51,180
Payment of borrowing costs	(975,200)	-
Repayment of borrowings/leases	(179,768)	(51,766)
Net cash inflow/(outflow) from financing activities	8,445,032	(586)
Net increase/(decrease) in cash and cash equivalents	1,039,930	(14,410,270)
Cash and cash equivalents at the beginning of the half year	491,413	14,970,438
Effects of exchange rate changes on cash and cash equivalents	(6,770)	60,809
Cash and cash equivalents at the end of the half year	**1,524,573**	**620,977**

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

1. REPORTING ENTITY

Newfield is a public company limited by shares incorporated in Australia whose shares are quoted 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 9 March 2020.

The annual financial report of the Group as at and for the financial period ended 30 June 2019 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 2019 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 2019 and considered together with any public announcements made by Newfield Resources Limited during the half-year ended 31 December 2019 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. The Group has updated its accounting policies as a result of adopting the following standards and amendments from 1 July 2019:

- AASB 16 *Leases*
- Interpretation 23 *Uncertainty over Income Tax Treatments*

The Group did not have to make any retrospective adjustments as a result of adopting these standards. The adoption of AASB 16 did not have any material impact on the Group's accounting policies. The impact of adoption of AASB 16 and the new accounting policies are disclosed in Note 17.

Going concern
The going concern concept relates to the assessment of the Company's ability to continue its operations (and pay its debts when they fall due) for the next 12 months from the date when the directors sign the half year report without the need to raise money from issuing shares or obtaining additional borrowing facilities.

The directors have prepared a cash flow forecast for the period to March 2021 for its operations including the funding for the development of its Tongo Diamond Mining Project (the "Project"). This forecast takes into consideration mine development and mining plans for the period based on various independent engineering and technical studies on the Project. In the event that additional amounts are required in the cashflow forecast above the Bond funds already secured, there is a material uncertainty that may cast significant doubt as to whether the Company will continue to operate in the manner it has planned.

The directors make an assessment of whether it is reasonable to assume that the Company will be able to continue its normal operations based on the following factors and judgements:

The Company has access to the use of cash reserves of $1,524,573 as at 31 December 2019 (30 June 2019: $491,413).

The Company has the ability to adjust its development and exploration expenditure to conserve cash.

The Company secured project funding by way of a bonds issue totalling approximately US$30.5m to develop the initial phase of the Project. As at 31 December 2019 the Company has drawn down A$9.6m.

The directors anticipate the support of its major shareholders and lenders and are confident in the Company's ability to raise an appropriate level of funding to execute its plans and continue its activities.

2. BASIS OF PREPARATION (continued)

Current assessment of going concern

The half year report has been prepared on a going concern basis taking into account the factors outline in the director's assessment above. The cash flow forecast includes a number of financial assumptions regarding the initial development of the Project based on independent engineering and technical studies. The Company has already secured its initial project funding by way of a bonds issue totalling approximately US$30.5m. However, as the Company is only in the early stages of its development activity it may require additional longer-term funding to reach commercial production.

Should the Company be unable to secure this funding , it results in a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the half year report.

The half year report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

The Company's auditors have referred to this section when completing their report on the Company's half year 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 2019 other than the item below.

Impairment of mine properties

During the period the Group made the decision to commence the development of a mine. The Group transferred the costs associated with its exploration and evaluation asset to a Mine properties asset for the proportion of the costs that relate to the mine plan.

The Group has undertaken an impairment review in relation to its mine properties asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The impairment review includes a number of estimates and judgements relating to the development of the mine and production of diamonds over life of the mine plan. These judgements use the completed front end engineering study complete in 2018 by external parties. The review did not highlight any impairment for the half year ended 31 December 2019.

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 2019.

5a. OTHER INCOME

	31 Dec 2019 $	31 Dec 2018 $
Distribution income	19,638	30,166
Asset revaluation (Note 7)	120,000	-
Gain on asset disposals	1,048	-
	140,686	**30,166**

5b. IMPAIRMENT LOSSES

	31 Dec 2019 $	31 Dec 2018 $
Impairment losses on property, plant & equipment	-	(1,469,012)
Impairment losses on exploration & evaluation assets (Note 10)	-	(2,893,928)
Write-down of inventory to net realisable value	-	(138,176)
	-	**(4,501,116)**

6. FINANCIAL ASSETS AT AMORTISED COST

		31 Dec 2019 $	30 Jun 2019 $
Current			
Loans to other entities	(i)	-	6,700,000
Interest receivable		148,438	38,548
Loans/cash advance to employees		9,697	9,045
		158,135	**6,747,593**

(i) The loan has been fully repaid during this period.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 2019 $	30 Jun 2019 $
Current		
Australian unlisted equity securities – property sector	750,000	-
Non Current		
Australian listed equity securities - SMD	150,196	30,196
	900,196	**30,196**

Significant judgements

The directors have determined that they do not have significant influence over a unit trust. The trust is controlled by the trustee company and the unit holders have no power to remove or change the trustee under the trust deed nor to participate in the financial or operating policy decisions of the trust. Although one of Newfield's directors, Mr Ho, is also a non-executive Director of the ultimate controlling entity of the trustee company, the Group has no interest in the trustee company and is not able to affect the returns of the unit trust through participating in the financial or operating policy decisions of the trust.

Refer to Note 15 for details of fair value measurement and disclosure.

8. PROPERTY, PLANT & EQUIPMENT

	Furniture & fittings $	Motor vehicles $	Property, Plant & equipment $	Total $
At 30 June 2019				
Cost	62,716	209,723	5,522,658	5,795,097
Accumulated depreciation	(52,177)	(185,535)	(1,483,473)	(1,721,185)
Net book amount	10,539	24,188	4,039,185	4,073,912
Half-year ended 31 December 2019				
Opening net book amount	10,539	24,188	4,039,185	4,073,912
Exchange differences	-	144	19,174	19,318
Additions	-	-	35,771	35,771
Transfers	-	-	-	-
Depreciation charges	(1,371)	(4,372)	(463,689)	(469,432)
Disposals	-	-	(41,585)	(41,585)
Closing net book amount	**9,168**	**19,960**	**3,588,856**	**3,617,984**
At 31 December 2019				
Cost	62,794	210,158	5,521,999	5,794,951
Accumulated depreciation	(53,626)	(190,198)	(1,933,143)	(2,176,967)
Net book amount	**9,168**	**19,960**	**3,588,856**	**3,617,984**

		31 Dec 2019 $	30 Jun 2019 $
9. MINE PROPERTIES			
Mine property development costs carried forward in respect of mine development		58,573,165	-
Movements for half year ended 31 December			
Transfer from exploration and evaluation assets	(10)	47,978,293	-
Development expenditure		10,642,794	-
Foreign exchange differences		(47,922)	-
Carrying amount at end of period		**58,573,165**	**-**

		31 Dec 2019 $	30 Jun 2019 $
10. EXPLORATION AND EVALUATION ASSETS			
Exploration, evaluation and development costs carried forward in respect of areas of interest		**27,399,923**	**74,325,756**
		2019	**2018**
Movements for half-year ended 31 December		**$**	**$**
Carrying amount at beginning of period		74,325,756	57,612,303
Exploration and evaluation expenditure – Australia		11,410	26,893
Exploration and evaluation expenditure – Africa		1,135,029	9,117,918
Sale of diamonds from exploration activities		-	(300,195)
Exploration expenditure written off		(70,649)	-
Impairment losses		-	(2,893,928)
Transfer to mine development	(9)	(47,978,293)	-
Foreign exchange differences		(23,330)	3,741,693
Carrying amount at end of period		27,399,923	67,304,684

Estimates and judgements

Assumptions used to carry forward the exploration assets

The write-off, impairment or carrying forward of exploration expenditure is based on a periodic assessment of the viability of an area of interest and/or the existence of economically recoverable reserves. This assessment is based on pre-determined impairment indicators, taking into account the requirements of the accounting standard, and with the information available at the time of preparing this report. Information may come to light in subsequent periods which requires the asset to be impaired or written down for which the directors were unable to predict the outcome.

The Group has made a decision to mine a number of targets which contain the resource within the area of interest. The capitalised expenditure relating to these targets has been transferred to the development asset.

	31 Dec 2019 $	30 Jun 2019 $
11. LOANS AND BORROWINGS		
Bonds	9,600,000	-
Capitalised borrowing costs	(881,013)	-
	8,718,987	**-**

The Group issued unlisted, unsecured corporate bonds during the period. The coupon rate is 12% per annum, payable semi annually on 30 June and 31 December each year. The bonds are to be repaid at the later of the maturity date, being three years post each drawdown date, or the repayment date, being the earlier of 12 months after ASX announcement declaring commercial production or five years after the first drawn down date. The corporate bonds have no covenants.

12. SEGMENT INFORMATION

The Group operates predominantly in the mineral exploration industry in Australia and Africa. The Board has determined that the Group has four reportable segments, being mine development, mineral exploration Australia, mineral exploration Africa and corporate.

Half-year ended 31 December 2019	Mine Development $	Mineral Exploration Australia $	Mineral Exploration Africa $	Corporate $	Group $
Segment income	-	-	1,049	331,284	**332,333**
Segment result	-	(70,649)	(226,749)	(9,405,266)	**(9,702,664)**
As at 31 December 2019					
Segment assets	58,573,165	-	32,399,928	2,549,980	**93,523,073**
Segment liabilities	(27,461,232)	-	(5,829,990)	(8,895,833)	**(42,187,055)**
Half-year ended 31 December 2018					
Segment income	-	-	-	349,007	**349,007**
Impairment loss	-	-	(4,501,116)	-	**(4,501,116)**
Segment result	-	-	(4,932,475)	(281,020)	**(5,213,495)**
As at 30 June 2019					
Segment assets	-	59,238	79,312,275	7,295,822	**86,667,335**
Segment liabilities	-	(3,232)	(24,969,134)	(424,175)	**(25,396,541)**

13. COMMITMENTS AND CONTINGENCIES

The changes to the commitments and contingencies disclosed in the most recent annual report are specified below. Other than the changes mentioned below, all other commitments and contingencies remain consistent with those disclosed in the 2019 annual report.

The Company has entered into a finance lease to acquire drilling equipment with a gross contract value of US$2.4m. The majority of commitments below are related to obligations for minimum exploration work on mining tenements held.

	31 Dec 2019 $	30 Jun 2019 $
Payable within one year	6,001,871	2,241,950
After one year but not more than five years	12,365,927	10,633,184
More than five years	22,167,639	24,132,772
	40,535,437	37,007,906

14. RELATED PARTY TRANSACTIONS

On 1 November 2019 Mr Chris Burton was appointed as a Non-Executive Director of the Company. The key terms of Mr Burton's appointment are as follows:

Role: Non-executive Director of Newfield Resources Ltd.
Commencement and Term: Effective 1 November 2019, no fixed term.
Directors fees: $36,000 per annum

Mr Burton may also consult to the Company to provide assistance on financial matters including but not limited to funding, projects, compliance and reporting aspects of the Company. The Agreement with Mr Burton is on normal commercial terms and conditions for this work.

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

	Transactions value for the half-year ended		Balance outstanding as at	
	31 Dec 2019 $	**31 Dec 2018 $**	**31 Dec 2019 $**	**30 June 2019 $**
Payment for secretarial services from Anthony Ho & Associates (director-related entity of Mr Anthony Ho)	30,000	30,000	5,500	16,500
Payment for consulting services from Omnia Corporate Pty Ltd (director-related entity of Mr Chris Burton)	9,844	-	-	-
Payment for administrative services provided by Mrs Sara Smithson (spouse of Mr Nicholas Karl Smithson)	5,732	1,065	778	-

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

15. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

A financial liability of $3,495,259 was recognised on the acquisition of Stellar for the Octea Initial Payment and Octea Royalty Payment pursuant to the TMA & RSA which are dependent upon the financial performance of the Combined Project.

The timing and amount of the Octea Royalty Payments are uncertain. This will depend on the length of time it takes for the Octea Initial Payment to be paid in full and the Company's ability to produce and sell diamond from the Combined Project. The fair value of the financial liability has been determined based on the front end engineering design study (FEED study) completed by an external consulting firm in April 2019. The discounted cash flows are based on inputs from this study which included a life of mine model.

	31 Dec 2019 $	**30 Jun 2019 $**
Financial liability	12,658,488	4,262,094
	12,658,488	4,262,094
Reconciliation		
Carrying amount at beginning of the period	4,262,094	3,495,259
Fair value adjustment	8,387,544	496,307
Foreign exchange differences	8,850	270,528
Carrying amount at end of the period	12,658,488	4,262,094

15. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The following table gives the main assumptions made in determining the fair value of financial liability as at 31 December 2019. The valuation uses a number of inputs which are considered to be level 3 unobservable market data. The key inputs are:

Items	Unit	Value	Commentary
Revenue per carat	$/ct	US222	Part of the external consultants FEED study which determined the estimated quality of the diamonds using the data from the resource to reserve upgrade process and the observable market data for diamond sales over the last 2 years.
Kimberlite grade	cpht	92-98	Part of the external consultants FEED study which determined the estimated.
Repayment period for capital expenditure	yrs	5	Estimated time frame to recover costs based on the life of mine model.
Discount rate	%	21.71	Rate determined using external support for the risk free rate and a rate of return for the royalty.

16. FAIR VALUE MEASUREMENT

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
- Australian unlisted equity securities (Note 7)	750,000	-	-	750,000
- Australian listed equity securities (Note 7)	150,196	-	-	150,196
Total assets	900,196	-	-	900,196
Liabilities				
Financial liabilities at fair value through profit or loss				
- Contingent liability (Note 15)	-	-	12,658,488	12,658,488

Valuation techniques used to determine fair values

The group has estimated the fair value of its Australian unlisted equity securities using recent market transaction prices and dealer quotes for identical assets. Refer to Note 15 for valuation of the financial liability.

Transfers between levels 2 and 3 and changes in valuation techniques

The unlisted equity securities have been reclassified to level 1 from level 2 as there have been significant 3rd party transactions during the period.

17. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements which have been applied from 1 July 2019, where they are different to those applied in prior periods.

As explained in note 2, the group has changed its accounting policy for leases where the Group is the lessee.

Until 30 June 2019, leases of property plant and equipment where a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

The Company has used the modified retrospective #1 method which does not result in the opening accumulated lossesbeing adjusted or any adjustments to the comparative period. The Company has elected to measure the right to use assets at an amount equal to the lease liability.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for low value assets the Company has applied the optional exemptions to not recognise the right to use asset but to account for the lease expense on a straight line basis over the remaining lease term.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 8%.

The Group applies the short-term lease and low value recognition exemptions. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:
- Right of use assets – increase $35,771
- Lease liabilities - increase $35,771

For any new contracts entered into on or after 1 July 2019, the Group must consider whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group must assess whether the contract meets three key evaluation which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset through the period of use, considering its rights within the defined scope of the contract;
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of lease as a lease

At the commencement of the lease, the Group recognises a right to use asset and a lease liability on the balance sheet. The right to use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial costs incurred by the Group, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use-assets on a straight line basis from the lease commencement date to the earlier of the end of the useful like of the right-of-use-asset or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of the fixed payments, variable payments based on an index and amounts expected to be payable under a residual value guarantee. Payments which are subject to an option will only be included if there is strong objective evidence to suggest that option will be exercised.

17. CHANGES IN ACCOUNTING POLICIES (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset has been reduced to zero.

The Group has elected to account for short term leases and leases of low value asset using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss on a straight line basis over the lease term.

On the statement of financial position, the right -of-use asset has been included in property, plant and equipment and the lease liability has been classified in trade and other payables.

18. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the interim period and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Newfield Resources Limited:

(a) the financial statements and notes set out on pages 7 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 2019 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
9th March 2020

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NEWFIELD RESOURCES LIMITED

As lead auditor for the review of Newfield Resources Limited for the half-year ended 31 December 2019, 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.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 09 March 2020

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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 2019, 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, and 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 2019 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 the *Corporations Regulations 2001.*

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 2019 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

BDO

Phillip Murdoch

Director

Perth, 09 March 2020